

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS CIRCULAR. 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. FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY SHAREHOLDERS, SEE "RISK FACTORS" COMMENCING ON PAGE 36.

Part A of this Circular has been reviewed and approved by Kenanga Investment Bank Berhad, the Principal Adviser and Sponsor to G Neptune Berhad ("**GNB**" or "**Company**") for the Proposed Regularisation Plan (as defined herein). Part B of this Circular has been reviewed and approved by Malacca Securities Sdn Bhd, the Independent Adviser for the Proposed Exemption (as defined herein).

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has not perused Part C of this Circular prior to its issuance as it is an exempt circular pursuant to Guidance Note 22 of the ACE Market Listing Requirements of Bursa Securities.

The approval of Bursa Securities shall not be taken to indicate that Bursa Securities recommends the Proposed Regularisation Plan (as defined herein). Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

Pursuant to Paragraph 4.08(3)(g) of the Rules on Take-overs, Mergers and Compulsory Acquisitions, the Securities Commission Malaysia ("**SC**") had on 19 August 2022 given its notification that it had no further comments to the contents of the Independent Advice Letter by Malacca Securities Sdn Bhd for the Proposed Exemption (as defined herein) and such notification shall not be taken to indicate that the SC agrees with the recommendation of the Independent Adviser or assumes responsibility for the correctness of any statements made, opinions expressed or report contained in the Independent Advice Letter. The SC has not, in any way, considered the merits of the Proposed Exemption being tabled for shareholders' approval. The SC takes no responsibility for the contents of the Independent Advice Letter, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or part of the contents of this Independent Advice Letter.

G NEPTUNE BERHAD

(Registration No.: 200301019817 (622237-D))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser, Sponsor and Placement Agent for Part A

Kenanga

Kenanga Investment Bank Berhad

Registration No.: 197301002193 (15678-H)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser for Part B

MALACCA SECURITIES SDN BHD

Registration No: 197301002760 (16121-H)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The notice of the Extraordinary General Meeting ("**EGM**") together with the Form of Proxy are enclosed in this Circular.

If you decide to appoint a proxy(ies) to attend and vote on your behalf at the EGM, the Form of Proxy should be completed and lodged at the office of the Company's Share Registrar, Mega Corporate Services Sdn. Bhd, Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan, not less than 48 hours before the time and date indicated below or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

You can also have the option to lodge the proxy appointment electronically via mega-sharereg@megacorp.com.my before the Form of Proxy lodgement cut-off time as mentioned below.

Last date and time for lodging the Form of Proxy	:	Sunday, 11 September 2022 at 11.30 a.m.
Date and time of the EGM	:	Tuesday, 13 September 2022 at 11.30 a.m.
Venue of the EGM	:	Boardroom 4, Level 3, Eastin Hotel Kuala Lumpur, No. 13, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan

This Circular is dated 22 August 2022

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE:

PART A

- (I) **PROPOSED CONSOLIDATION OF EVERY 10 EXISTING ORDINARY SHARES IN GNB (“GNB SHARE”) INTO 1 GNB SHARE (“CONSOLIDATED SHARE”) (“PROPOSED SHARE CONSOLIDATION”);**
- (II) **PROPOSED ACQUISITION OF 100% EQUITY INTEREST IN SOUTHERN SCORE SDN BHD (“SOUTHERN SCORE”) FOR A PURCHASE CONSIDERATION OF RM252,000,000 TO BE SATISFIED VIA THE ISSUANCE OF 1,680,000,000 NEW GNB SHARES AT AN ISSUE PRICE OF RM0.15 PER GNB SHARE (“CONSIDERATION SHARES”) (“PROPOSED ACQUISITION”);**
- (III) **PROPOSED SETTLEMENT BY GNB OF DEBT OWING TO A DIRECTOR OF GNB OF RM3,100,000 VIA THE ISSUANCE OF 20,666,667 NEW GNB SHARES AT AN ISSUE PRICE OF RM0.15 PER GNB SHARE (“SETTLEMENT SHARES”) (“PROPOSED DEBT SETTLEMENT”);**
- (IV) **PROPOSED PRIVATE PLACEMENT OF 543,047,900 GNB SHARES AT AN ISSUE PRICE TO BE DETERMINED LATER, WHICH SHALL NOT BE LESS THAN RM0.20 PER NEW GNB SHARE, TO ELIGIBLE INVESTORS TO BE IDENTIFIED LATER (“PROPOSED PRIVATE PLACEMENT”); AND**
- (V) **PROPOSED EXEMPTION UNDER PARAGRAPH 4.08(1)(a) OF THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER FOR THE REMAINING GNB SHARES NOT ALREADY HELD BY SUPER ADVANTAGE PROPERTY SDN BHD (“SUPER ADVANTAGE”) AND THE PERSONS ACTING IN CONCERT WITH IT PURSUANT TO THE PROPOSED ACQUISITION (“PROPOSED EXEMPTION”)**

(COLLECTIVELY REFERRED TO AS “PROPOSED REGULARISATION PLAN”)

PART B

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF GNB IN
RELATION TO THE PROPOSED EXEMPTION**

PART C

**PROPOSED CHANGE OF NAME OF THE COMPANY FROM “G NEPTUNE BERHAD” TO
“SOUTHERN SCORE BUILDERS BERHAD” (“PROPOSED CHANGE OF NAME”)**

RESPONSIBILITY STATEMENTS

RESPONSIBILITY STATEMENTS

THE DIRECTORS OF GNB HAVE SEEN AND APPROVED THIS CIRCULAR. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THERE IS NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THE CIRCULAR FALSE OR MISLEADING.

THE DIRECTORS OF SOUTHERN SCORE COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION RELATING TO SUPER ADVANTAGE AND SOUTHERN SCORE. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THERE IS NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS WHICH IF OMITTED, WOULD MAKE ANY STATEMENT RELATING TO SUPER ADVANTAGE AND SOUTHERN SCORE IN THE CIRCULAR FALSE OR MISLEADING.

KENANGA INVESTMENT BANK BERHAD, BEING THE PRINCIPAL ADVISER, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS CIRCULAR CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE PROPOSED REGULARISATION PLAN.

STATEMENTS OF DISCLAIMER

THE VALUATION UTILISED FOR THE PURPOSE OF THE PROPOSED ACQUISITION SHOULD NOT BE CONSTRUED AS AN ENDORSEMENT BY BURSA SECURITIES ON THE VALUE OF THE SOUTHERN SCORE GROUP (AS DEFINED HEREIN).

ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE OFFERING, CORPORATION OR ITS SHARES.

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

DIRECTORY OF ADVISERS

PRINCIPAL ADVISER, SPONSOR AND PLACEMENT AGENT	: Kenanga Investment Bank Berhad Level 17, Kenanga Tower 237, Jalan Tun Razak 50400 Kuala Lumpur Tel : +603 2172 2888 Fax : +603 2172 2999
LEGAL ADVISER	: Chooi & Company + Cheang & Ariff CCA @ Bangsar Level 5, Menara BDRB No. 285, Jalan Maarof Bukit Bandaraya 59000 Kuala Lumpur Tel : +603 2055 3888 Fax : +603 2055 3880
SHARE REGISTRAR	: Mega Corporate Services Sdn Bhd Level 15-2, Faber Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur Tel : +603 2692 4271 Fax : +603 2732 5388
REPORTING ACCOUNTANTS	: Grant Thornton Malaysia PLT (201906003682 & LLP0022494-LCA & AF0737) Level 11, Sheraton Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur Tel : +603 2692 4022 Fax : +603 2732 5119 Partner-in-charge: Lui Lee Ping Approval No.: 03334/11/2023(J) (Chartered Accountant)
INDEPENDENT ADVISER FOR THE PROPOSED EXEMPTION AND INDEPENDENT EXPERT FOR THE FAIRNESS OPINION ON THE PURCHASE CONSIDERATION OF THE PROPOSED ACQUISITION	: Malacca Securities Sdn Bhd B01-A-13A Level 13A, Menara 2 No. 3, Jalan Bangsar, KL Eco City 59200 Kuala Lumpur Tel : +603 2201 2100 Person-in-charge: Tan Poh Lin, Senior Vice President (<i>Bachelor of Business Administration (Hons) from Universiti Kebangsaan Malaysia</i>)

DIRECTORY OF ADVISERS (Cont'd)

- INDEPENDENT MARKET RESEARCHER** : **Providence Strategic Partners Sdn Bhd**
67-1, Block D, The Suites, Jaya One
No. 72A, Jalan Universiti
46200 Petaling Jaya
Selangor Darul Ehsan
- Tel : +603 7625 1769
- Person-in-charge: Elizabeth Dhoss (Executive Director)
(Bachelor of Business Administration from the University of Malaya)
- COMPANY SECRETARIES** : Cynthia Gloria Louis
(The Malaysian Institute of Chartered Secretaries and Administrators ("**MAICSA**") 7008306) (SSM PC No. 201908003061)
- Chew Mei Ling
(MAICSA 7019175) (SSM PC No. 201908003178)
- Unit 621, 6th Floor, Block A
Kelana Centre Point
No.3 Jalan SS7/19
Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
- Tel : +603 7880 9699
Fax : +603 7880 8699
- LISTING SOUGHT** : GNB is currently listed on the ACE Market of Bursa Securities.

DEFINITIONS

The following definitions shall apply throughout this Circular unless the terms are defined otherwise or the context requires otherwise:

Act	: Companies Act 2016, as may be amended, supplemented or modified from time to time
Announcement	: The announcement of the Proposed Regularisation Plan dated 9 July 2021
Board of GNB	: Board of Directors of GNB
Board of Southern Score	: Board of Directors of Southern Score
Bursa Depository or Depository	: Bursa Malaysia Depository Sdn. Bhd. (Registration no. 198701006854 (165570-W))
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration no. 200301033577 (635998-W))
CCM	: Companies Commission of Malaysia
Circular	: This circular to our shareholders dated 22 August 2022
CMSA	: Capital Markets and Services Act 2007
Consideration Shares	: 1,680,000,000 new GNB Shares to be issued to Super Advantage at an issue price of RM0.15 each, as full settlement of the Purchase Consideration for the Proposed Acquisition
Consolidated Share	: GNB Share after the completion of the Proposed Share Consolidation
CTP	: Chai Tham Poh, an Executive Director of GNB
CTP Advances	: The total advances of RM3,100,000 made by CTP to GNB
DCF	: Discounted cash flow
Debt Settlement Agreement	: A debt settlement agreement dated 9 July 2021 entered into by GNB and CTP in relation to the debt owing to CTP of RM3,100,000
Director	: A natural person who holds a directorship in the Company or Southern Score, whether in an executive or non-executive capacity, and shall have the meaning given in Section 2 of the Act and Section 2(1) of the CMSA
Disqualifying Transaction	: The acquisition of GNB Shares or instruments convertible into GNB Shares and options in respect of GNB Shares by Super Advantage and the PACs in the 6 months prior to the Announcement but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors of GNB in relation to the Proposed Acquisition until completion of the Proposed Acquisition
EBITDA	: Earnings before interest, taxation, depreciation and amortisation

DEFINITIONS (Cont'd)

EGM	: Extraordinary general meeting
Enlarged GNB Group	: GNB and Southern Score Group, collectively
EPS	: Earnings per share
First Supplemental Debt Settlement Agreement	: A supplemental Debt Settlement Agreement dated 18 May 2022 entered into by GNB and CTP in relation to the debt owing to CTP of RM3,100,000 to amend and vary certain terms and conditions of the Debt Settlement Agreement.
First Supplemental SSA	: A supplemental SSA dated 18 May 2022 entered into by GNB and the Vendor in relation to the Proposed Acquisition to amend and vary certain terms and conditions of the SSA.
First Supplemental PGA	: A supplemental PGA dated 26 January 2022 entered into by GNB and the Vendor in relation to the Proposed Acquisition to amend and vary certain terms and conditions of the PGA.
FPE	: Financial period ended/ ending, as the case may be
FYE	: Financial year ended/ ending, as the case may be
Geranium	: Geranium Limited (Registration no. 1678965), GNB's former subsidiary which was dissolved on 8 October 2021
GN3	: Guidance Note 3
GNB or Company	: G Neptune Berhad (Registration no. 200301019817 (622237-D))
GNB Group	: GNB and its former subsidiary, Geranium, collectively
GNB Shares	: Ordinary shares in GNB
Government	: Government of Malaysia
GP	: Gross profit
IAL	: Independent advice letter from Malacca Securities to the non-interested shareholders of GNB in relation to the Proposed Exemption
IMR Report	: Independent Market Research report on the construction services and industrialised building system industries in Malaysia prepared by Providence Strategic Partners Sdn Bhd
Kenanga IB	: Kenanga Investment Bank Berhad (Registration no. 197301002193 (15678-H))
LAT	: Loss after taxation
Listing Requirements	: ACE Market Listing Requirements of Bursa Securities
LPD	: 22 July 2022, being the latest practicable date of this Circular
Malacca Securities or Independent Adviser or Independent Expert	: Malacca Securities Sdn Bhd (Registration no. 197301002760 (16121-H))

DEFINITIONS (Cont'd)

Mandatory Offer	: Mandatory take-over offer to acquire all the remaining GNB Shares not already held by Super Advantage after the Proposed Acquisition in accordance with Paragraph 4.01(a) of the Rules
MITI	: Ministry of International Trade and Industry
NA	: Net assets
PACs	: Tan Sri Datuk Seri Gan Yu Chai and Gan Yee Hin, being persons acting in concert with Super Advantage pursuant to Section 216(2) of the CMSA
PAT	: Profit after taxation
PBT	: Profit before taxation
PE Multiple	: Price to earnings multiple
PGA	: A profit guarantee agreement dated 9 July 2021 entered into by GNB and the Vendor in relation to the Proposed Acquisition
Placement Shares	: 543,047,900 new GNB Shares to be issued pursuant to the Proposed Private Placement to eligible investors to be identified later
Profit Guarantee	: the minimum PAT of RM10,000,000, RM20,000,000 and the remaining shortfall of the Profit Guarantee guaranteed for the Profit Guarantee Period on a cumulative basis of RM80,000,000
Profit Guarantee Period	: the period commencing from FYE 31 December 2022 to FYE 31 December 2024
Promoters or Specified Shareholders	: Super Advantage, Tan Sri Datuk Seri Gan Yu Chai and Gan Yee Hin
Proposed Acquisition	: Proposed acquisition by GNB of the entire issued shares in Southern Score, for a purchase consideration of RM252,000,000 to be satisfied via the issuance of 1,680,000,000 Consideration Shares
Proposed Change of Name	: Proposed change of name of the Company from “G Neptune Berhad” to “Southern Score Builders Berhad”
Proposed Debt Settlement	: Proposed settlement of debt owing to a Director of GNB namely CTP via the issuance of the Settlement Shares
Proposed Directors	: Directors proposed to be appointed to the Board of GNB after the completion of the Proposed Regularisation Plan, as set out in Section 4 of Appendix II(A)
Proposed Exemption	: Proposed exemption under Paragraph 4.08(1)(a) of the Rules from the obligation to undertake a mandatory take-over offer for the remaining GNB Shares not already held by Super Advantage and the PACs pursuant to the Proposed Acquisition

DEFINITIONS (Cont'd)

Proposed Private Placement	: Proposed private placement of 543,047,900 Placement Shares at an issue price to be determined later, which shall not be less than RM0.20 per new GNB Share to eligible investors to be identified later
Proposed Regularisation Plan	: Proposed Share Consolidation, Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Exemption, collectively
Public Shareholding Spread Requirement	: Public shareholding spread requirement of the Listing Requirements, which requires GNB to have at least 25% of the total number of GNB Shares in the hands of a minimum number of 200 public shareholders holding not less than 100 GNB Shares each
Purchase Consideration	: RM252,000,000 being the purchase consideration pursuant to the Proposed Acquisition
Purchaser	: Refers to GNB in relation to the SSA
Record of Depositors	: A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
RM and sen	: Ringgit Malaysia and sen, respectively
Rules	: Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC
SC	: Securities Commission Malaysia
Second Supplemental PGA	: A supplemental PGA dated 18 May 2022 entered into by GNB and the Vendor in relation to the Proposed Acquisition to further amend and vary certain terms and conditions of the PGA.
Settlement Shares	: 20,666,667 new GNB Shares to be issued to CTP pursuant to the Proposed Debt Settlement at an issue price of RM0.15 per GNB Share
Significant Change in the Business Direction or Policy	: As defined in Rule 1.01 of the Listing Requirement
Southern Score or Target Company	: Southern Score Sdn Bhd (Registration no. 201001042073 (926001-X))
Southern Score Group or Target Group	: Southern Score and TSPC, collectively
Southern Score Shares	: Ordinary shares in Southern Score
SSA	: A conditional share sale agreement dated 9 July 2021 entered into by GNB and the Vendor in relation to the Proposed Acquisition
Substantial Shareholder(s)	: As defined in Rule 1.01 of the Listing Requirement
Super Advantage or Vendor	: Super Advantage Property Sdn Bhd (Registration no. 201401035182 (1111302-A))
TSPC	: TCS SS Precast Construction Sdn Bhd (Registration no. 202101012306 (1412605-A))

DEFINITIONS (*Cont'd*)

All references to “**you**” in this Circular are references to shareholders of GNB.

Words denoting the singular shall, where applicable, include the plural and *vice versa*. Words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and *vice versa*. References to persons shall include corporations.

Any reference to any enactment in this Circular 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 is a reference to Malaysian time, unless otherwise specified.

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

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GLOSSARY OF TECHNICAL TERMS

The following technical terms shall apply throughout this Circular unless the terms are defined otherwise or the context requires otherwise:

AutoCAD	:	A computer-aided design and drafting software application.
CMGD	:	Certificate of Making Good Defects, issued to the contractor by the architect on behalf of the customer after identified defects have been rectified upon expiry of the defects liability period
CPC	:	Certificate of Practical Completion, issued to the contractor by the architect on behalf of the customer when the contractor has completed its assigned obligations and hand over the works to the customer
Defects liability period	:	A warranty period where a contractor is required to repair or make good defects in the work performed
Formwork system	:	Moulds used to hold wet concrete until curing (i.e. maintaining of adequate moisture content and temperature in concrete at an early age so that the mixture could develop the desired properties) is achieved
IBS	:	Industrialised building system, a construction technique where components of the building such as wall panels and floor slabs are mass-produced in a controlled environment (either at the site or offsite), and then transported, positioned and assembled into a structure with minimal additional site work
LAD	:	Liquidated and ascertained damages, which are damages due to a customer, calculated at a rate as stated in the contract when a contractor fails to deliver the completed work within the period stipulated in the said contract agreement
Letter of award	:	A formal letter of an award of a project by a customer to the contractor
M&E	:	Mechanical and electrical
Master work programme	:	Master work programme details the work activities at work site, sequence of work and identified key milestones of a project according to the project requirements and specifications
QESH	:	Quality, environment, safety and health
Value engineering	:	Value engineering is a systematic and organised approach to provide the necessary functions in a project at the lowest cost whilst meeting design and/or contract specifications

PART A

**LETTER TO OUR SHAREHOLDERS IN RELATION TO THE
PROPOSED REGULARISATION PLAN**

EXECUTIVE SUMMARY

This summary of the Proposed Regularisation Plan only highlights the key information from other parts of this Circular. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Circular before making a decision on the Proposed Regularisation Plan.

1. PRINCIPAL DETAILS OF THE PROPOSED REGULARISATION PLAN

GNB proposes to undertake the following:

Proposals	Details of the proposals
(i) Proposed Share Consolidation	Proposed consolidation of every 10 existing GNB Shares into 1 Consolidated Share.
(ii) Proposed Acquisition	<p>Proposed acquisition of 100% equity interest in Southern Score from Super Advantage for a purchase consideration of RM252,000,000 to be satisfied via the issuance of 1,680,000,000 Consideration Shares.</p> <p>The Proposed Acquisition is subject to the terms and conditions as set out in Section A of Appendix I of this Circular.</p>
(iii) Proposed Debt Settlement	Proposed settlement of debt owing to a Director of GNB, namely CTP, of RM3,100,000 via the issuance of 20,666,667 Settlement Shares.
(iv) Proposed Private Placement	Proposed private placement of 543,047,900 GNB Shares at an issue price to be determined later, which shall not be less than RM0.20 per new GNB Share, to eligible investors to be identified later.
(v) Proposed Exemption	Proposed exemption under Paragraph 4.08(1)(a) of the Rules from the obligation to undertake a mandatory take-over offer for the remaining GNB Shares not already held by Super Advantage and the PACs pursuant to the Proposed Acquisition.

The proposals within the Proposed Regularisation Plan are inter-conditional upon each other.

EXECUTIVE SUMMARY (Cont'd)

2. UTILISATION OF PROCEEDS

The total gross proceeds to be raised from the Proposed Private Placement, based on the 543,047,900 Placement Shares issued at an assumed issue price of RM0.20 each, are intended to be utilised in the following manner:

Details	Amount		Utilisation (from the date of listing of the Placement Shares)
	RM'000	%	
Injection of fund to TSPC	21,800	20.07	Within 18 months
Purchase of building materials	25,000	23.02	Within 18 months
Repayment of contractors	25,000	23.02	Within 12 months
Acquiring/ rent of construction assets	18,000	16.57	Within 18 months
Acquiring of office	5,000	4.61	Within 18 months
Working capital	9,410	8.66	Within 24 months
Estimated expenses in relation to the Proposed Regularisation Plan	4,400	4.05	Within 1 month
Total	108,610	100.00	

Further information on the utilisation of proceeds is set out in Section 7 of this Circular.

3. RATIONALE FOR THE PROPOSED REGULARISATION PLAN

GNB had on 30 November 2017 announced that it was classified as a GN3 company pursuant to GN3 of the Listing Requirements. The main objective of the Proposed Regularisation Plan is to return the Company to a better and stronger financial standing and profitability, thereby benefiting all stakeholders of the Enlarged GNB Group. The Proposed Acquisition is an integral part of the Proposed Regularisation Plan that will allow the Company to diversify its business into construction management services as a means to regularise the Company's financial conditions as the Company does not have any core business to sustain its listing status.

4. SUMMARY OF THE FAIRNESS OPINION ON THE PURCHASE CONSIDERATION OF THE PROPOSED ACQUISITION BY MALACCA SECURITIES

The following valuation methodologies were considered and selected by Malacca Securities to determine the fairness of the Purchase Consideration of the Proposed Acquisition:

- (i) DCF; and
- (ii) PE Multiple.

The primary valuation methodology considered and selected by Malacca Securities to evaluate the Purchase Consideration is based on the DCF methodology. Malacca Securities has also taken into consideration the PE Multiple as the secondary methodology to evaluate the fair market value of Southern Score. Malacca Securities had used the DCF and PE Multiple methodologies as the valuation methodologies to assess the fairness of the Purchase Consideration and has considered the following:

- (i) based on the DCF, the fair value of the entire equity interest in Southern Score as at 30 June 2021 ("**Valuation Date**") is between RM258.27 million and RM275.54 million; and
- (ii) based on the PE Multiple of the comparable companies of between 7.90 times to 13.61 times, the valuation of Southern Score is within the range of the comparable companies of RM151.68 million to RM261.31 million.

EXECUTIVE SUMMARY (Cont'd)

Premised on the above, Malacca Securities is of the opinion that the Purchase Consideration is FAIR. Please refer to Appendix VII of this Circular for further information.

5. SUMMARY OF THE OPINION ON THE PROPOSED EXEMPTION BY MALACCA SECURITIES

Malacca Securities has been appointed by the Board of GNB (save for CTP who is deemed interested in the Proposed Regularisation Plan) on 9 July 2021 to act as the Independent Adviser to the non-interested Directors and non-interested shareholders of GNB in relation to the Proposed Exemption.

Malacca Securities has assessed and evaluated the Proposed Exemption on a holistic basis to arrive at the conclusion and recommendation in accordance with Schedule 2: Part III of the Rules. Due to the inter-conditionality of the Proposed Regularisation Plan, in carrying out the evaluation of the Proposed Exemption, Malacca Securities has also evaluated the merits and demerits of the other proposals to arrive at the overall opinion on the Proposed Exemption to provide the non-interested shareholders of the Company with a holistic view of the Proposed Regularisation Plan and the impact it has on the Proposed Exemption.

In evaluating the Proposed Exemption, Malacca Securities has taken the following factors into consideration:

- | | | |
|-----|-----------------------------------------------------------------|-----------------------|
| (a) | Rationale for the Proposed Regularisation Plan | Section 6 of the IAL |
| (b) | Evaluation of the Proposed Acquisition | Section 7 of the IAL |
| (c) | Evaluation of the salient terms of the Definitive Agreements | Section 8 of the IAL |
| (d) | Effects of the Proposed Regularisation Plan | Section 9 of the IAL |
| (e) | Industry outlook and future prospects of the Enlarged GNB Group | Section 10 of the IAL |
| (f) | Implication arising from the Proposed Exemption | Section 11 of the IAL |

Based on the overall evaluation, Malacca Securities is of the opinion that the Proposed Exemption is fair and reasonable.

Accordingly, Malacca Securities recommends that the non-interested shareholders of GNB vote in favour of the ordinary resolution pertaining to the Proposed Exemption to be tabled at the forthcoming EGM.

Please refer to Part B of this Circular for further details on the IAL.

6. BUSINESS MODEL OF SOUTHERN SCORE

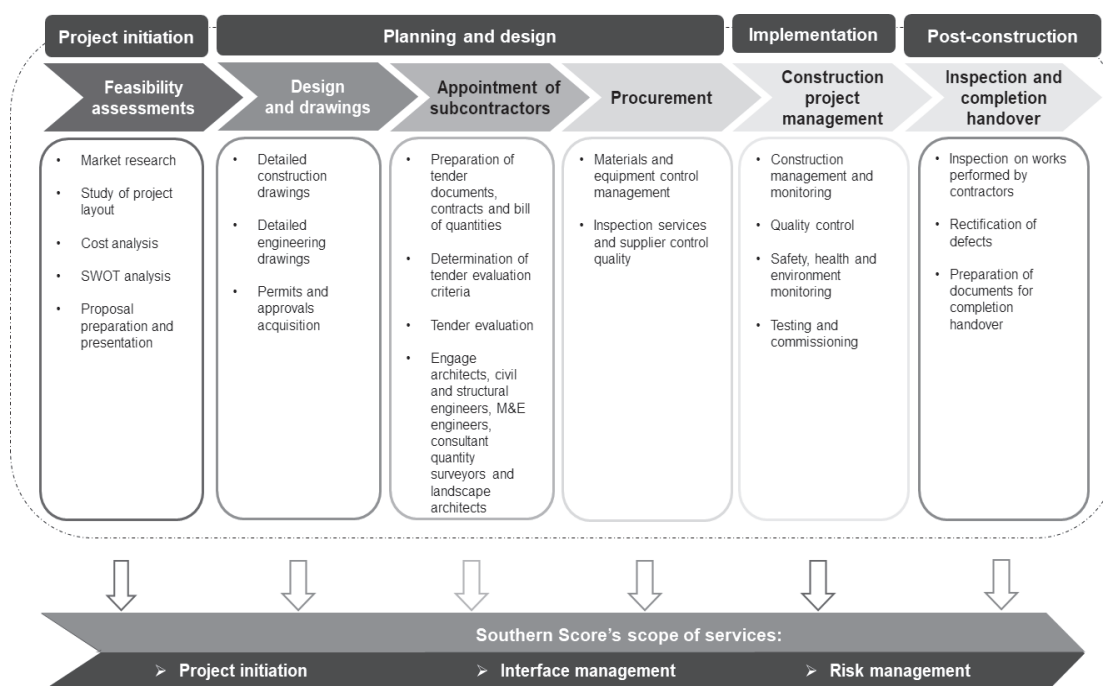
Southern Score was incorporated in Malaysia as a private limited company on 20 December 2010 under the Companies Act, 1965 (deemed registered under the Act) under the name of Pembinaan Lebar Waras Sdn Bhd. On 29 March 2011, Pembinaan Lebar Waras Sdn Bhd changed its name to Southern Score Sdn Bhd.

Southern Score is principally involved in the provision of construction management services mainly for high-rise residential buildings in Kuala Lumpur. The roles performed by Southern Score as a turnkey contractor and main contractor are similar in which Southern Score performs the construction of buildings for which it has been awarded. In general, while a turnkey contractor is typically awarded the contract directly by the landbank owner, the main contractor is typically awarded the contract by the property developer.

EXECUTIVE SUMMARY (Cont'd)

Southern Score is involved in the implementation of development and construction projects, which includes project planning and design development, as well as daily management of all the works required for timely completion of the projects. Southern Score also engages subcontractors to provide selected services such as supply and installation of construction materials, machinery and equipment, geotechnical and piling works, as well as other specialised trade works such as M&E engineering works, drainage and sewerage works, and other related works.

Southern Score's construction services business model and the corresponding business activities that it undertakes in a typical construction project cycle are as illustrated below:



For the FYEs 31 December 2018, 2019, 2020 and 2021 as well as FPE 30 April 2022, Southern Score's revenue was fully derived from projects located in Kuala Lumpur.

	FYE 31 December							
	2018		2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Turnkey construction services	44,930	81.9	19,660	29.3	10,684	7.2	462	0.2
Main construction services	9,955	18.1	47,330	70.7	138,124	92.8	284,539	99.8
Total	54,885	100.0	66,990	100.0	148,808	100.0	285,001	100.0

	FPE 30 April 2022	
	RM'000	%
Turnkey construction services	10,587	12.6
Main construction services	73,645	87.4
Total	84,232	100.0

Please see Sections 5 and 7 of Appendix III(A) of this Circular for further details on the Southern Score's history, group structure and business.

7. COMPETITIVE POSITION AND BUSINESS STRATEGIES OF SOUTHERN SCORE

7.1 Competitive strengths

(i) Southern Score has an experienced and technically strong management team

The experience, drive and passion of Southern Score's management team, comprising its Managing Director, Executive Directors and key senior management, have been instrumental in leading Southern Score to its current position within the industry. The commitment and teamwork between them have provided the impetus for the continuous growth of Southern Score.

Southern Score's management team comprises:

Management	Designation	Years of relevant working experience
Tan Sri Datuk Seri Gan Yu Chai	Managing Director	31
Gan Yee Hin	Executive Director and Chief Executive Officer	7
Datuk Sydney Lim Tau Chin	Executive Director	26
Lee Chen Nee	Chief Financial Officer	18
Ong Beng Hoe	Director, Development and Projects	26
Puan Sri Datin Seri Elaine Lee Kuan Kiow	Director, Human Resource and Administration	17
Pang Cheng Wei	Head, Legal and Corporate Communication	18

(ii) Southern Score adopts construction practices that support the efficiency optimisation of its construction project

Southern Score's nature of business focuses on high-rise residential buildings and as such, Southern Score adopts IBS in most of its development and construction projects. The use of IBS is aimed at increasing productivity, through the speeding up of the construction process and shortening of project completion times, and improving quality with the use of prefabricated components manufactured off-site.

(iii) Southern Score has an asset-light and flexible delivery model

Southern Score is able to offer a standardised and cost-efficient building process as a result of its asset-light delivery model, which enables scalability and flexibility with lower exposure to cyclicalities and house prices. Southern Score also benefits from a flexible cost structure, with the majority of its cost of sales being flexible costs (i.e., external variable costs that are only incurred when under contract).

(iv) Southern Score has established relationships with customers and suppliers

Southern Score's track record of delivering quality projects has allowed it to establish relationships with its customers. Since its establishment in December 2010, Southern Score has secured a total of 10 contracts from 9 customers.

(v) Southern Score has been involved in the construction of high-rise residential buildings

Southern Score's core area of expertise and business focus is in the construction of high-rise residential buildings. Southern Score has been involved in the construction of high-rise buildings since securing its first construction project in 2015. Since securing its first construction project in 2015 and up to the LPD, Southern Score has completed a total of 4 high-rise building development and construction projects.

For detailed information of the Southern Score's competitive strengths, see Section 7.4 of Appendix III(A) of this Circular.

7.2 Future plans, strategies and prospects

(i) Southern Score intends to further expand its construction services

Southern Score will continue to replenish and grow its order book for the provision of construction services which will contribute to expanding its market presence. As at the LPD, Southern Score has received a letter of intent from a third-party property developer for 1 construction and development project and has 1 project in the tender stage pending, undergoing evaluation and pending outcome of decision. These are mainly for affordable housing projects located in Klang Valley, with a total contract sum of RM634.3 million. If Southern Score succeeds in its bids for these tenders, the addition of these projects will further increase the value of Southern Score's order book.

(ii) Southern Score intends to venture into the manufacture of IBS products

TSPC was incorporated on 5 April 2021 with TCS Group Holdings Berhad holding 65% equity interest and Southern Score holding the remaining 35% equity interest. Southern Score intends to venture into the manufacture of IBS products via TSPC.

IBS is a construction process that utilises techniques, products, components and/or building systems which involve prefabricated components that are manufactured off-site and transported to the construction site for installation. The main IBS products used for building and infrastructure development in Malaysia are precast concrete framing, panel and box systems, formwork systems, steel framing systems, prefabricated timber framing systems and block work systems.

For detailed information of the Southern Score Group's future plans and strategies, see Section 7.23 of Appendix III(A) of this Circular.

8. RISK FACTORS

A summary of some of the important risks is set out below. A more detailed description of the risks associated with Southern Score Group and the Proposed Regularisation Plan is set out in Section 10 of Part A of this Circular. You should read and understand the contents of the whole Circular before making a decision on the Proposed Regularisation Plan. Set out below are key risks faced by the Company and the Southern Score Group's business operations:

(i) Completion risk

If any conditions precedent in the SSA is not fulfilled or waived (as the case may be), the Proposed Regularisation Plan may be delayed or terminated, thus resulting in non-materialisation of the potential benefits expected to arise from the Proposed Regularisation Plan. The Board of GNB seeks to limit such risk by taking all reasonable steps towards the fulfilment or waiver of the conditions precedent so as to enable the completion of the Proposed Regularisation Plan.

(ii) Business and industry risks

A summary of key risk factors is as below:

- (a) The COVID-19 pandemic and possible similar future outbreaks may have a significant impact on Southern Score's business operations;
- (b) Exposure to a few projects awarded by major customers;
- (c) Reliance on subcontractors to complete a substantial portion of building and construction projects;
- (d) Reliance on related parties for business opportunities;
- (e) Exposure to public sector construction projects;
- (f) Dependency on Managing Director, Executive Directors and key senior management team;
- (g) Failure to complete projects within the stipulated contract period could result in customers imposing LAD on Southern Score;
- (h) Risks of defects in construction works;
- (i) Southern Score's insurance coverage may not be adequate to cover all losses or cover liabilities arising from potential claims and litigations;
- (j) The amount of revenue that Southern Score derives from a project may be different from its initial contract sum due to variation orders, omissions or early termination of a project; and
- (k) Reliance on certain registrations, approvals, licenses and permits.

9. DIRECTORS AND KEY SENIOR MANAGEMENT

The Proposed Directors and the proposed key senior management which will be appointed after the completion of the Proposed Regularisation Plan are as follows:

(i) Proposed Directors

Name	Proposed designation
Tan Sri Datuk Seri Gan Yu Chai	Managing Director
Gan Yee Hin	Executive Director and Chief Executive Officer
Datuk Sydney Lim Tau Chin	Executive Director
Phe Kheng Peng	Independent Non-Executive Director
Too Siew Mooi	Independent Non-Executive Director

For detailed information of GNB's proposed directors, see Section 4.2 of Appendix II(A) of this Circular.

(ii) Proposed key senior management

Name	Designation
Lee Chen Nee	Chief Financial Officer
Ong Beng Hoe	Director, Development and Projects
Puan Sri Datin Seri Elaine Lee Kuan Kiow	Director, Human Resource and Administration
Pang Cheng Wei	Head, Legal and Corporate Communication

For detailed information of GNB's proposed key senior management, see Section 5 of Appendix II(A) of this Circular.

EXECUTIVE SUMMARY (Cont'd)

10. FINANCIAL AND OPERATION HIGHLIGHTS OF SOUTHERN SCORE

The following table summarises the selected financial information of Southern Score's statement of profit or loss and other comprehensive income for the periods indicated.

	Audited FYE 31 December				Unaudited FPE	Audited FPE 30
	2018	2019	2020	2021	30 April 2021	April 2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	54,885	66,990	148,808	285,001	132,194	84,232
GP	12,885	12,354	28,971	51,563	20,294	14,436
PBT	10,735	9,031	25,512	46,487	18,792	12,627
PAT	8,186	6,513	19,197	35,178	14,282	9,589
EBITDA	12,307	9,878	25,558	46,473	18,797	12,645
<u>Other selected financial data:</u>						
GP margin	23.48%	18.44%	19.47%	18.09%	15.35%	17.14%
PBT margin	19.56%	13.48%	17.14%	16.31%	14.22%	14.99%
PAT margin	14.91%	9.72%	12.90%	12.34%	10.80%	11.38%
EBITDA margin	22.42%	14.75%	17.18%	16.31%	14.22%	15.01%

For detailed financial information of Southern Score, see Appendix III(B) of this Circular.

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

Save as disclosed below and their respective entitlements as shareholders of the Company under the Proposed Share Consolidation which are also available to all other shareholders of the Company as at the Entitlement Date, none of the directors, major shareholders and chief executive of GNB and persons connected with them has any direct or indirect interest in the Proposed Regularisation Plan.

CTP, an Executive Director of the Company as well as a major shareholder in GNB, is interested in the Proposed Debt Settlement. As the proposals within the Proposed Regularisation Plan are inter-conditional, CTP is therefore deemed interested in the Proposed Regularisation Plan. CTP shall abstain from all deliberation on all the proposals within the Proposed Regularisation Plan at GNB's Board meetings. He shall also abstain and will also undertake to ensure that persons connected with him will abstain from voting, in respect of their direct and indirect shareholdings in GNB, on the resolutions to approve all the proposals within the Proposed Regularisation Plan at the forthcoming EGM.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board of GNB (save for CTP who is deemed interested in the Proposed Regularisation Plan) is of the opinion that the Proposed Share Consolidation, Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Exemption is in the best interest of the Company and its shareholders, after considering all of their aspects, including but not limited to the prospects, rationale and effects of the Proposed Share Consolidation, Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Exemption.

Accordingly, the Board of GNB (save for CTP who is deemed interested in the Proposed Regularisation Plan) recommends that you vote in favour of the resolutions in relation to the Proposed Share Consolidation, Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Exemption to be tabled at the forthcoming EGM.

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G NEPTUNE BERHAD
(Registration No. 200301019817 (622237-D))
(Incorporated in Malaysia)

Registered Office:

Unit 621, 6th Floor, Block A
Kelana Centre Point
No. 3 Jalan SS7/19, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan

22 August 2022

Board of Directors

Dato' Haji Mohd Amran Bin Wahid (*Non-Independent Non-Executive Chairman*)
Chai Tham Poh (*Executive Director*)
Cheah Hannon (*Independent Non-Executive Director*)
Peter Ling Sie Wuong (*Independent Non-Executive Director*)

To: Shareholders of GNB

Dear Shareholders,

- (I) **PROPOSED SHARE CONSOLIDATION;**
- (II) **PROPOSED ACQUISITION;**
- (III) **PROPOSED DEBT SETTLEMENT;**
- (IV) **PROPOSED PRIVATE PLACEMENT; AND**
- (V) **PROPOSED EXEMPTION**

(COLLECTIVELY REFERRED TO AS “PROPOSED REGULARISATION PLAN”)

1. INTRODUCTION

On 30 November 2017, the Board of GNB announced that the Company is an affected listed issuer (“**First Announcement**”) as it had triggered the criteria prescribed under Paragraph 2.1(a) and (b) pursuant to GN3 of the Listing Requirements whereby:

- (i) the shareholders’ equity of GNB was less than 25% of its share capital; and
- (ii) GNB also incurred loss for 1 full financial year after its listing, which exceeded the amount of its shareholders’ equity at the end of the FPE 30 September 2017 and the shareholders’ equity was less than 50% of GNB’s share capital at the end of the said financial period.

On 27 February 2018, GNB submitted an application to Bursa Securities for an extension of time for GNB to appoint a Sponsor and formulate a regularisation plan. On 14 March 2018, Bursa Securities granted GNB an extension of time up to 30 April 2018 to appoint a Sponsor. On 27 April 2018, GNB announced that Kenanga IB was appointed as the Principal Adviser and Sponsor to the Company for the regularisation plan to be undertaken by the Company.

On 30 August 2018, the Board of GNB announced that GNB, through its wholly-owned subsidiary, Geranium, had defaulted in its repayment of principal and interest which collectively amounted to RM1,621,326, in respect of the loan facilities (“**Loans**”) granted to Geranium. The Board of GNB after having inquired into the affairs of the Company, including the following:

- (i) GNB is an affected GN3 issuer since 30 November 2017; and
- (ii) GNB is insolvent as currently the Company has no business operations,

the Board of GNB is of the opinion that GNB is unable to repay the Loans and therefore unable to provide to Bursa Securities a solvency declaration pursuant to Rule 9.19A(4) of the Listing Requirements. In this regard, GNB has triggered an additional prescribed criteria pursuant to Rule 2.1(h) of GN3 of the Listing Requirements.

On 16 January 2020, Kenanga IB announced on behalf of the Board of GNB that the Company proposed to undertake a regularisation plan in relation to GN3 of the Listing Requirements, involving amongst others, the proposed acquisitions of 100% equity interest in LHO Asia Sdn Bhd. The application was submitted to Bursa Securities on 30 January 2020.

Subsequently, on 4 December 2020, Kenanga IB announced on behalf of the Board of GNB that Bursa Securities had, vide its letter dated 4 December 2020, stated that after due consideration of all facts and circumstances of the matter, Bursa Securities has decided to reject the proposed regularisation plan which was submitted on 30 January 2020 and that the securities of the Company shall be removed from the Official List of Bursa Securities on such date as may be specified by Bursa Securities, subject to the Company's right to appeal against the rejection of the proposed regularisation plan pursuant to Rule 8.04(6) of the Listing Requirements.

On 31 December 2020, the Board of GNB had announced that the Company had on even date entered into the memorandum of understanding with the shareholder of Southern Score for the proposed acquisition of Southern Score which will be part of the implementation of a new proposed regularisation plan in relation to GN3 of the Listing Requirements. On the same date, Kenanga IB announced on behalf of the Board of GNB that an appeal has been submitted to Bursa Securities on 31 December 2020 to reconsider its decision on the de-listing of GNB from the Official List of Bursa Securities pursuant to Rule 8.04(4) of the Listing Requirements ("**Appeal**"). The Appeal was subsequently approved by Bursa Securities as announced on 12 April 2021.

On 30 June 2021, the Board of GNB had announced that the Company and Southern Score had on even date mutually agreed in writing via a supplemental letter of extension to extend the term as stated in the memorandum of understanding to 31 July 2021.

On 9 July 2021, Kenanga IB announced on behalf of the Board of GNB that the Company is proposing to undertake the proposed acquisition, proposed debt settlement, proposed private placement and proposed exemption (collectively referred to as the "**Previous Proposed Regularisation Plan**").

On 9 July 2021, Malacca Securities was appointed as the Independent Adviser to advise the non-interested shareholders of GNB for the Proposed Exemption pursuant to the Paragraph 4.08(3) of the Rules.

On 26 January 2022, Kenanga IB further announced on behalf of the Board of GNB that the Company had entered into the First Supplemental PGA with the Vendor to amend and vary some of the terms and conditions of the PGA.

On 18 May 2022, Kenanga IB announced on behalf of the Board of GNB that the Company is proposing to undertake a proposed consolidation of every 10 GNB Shares into 1 Consolidated Share(s) as part of the Company's Proposed Regularisation Plan. The Proposed Share Consolidation is intended to be implemented before the Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Exemption. As a result, the Previous Proposed Regularisation Plan was revised to include the following:

(i) Proposed Share Consolidation

Proposed consolidation of every 10 existing GNB Shares into 1 Consolidated Share.

(ii) Proposed Acquisition

Proposed acquisition of 100% equity interest in Southern Score for a purchase consideration of RM252,000,000 to be satisfied via the issuance of 1,680,000,000 Consideration Shares at issue price of RM0.15 per Consideration Share.

(iii) Proposed Debt Settlement

Proposed settlement of debt owing to CTP of RM3,100,000 via the issuance of 20,666,667 Settlement Shares at issue price of RM0.15 per Settlement Share.

(iv) Proposed Private Placement

Proposed private placement of 543,047,900 GNB Shares at an issue price to be determined later, which shall not be less than RM0.20 per new Placement Share, to eligible investors to be identified later.

(v) Proposed Exemption

Proposed exemption under Paragraph 4.08(1)(a) of the Rules from the obligation to undertake a mandatory take-over offer for the remaining GNB Shares not already held by Super Advantage and the PACs pursuant to the Proposed Acquisition.

On the same date, the Company had also entered into the First Supplemental SSA, Second Supplemental PGA and First Supplemental Debt Settlement Agreement to amend and vary certain terms and conditions of the respective agreements to give effect to the revised Proposed Regularisation Plan.

On 8 July 2022, Kenanga IB announced on behalf of the Board of GNB that Bursa Securities had, vide its letter dated 8 July 2022, given its approval-in-principle for the Proposed Regularisation Plan, including the listing of the Consideration Shares, Settlement Shares and Placement Shares on the ACE Market of Bursa Securities. The approval of Bursa Securities is subject to the conditions as set out in Section 13.1 under “*Approvals and Conditions*”, page 56 of this Circular.

The Proposed Regularisation Plan, upon completion, will result in a Significant Change in the Business Direction or Policy of GNB.

On 12 July 2022, Kenanga IB had on behalf of the Board of GNB announced that GNB received the approval of the SC for the resultant equity structure of GNB under the equity requirement for public listed companies pursuant to the Proposed Regularisation Plan which was obtained vide its letter dated 8 July 2022. The approval of the SC is subject to the conditions as set out in Section 13.1 under “*Approvals and Conditions*”, page 56 of this Circular.

The SC had also on 19 August 2022 given its notification pursuant to paragraph 4.08(3)(g) of the Rules that it has no further comments to the contents of the IAL of which is set out in Part B of this Circular and such notification shall not be taken to suggest that the SC agrees with the recommendation of Malacca Securities or assumes responsibility for the correctness of any statements made or opinions or reports expressed in the IAL.

THE PURPOSE OF PART A OF THIS CIRCULAR IS TO PROVIDE SHAREHOLDERS OF GNB WITH THE RELEVANT INFORMATION ON THE PROPOSED REGULARISATION PLAN, TO SET OUT THE BOARD OF GNB’S VIEW AND RECOMMENDATION ON THE PROPOSED REGULARISATION PLAN, AND TO SEEK APPROVAL FROM GNB’S SHAREHOLDERS FOR THE RESOLUTIONS PERTAINING TO THE PROPOSED REGULARISATION PLAN TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE FORMS OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

GNB'S SHAREHOLDERS ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF PART A OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED REGULARISATION PLAN TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED SHARE CONSOLIDATION

The Proposed Share Consolidation entails the consolidation of every 10 GNB Shares into 1 Consolidated Share. As at the LPD, the issued share capital of the Company is RM9,792,835 comprising 288,750,000 GNB Shares. For illustration purposes, the 288,750,000 GNB Shares will be consolidated into 28,875,000 Consolidated Shares pursuant to the Proposed Share Consolidation.

For the avoidance of doubt, the actual number of Consolidated Shares will be determined based on the total number of issued shares of the Company as at the entitlement date to be determined and announced later by the Board of GNB ("**Entitlement Date**").

The Proposed Share Consolidation will result in an adjustment to the reference share price of GNB Shares listed and quoted on the ACE Market of Bursa Securities. For illustration purposes, based on the last transacted market price of GNB Shares on 11 December 2020 of RM0.015, the theoretical adjusted reference share price of GNB Shares upon completion of the Proposed Share Consolidation is as follows:

	As at the LPD	After Proposed Share Consolidation
No. of GNB Shares	288,750,000	28,875,000
Last transacted market price/ theoretical adjusted reference price per GNB Share (RM)	0.015 ⁽¹⁾	0.15 ⁽²⁾
Total market value of GNB Shares (RM) ⁽³⁾	4,331,250	4,331,250

Notes:

(1) The last transacted market price of GNB Shares on 11 December 2020 (being the last trading of the existing GNB Shares on the ACE Market of Bursa Securities) was RM0.015 per GNB Share.

(2) Theoretical
adjusted
reference price
per GNB Share

$$= \text{Market price per GNB Share (RM)} \times \frac{\text{No. of GNB Shares as at the LPD}}{\text{No. of Consolidated Shares}}$$

$$= \text{RM0.015} \times \frac{288,750,000}{28,875,000}$$

$$= \text{RM0.150}$$

(3) The total market value of GNB Shares is arrived at by multiplying the number of GNB Shares with the last transacted market price/ theoretical adjusted reference price per GNB Share.

For illustration purposes, based on a shareholding of 1,000 GNB Shares, the effect of the Proposed Share Consolidation is set out below:

	As at the LPD	After Proposed Share Consolidation
No. of GNB Shares	1,000	100
Last transacted market price / theoretical adjusted reference price per GNB Share (RM)	0.015	0.15 ⁽¹⁾
Total market value (RM) ⁽²⁾	15.00	15.00

Notes:

$$\begin{aligned}
 (1) \quad \text{Theoretical adjusted reference price per GNB Share} &= \text{Market price per GNB Share (RM)} \times \frac{\text{No. of GNB Shares as at the LPD}}{\text{No. of Consolidated Shares}} \\
 &= \text{RM0.015} \times \frac{1,000}{100} \\
 &= \text{RM0.15}
 \end{aligned}$$

- (2) The total market value of GNB Shares is arrived at by multiplying the number of GNB Shares with the last transacted market price / theoretical adjusted reference price per GNB Share.

Based on the illustrations above, the Proposed Share Consolidation will increase the reference price of GNB Share and reduce the number of GNB Shares. However, it will not have any impact on the total market value of the securities held by the shareholders of GNB. Any fractional entitlements arising from the Proposed Share Consolidation shall be disregarded and/or dealt with by the Board of GNB in such manner at its absolute discretion as it may deem fit and in the best interest of the Company.

2.1 Ranking of Consolidated Shares

The Consolidated Shares shall rank equally in all respects with each other.

2.2 Suspension of trading in GNB Shares

The trading in GNB Shares has been suspended with effect from 14 December 2020 and will continue to be suspended up to the completion of the Proposed Regularisation Plan.

2.3 Listing of and quotation for Consolidated Shares and notices of allotment

The Consolidated Shares shall be listed and quoted on the ACE Market of Bursa Securities on the next market day between Monday and Friday (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities ("**Market Day**") after the Entitlement Date.

The notice of allotment will be issued and despatched to the entitled shareholders within 4 Market Days after the date of listing of and quotation for the Consolidated Shares on the ACE Market of Bursa Securities, or such other period as may be prescribed by Bursa Securities.

3. DETAILS OF THE PROPOSED ACQUISITION

On 31 December 2020, GNB entered into a memorandum of understanding with the Vendor to implement the Proposed Acquisition.

GNB and the Vendor had on 9 July 2021 entered into a SSA and PGA for the Proposed Acquisition. On 26 January 2022, GNB had entered into the First Supplemental PGA with the Vendor to amend and vary some of the terms and conditions of the PGA. Subsequently on 18 May 2022, GNB had entered into the Second Supplemental PGA and First Supplemental SSA with the Vendor to among others, extend the conditional period of the SSA to 17 months from the date of the SSA and to give effect to the revised Proposed Regularisation Plan.

Southern Score is principally involved in provision of construction management services, whereby Southern Score is a Grade 7 contractor registered with the Construction Industry Development Board ("**CIDB**"). As a Grade 7 contractor, Southern Score is allowed to tender for construction works that are of unlimited value and to undertake construction activities throughout Malaysia.

The Proposed Acquisition entails the acquisition of 100% equity interest in Southern Score comprising of 1,000,000 ordinary shares in Southern Score from the Vendor for the Purchase Consideration.

The shares shall be acquired free from all charges, liens, pledges, trust and other encumbrances and with all rights, benefits and entitlements accruing or attaching thereto.

Upon completion of the Proposed Acquisition, Southern Score will become a wholly-owned subsidiary of GNB. Correspondingly, Southern Score and TSPC, being its associate company will become GNB's subsidiary and indirect associate, respectively. Please refer to the diagrammatic illustrations of the corporate structure of GNB before and after the Proposed Acquisition as set out in Section 11 of Part A of this Circular.

Information on the Southern Score Group is set out in Appendix III(A) of this Circular.

The Proposed Acquisition is subject to the terms and conditions of the SSA and the First Supplemental SSA, the salient terms of which are set out in Appendix I of this Circular.

3.1 Information on the Vendor

Super Advantage, being the Vendor for the Proposed Acquisition, was incorporated on 30 September 2014 in Malaysia. The Vendor is principally involved in investment holding.

Further details on Super Advantage are set out in Appendix II(A) of this Circular.

3.2 Basis and justification for the Purchase Consideration

The Purchase Consideration was arrived at after taking into consideration the following:

- (a) the audited financial information of Southern Score including the PAT and NA for the FYE 31 December 2018, FYE 31 December 2019, FYE 31 December 2020 and FYE 31 December 2021 as set out in the Appendix IV of this Circular;

	FYE 31 December			
	2018	2019	2020	2021
	RM'000	RM'000	RM'000	RM'000
PAT	8,186	6,513	19,197	35,178
NA	50,512	8,025	12,222	22,400

- (b) the rationale and benefits of the Proposed Acquisition as set out in Section 8 of Part A of this Circular;

- (c) the Vendor has provided a Profit Guarantee of a minimum PAT of RM10,000,000, RM20,000,000 and the remaining shortfall of the Profit Guarantee for the FYE 31 December 2022, 31 December 2023 and 31 December 2024, respectively, on a cumulative basis of RM80,000,000;
- (d) a price-to-earnings ratio of 9.45 times (based on the average Profit Guarantee of RM26.67 million). This is between the range of the PE Multiple of Southern Score's comparable companies of 7.90 times to 13.61 times as set out and explained in Section 3.2(f) of Part A of this Circular;
- (e) the prospects of the Enlarged GNB Group, comprising of Southern Score Group and the Company, as set out in Section 9.4 of Part A of this Circular; and
- (f) In arriving at the preliminary views, Malacca Securities had assessed the fairness of the Purchase Consideration based on the DCF, being the primary method of valuation and supported by the relative valuation methodology, being the secondary method of valuation. Based on the DCF, the fair value of the entire equity interest in Southern Score as at 30 June 2021 ("**Valuation Date**") is between RM258.27 million and RM275.54 million.

Based on the secondary method of valuation, Malacca Securities has considered the PE Multiple of the companies which were listed on the Main Market and ACE Market of Bursa Securities having similar business activities to Southern Score with market capitalisation between RM100.0 million and RM500.0 million and at least 70.0% of the revenue were mainly generated from construction and related activities ("**Comparable Companies**"). The selection was made after taking into consideration of the enlarged issued share capital and market capitalisation of GNB after the Proposed Regularisation Plan of approximately RM117.0 million and RM340.9 million respectively. The percentage of revenue contribution of the Comparable Companies from construction and related activities are more than 70.0% and are summarised as follows:

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Name of company	Principal activities	Percentage of revenue contribution from construction and related activities ⁽ⁱ⁾	Market Capitalisation ⁽ⁱⁱ⁾	PAT/(Loss after taxation) ⁽ⁱ⁾	PE Multiple ⁽ⁱⁱⁱ⁾
		(%)	(RM' million)	(RM' million)	(Times)
Advancecon Holdings Berhad [#]	Principally involved in the business of providing management services. Through its subsidiaries, the group is engaged in providing earthworks and civil engineering services and sales of construction materials, property development, carrying on development and/or operation of power generation from renewable energy, solar and other renewable energy projects.	93.81	148.35	2.10	70.64 *
Ageson Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in construction works and property development.	81.69	121.82	38.91	3.13 *
Ahmad Zaki Resources Berhad [#]	Principally involved in investment holding, providing management services and as a contractor of civil and structural works.	84.30	143.14	(105.56)	N/A
Aneka Jaringan Holdings Berhad [@]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in foundation and basement construction and other civil engineering works.	100.00	129.14	10.04	12.86
Gabungan AQRS Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in civil and building construction works and property development.	71.65	303.95	(54.45)	N/A
Gadang Holdings Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in earthwork, building and civil engineering and construction work contractors, provision of mechanical and electrical engineering services and property development.	73.17	280.30	35.46	7.90
Gagasan Nadi Cergas Berhad [@]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in property development, construction of buildings, infrastructures and property investment holding.	78.82	218.37	12.51	17.46 *

Name of company	Principal activities	Percentage of revenue contribution from construction and related activities ⁽ⁱ⁾	Market Capitalisation ⁽ⁱⁱ⁾	PAT/(Loss after taxation) ⁽ⁱ⁾	PE Multiple ⁽ⁱⁱⁱ⁾
		(%)	(RM' million)	(RM' million)	(Times)
Inta Bina Group Berhad [#]	Principally involved in investment holding. Through its subsidiaries, securing and carrying out construction contracts.	100.00	160.58	8.10	19.82 *
Kimlun Corporation Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in building and infrastructure contractors, property investment and development, manufacturing and trading of building and construction materials and provision of quarry services and machinery rental services.	78.49	295.05	7.99	36.93 *
Lebtech Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in civil and building construction.	100.00	137.85	(12.34)	N/A
MGB Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in civil engineering, design and build and general construction activities, trading of building materials and property development.	85.06	436.44	13.95	31.29 *
Mitrajaya Holdings Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in civil engineering, building and road construction works and supply of construction material and property development.	86.42	213.95	10.66	20.07 *
Pesona Metro Holdings Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in construction work, manufacturing and trading of construction panel and property investment holding.	96.00	163.32	(17.02)	N/A
Pintaras Jaya Berhad [#]	Principally involved in the undertaking of piling contracts, civil engineering and building construction works and rental of plant and machinery.	92.38	431.25	31.69	13.61
TCS Group Holdings Berhad [@]	Principally involved in the provision of construction services for building infrastructure, civil and structural works through its subsidiaries.	100.00	171.00	16.17	10.58

Name of company	Principal activities	Percentage of revenue contribution from construction and related activities ⁽ⁱ⁾	Market Capitalisation ⁽ⁱⁱ⁾	PAT/(Loss after taxation) ⁽ⁱ⁾	PE Multiple ⁽ⁱⁱⁱ⁾
		(%)	(RM' million)	(RM' million)	(Times)
TRC Synergy Berhad [#]	Principally involved in the provision of construction services and property development through its subsidiaries	79.02	169.66	27.26	6.22 *
Vizione Holdings Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in property development, subcontractor of the electrical building and civil works for construction projects, general contractor in building construction, providing related construction management and consultancy services.	84.63	163.65	(8.72)	N/A
			Average (excluding outliers)		11.24
			Maximum (excluding outliers)		13.61
			Minimum (excluding outliers)		7.90

Notes:

(i) Based on the available financial information of the Comparable Companies announced on Bursa Securities as at the Valuation Date.

(ii) Extracted from Bloomberg as at the Valuation Date.

(iii) Computed based on the market capitalisation divided by PAT.

[#] Listed on the Main Market of Bursa Securities.

[@] Listed on the ACE Market of Bursa Securities.

^{*} Outliers (which is determined based on the extreme deviation from the average).

N/A Not applicable as the Comparable Companies registered loss after taxation.

In deriving the value for the entire equity interest of Southern Score, Malacca Securities has computed the value of Southern Score based on the PE Multiple of between 7.90 times to 13.61 to the PAT of Southern Score for FYE 2020 of RM19.20 million as follows:

	PE Multiple (times)	Value (RM' million)
Average	11.24	215.81
Maximum	13.61	261.31
Minimum	7.90	151.68
Purchase Consideration of Southern Score	13.13⁽¹⁾	252.00

Note:

- (1) Based on the Purchase Consideration of RM252.0 million and Southern Score's audited PAT for the FYE 31 December 2020 of RM19.2 million.

Based on the PE Multiple of the Comparable Companies of between 7.90 times to 13.61 times, the valuation of Southern Score is within the range of the Comparable Companies of RM151.68 million to RM261.31 million.

Premised on the above, the Board of GNB is of the view that the Purchase Consideration is fair.

Additionally, the Board of GNB is of the opinion that the Profit Guarantee is realistic, after taking into consideration the following:

- (i) the audited financial information of Southern Score for the FYEs 31 December 2018, 2019, 2020 and 2021, including the PAT which grew from RM8.2 million in FYE 31 December 2018 to RM35.2 million in FYE 31 December 2021 as set out in the Appendix IV of this Circular;
- (ii) the current order book of Southern Score of approximately RM527.7 million which is expected to be billed up to FYE 31 December 2027 as detailed in the Appendix III(B) of this Circular;
- (iii) the future earnings potential of Southern Score Group;
- (iv) a price-to-earnings ratio of 9.45 times (based on the average Profit Guarantee of RM26.67 million). This is between the range of the PE Multiple of Southern Score's Comparable Companies of 7.90 times to 13.61 times as set out and explained in Section 3.2 (f) of Part A of this Circular; and
- (v) the prospects of the Enlarged GNB Group, comprising of Southern Score Group and the Company, as set out in Section 9.4 of Part A of this Circular.

3.3 Basis and justification for the issue price of the Consideration Shares

The issue price of RM0.15 per Consideration Share was arrived at after taking into consideration:

- (a) the last transacted price per GNB Share of RM0.015 as at 11 December 2020, being the last trading day prior to the effective date of suspension on the trading in GNB Shares by Bursa Securities;
- (b) the net liability per GNB Share of RM0.0286 as at 30 June 2021 based on the audited consolidated financial statements of GNB for the FYE 30 June 2021; and
- (c) the theoretical adjusted reference price per GNB Share of RM0.15 post-completion of the Proposed Share Consolidation.

3.4 Ranking of the Consideration Shares

The Consideration Shares will, upon allotment and issue, rank equally in all respects with the existing issued GNB Shares. However, such Consideration Shares will not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to GNB's shareholders unless such Consideration Shares were allotted and issued on or before the entitlement date of such rights, allotments and/or other distributions.

3.5 Source of funding of the Purchase Consideration

The Purchase Consideration will be satisfied entirely via issuance of the Consideration Shares.

3.6 Liabilities to be assumed

Save for the liabilities in the financial statements of the Southern Score Group and corporate guarantees to be provided by GNB in view that Southern Score will be a wholly-owned subsidiary of GNB, there are no other additional liabilities, including contingent liabilities and/or guarantees to be assumed by GNB in undertaking the Proposed Acquisition.

3.7 Additional financial commitment required

The financial commitments required by the Enlarged GNB Group for the setting up of TSPC's industrialised building systems are set out in Section 7 of Part A of this Circular.

Save for the above, there is no additional financial commitment required by GNB in putting Southern Score on-stream as Southern Score is already in operation.

3.8 Listing of the Consideration Shares

The approval of Bursa Securities has been obtained for the listing of the Consideration Shares on the ACE Market of Bursa Securities.

3.9 Moratorium on the Consideration Shares

In accordance with Rule 3.19 of the Listing Requirements, where a listed corporation acquires an asset which results in a Significant Change in the Business Direction or Policy of the listed corporation, a moratorium is required to be placed on the listed corporation's shares received by the vendor of the asset. Accordingly, Consideration Shares to be issued to Super Advantage under the Proposed Acquisition shall be placed under a moratorium.

As Super Advantage is the vendor in relation to the Proposed Acquisition and a Specified Shareholder of GNB following the completion of the Proposed Regularisation Plan, the following moratorium requirements shall apply to the Consideration Shares:

- (a) the moratorium applies to the entire shareholdings held by Super Advantage for a period of 6 months from the date of the Consideration Shares are admitted to the Official List ("**First 6-Month Moratorium Period**");
- (b) upon the expiry of the First 6-Month Moratorium Period, Super Advantage's aggregate shareholdings amounting to at least 45% of the total number of issued GNB Shares (adjusted for any bonus issue or subdivision of shares) shall remain under moratorium for another period of 6 months ("**Subsequent 6-Month Moratorium Period**"); and

- (c) thereafter, Super Advantage may sell, transfer or assign up to a maximum of 1/3rd per annum (on a straight line basis) of the GNB Shares held under moratorium.

The Consideration Shares, which will be held by Super Advantage upon completion of the Proposed Regularisation Plan, are subject to moratorium as set out below:

Name	Moratorium for First 6-Month Moratorium Period		Moratorium for Subsequent 6-Month Moratorium Period	
	No. of Consideration Shares	(%)(⁽¹⁾)	No. of Consideration Shares	(%)(⁽¹⁾)
Super Advantage	1,680,000,000	73.92	1,022,665,305	45.00

Note:

- (1) Based on the enlarged number of 2,272,589,567 GNB Shares after the Proposed Debt Settlement and Proposed Private Placement.

Super Advantage will provide an undertaking that it will comply with the moratorium requirements in Rule 3.19 of the Listing Requirements in respect of the Consideration Shares. In addition, the shareholders of Super Advantage, namely Tan Sri Datuk Seri Gan Yu Chai and Gan Yee Hin will provide their respective undertaking that they will comply with the moratorium requirements in Rule 3.19 of the Listing Requirements in respect of their respective shareholding in Super Advantage during the moratorium period.

3.10 Emergence of new controlling shareholders

Upon completion of the Proposed Acquisition, on pro forma basis, Super Advantage, Tan Sri Datuk Seri Gan Yu Chai and Gan Yee Hin will emerge as the new controlling shareholders of GNB. Further details of Super Advantage, Tan Sri Datuk Seri Gan Yu Chai and Gan Yee Hin are set out in Appendix II(A) of this Circular.

Section 11.5 of Part A of this Circular sets out the details of Super Advantage's shareholdings in GNB.

3.11 Proposed Directors

After completion of the Proposed Acquisition, the following individuals are proposed to be appointed as the new Directors of GNB:

- (i) Tan Sri Datuk Seri Gan Yu Chai, Malaysian, age 55, Managing Director
- (ii) Gan Yee Hin, Malaysian, age 29, Executive Director and Chief Executive Officer;
- (iii) Datuk Sydney Lim Tau Chin, Malaysian, age 52, Executive Director;
- (iv) Phe Kheng Peng, Malaysian, age 52, Independent Non-Executive Director; and
- (v) Too Siew Mooi, Malaysian, age 53, Independent Non-Executive Director

Their profiles are set out in Section 4.2 of Appendix II(A) of this Circular.

4. DETAILS OF THE PROPOSED EXEMPTION

Super Advantage will hold 1,680,000,000 GNB Shares, representing approximately 98.31% of the enlarged issued share capital of the Company immediately after the completion of the Proposed Share Consolidation and Proposed Acquisition but prior to the completion of the Proposed Debt Settlement and Proposed Private Placement.

As such, pursuant to Section 218(2) of the CMSA and Rule 4.01(a) of the Rules, Super Advantage and the PACs will be obliged to undertake a Mandatory Offer.

As Super Advantage does not intend to undertake a Mandatory Offer, it will seek an exemption from the SC pursuant to Paragraph 4.08(1)(a) of the Rules from the obligation of undertaking the Mandatory Offer. Pursuant to Paragraph 4.08(2) of the Rules, the SC may consider granting the Proposed Exemption if Super Advantage have satisfied, amongst others, the following conditions:

- (i) there has been no Disqualifying Transaction; and
- (ii) approval has been obtained from the non-interested shareholders of GNB at the forthcoming EGM for the Proposed Exemption.

For shareholders' information, Super Advantage and the PACs did not engage in any Disqualifying Transaction in the 6 months prior the date of the Announcement and up to the LPD.

5. DETAILS OF THE PROPOSED DEBT SETTLEMENT

On 9 July 2021, GNB had entered into a Debt Settlement Agreement with CTP. On 18 May 2022, GNB had also entered into the First Supplemental Debt Settlement Agreement with CTP to amend and vary certain terms and conditions of the Debt Settlement Agreement. As at the LPD, CTP has advanced a total of RM5.55 million to GNB which was utilised for GNB's working capital and expenses in relation to the regularisation of its financial condition. The advances were interest free and unsecured.

Pursuant to the debt settlement agreements above, out of the RM5.55 million advanced to CTP, RM3.10 million shall be fully settled via the issuance of new GNB Shares at an issue price of RM0.15 per Settlement Share to CTP. Upon receiving the Settlement Shares, CTP shall not have any further rights to the CTP Advances.

The salient terms of the Debt Settlement Agreement and First Supplemental Debt Settlement Agreement are set out in Appendix I of the Circular.

5.1 Basis and justification for the issue price for the Settlement Shares

The issue price of RM0.15 for each Settlement Share was arrived at after taking into consideration the following:

- (a) GNB has negative consolidated shareholders' funds and is presently an affected listed issuer with GN3 status; and
- (b) the issue price of the Consideration Share is also at RM0.15 each.

5.2 Ranking of the Settlement Shares

The Settlement Shares, upon allotment and issue, rank equally in all respects with the then existing issued GNB Shares. However, the Settlement Shares will not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to GNB's shareholders unless such Settlement Shares were allotted and issued on or before the entitlement date of such rights, allotments and/or other distributions.

5.3 Listing of the Settlement Shares

The approval of Bursa Securities has been obtained for the listing of the Settlement Shares on the ACE Market of Bursa Securities.

6. DETAILS OF THE PROPOSED PRIVATE PLACEMENT

6.1 Placement Size

The Proposed Private Placement entails the issuance of 543,047,900 Placement Shares to investors to be identified at an issue price to be determined at a later date. The Proposed Private Placement is one of the measures to be undertaken by GNB for GNB to meet the Public Shareholding Spread Requirement. In addition, The Proposed Private Placement is to raise funds for the purposes as set out in Section 7 of Part A of this Circular.

6.2 Placement arrangement for the Proposed Private Placement

The Placement Shares will not be placed to the following persons/ parties:

- (i) a director, major shareholder or chief executive of the Company; or a holding company of GNB ("**Interested Person**");
- (ii) a person connected with an Interested Person; and
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

284,073,700 Placement Shares under the Proposed Private Placement will be placed to Bumiputera investor(s) approved by the MITI representing not less than 12.50% of the enlarged number of issued GNB Shares ("**Bumiputera Shares**").

Nevertheless, the Bumiputera Shares to be issued as part of the Proposed Private Placement shall be subject to the following clawback and reallocation provisions:

- (i) if there is an under-application in respect of the Bumiputera Shares, the Bumiputera Shares may be clawed back and reallocated to independent third party investors to be identified who have not been approved by MITI; and
- (ii) the clawback and reallocation provision as set out above shall not apply in the event that there is an over-application for the Bumiputera Shares by Bumiputera investors approved by MITI.

In addition, the independent third party investors shall be persons who qualify under Schedules 6 or 7 of the CMSA which include amongst others, the subscription consideration or purchase consideration by them for the Placement Shares is not less than RM250,000 or the issuance is made to high net worth individuals whose net personal assets exceed RM3,000,000 or corporations with net assets exceeding RM10,000,000. No prospectus will be issued in respect of the Placement Shares to the investors.

The Proposed Private Placement will not be underwritten. The Proposed Private Placement will be implemented in a single tranche after all approvals required for the Proposed Regularisation Plan have been obtained.

6.3 Ranking of Placement Shares

The Placement Shares, upon allotment and issue, rank equally in all respect with the then existing issued GNB Shares. However, the Placement Shares will not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to GNB's shareholders unless such Placement Shares were allotted and issued on or before the entitlement date of such rights, allotments and/or other distributions.

6.4 Listing of the Placement Shares

The approval of Bursa Securities has been obtained for the listing of the Placement Shares on the ACE Market of Bursa Securities.

6.5 Basis of pricing at the issue price of the Placement Shares

The issue price for the Placement Shares, which shall not be less than RM0.20 per Placement Share will be determined and announced at a later date after the receipt of all relevant regulatory approvals for the Proposed Regularisation Plan.

The issue price of not less than RM0.20 per Placement Share was arrived at after taking into consideration among others:

- (a) The intended utilisation of proceeds as set out in Section 7 of Part A of this Circular;
- (b) the last transacted price per GNB Share of RM0.015 as at 11 December 2020, being the last trading day prior to the effective date of suspension on the trading in GNB Shares by Bursa Securities;
- (c) the theoretical adjusted reference price per GNB Share of RM0.15 post-completion of the Proposed Share Consolidation; and
- (d) the prospects of the Enlarged GNB Group after the completion of the Proposed Regularisation Plan.

For the purpose of this Circular, the issue price of the Placement Shares is assumed at RM0.20 each.

7. UTILISATION OF PROCEEDS

Based on the 543,047,900 Placement Shares issued at an assumed issue price of RM0.20 each, the total gross proceeds to be raised from the Proposed Private Placement are intended to be utilised in the following manner:

Details	Notes	Amount		Utilisation (from the date of listing of the Placement Shares)
		RM'000	%	
Injection of funds to TSPC	(1)	21,800	20.07	Within 18 months
Purchase of building materials	(2)	25,000	23.02	Within 18 months
Repayment of contractors	(3)	25,000	23.02	Within 12 months
Acquiring/ rent of construction assets	(4)	18,000	16.57	Within 18 months
Acquiring of office	(5)	5,000	4.61	Within 18 months
Working capital	(6)	9,410	8.66	Within 24 months
Estimated expenses in relation to the Proposed Regularisation Plan	(7)	4,400	4.05	Within 1 month
Total		108,610	100.00	

Notes:

- (1) The estimated costs to be incurred for the setting up of the pre-cast plant and the first-year production cost ("**Precast Costs**") for TSPC to be fully operational is approximately RM62.3 million as follows:

Descriptions	Amount (RM'000)
Setting up of precast plant ⁽ⁱ⁾	11,120
First-year production cost ⁽ⁱⁱ⁾	51,170
Total	62,290

- (i) This includes and is not limited to machineries and equipment such as gantry cranes and generator sets, plant and building construction costs, and steel works.
- (ii) This includes and is not limited to labour costs, raw material costs such as steel mould, steel reinforcement and concrete, transportation costs, erection costs and other miscellaneous costs for the first year operations of TSPC.

The Enlarged GNB Group intends to utilise up to RM21.8 million from the proceeds raised from the Proposed Private Placement for the Precast Costs which represents 35% of the total estimated Precast Costs.

Any shortfall in funding Enlarged GNB Group's portion of the Precast Costs will be funded by banking facilities and/or Enlarged GNB Group's internally generated funds. However, if there is any surplus, the excess will be utilised for working capital requirements of the Enlarged GNB Group.

- (2) The Enlarged GNB Group intends to utilise up to RM25.0 million from the proceeds raised from the Proposed Private Placement to purchase building materials such as construction steel rebars and cement for future construction projects which the Enlarged GNB Group may undertake.
- (3) The Enlarged GNB Group intends to utilise up to RM25.0 million from the proceeds raised from the Proposed Private Placement for the repayment of contractors for future construction projects which the Enlarged GNB Group may undertake. For the avoidance of doubt, the repayment of contractors' fees excludes building materials and rental of machineries and equipment.
- (4) The Enlarged GNB Group intends to utilise up to RM18.0 million from the proceeds raised from the Proposed Private Placement for the estimated investment cost of acquiring construction assets in the following manner:
- (i) up to RM15.0 million to acquire a storage land with a land area of 2 acres in Mukim Setapak, Kuala Lumpur at approximately RM172 per square feet for the purpose of storing machineries and construction materials. It is the intention of Southern Score to implement a centralized machineries and construction materials storage facility to enhance its logistics coordination of its machineries and construction materials for use on project sites; and
- (ii) up to RM3.0 million for the purchasing and/or renting of machineries for construction use which includes amongst others, tower crane, heavy duty scaffolding and trucks.

The breakdown of the proceeds are as follows:

Descriptions	Amount (RM'000)
Rental expenses for 2 units tower crane	936
Rental expenses for 2 units of twin cage passenger hoist (A vertical elevator used to move workers to higher floors in building construction)	432
Purchase of formwork system	1,632
Total	3,000

In the event that the actual cost of acquiring the abovementioned construction assets is higher than the estimated RM18.0 million, the deficit will be funded by banking facilities and/or the Enlarged GNB Group's internally generated funds. However, if the actual cost for acquiring the abovementioned construction assets is lower than estimated, the excess will be utilised for the working capital requirements of the Enlarged GNB Group.

Currently, there are no existing storage facilities and all machineries and construction materials are stored in the respective project sites.

- (5) The Enlarged GNB Group intends to utilise up to RM5.0 million from the proceeds raised from the Proposed Private Placement for the purchase of the existing rented office and/or setting up a new operational office located within the Mukim Setapak, Kuala Lumpur area for the Enlarged GNB Group's operations. The estimated costs of purchasing the existing rented office and/or setting up a new office is RM5.0 million which includes the cost of the relevant furnishing and renovation works.

Descriptions	Amount (RM'000)
Purchase of office block	4,000
Furnishing and renovation works	1,000
Total	5,000

The need for the purchase of the existing rented office and/or setting up a new operational office arises from the need to accommodate the future plans and strategies of Southern Score as set out in Section 9.4.1 of the Circular.

In the event that the actual cost for setting up the new office is higher than the estimated RM5.0 million, the deficit will be funded by banking facilities and/or the Enlarged GNB Group's internally generated funds. However, if the actual cost for setting up the new office is lower than estimated, the excess will be utilised for working capital requirements of the Enlarged GNB Group.

- (6) The amount of up to RM9.4 million for working capital has been allocated for the following purpose:

Descriptions	Amount (RM'000)
Staff costs	3,910
Performance and tender bond	5,000
Miscellaneous and professional fees	500
Total	9,410

Any surplus or deficit on the allocation for each of the categories of working capital as stated above will be adjusted accordingly between each of the categories as the management of GNB deems appropriate.

- (7) The breakdown of estimated expenses in relation to the Proposed Regularisation Plan of RM4.4 million are as follows:

Descriptions	Amount (RM'000)
Professional advisory fees ⁽ⁱ⁾	1,925
Placement fees ⁽ⁱⁱ⁾	1,580
Printing, advertising and EGM expenses ⁽ⁱⁱⁱ⁾	330
Other expenses and contingencies	316
Sales and service tax of 6%	249
Total	4,400

- (i) The professional advisory fees are fees payable to the professionals which include among others, the principal adviser, solicitors and the reporting accountants for the Proposed Regularisation Plan.
- (ii) Placement fees are fees payable to placement agents which includes amongst others, the placement fee and other administrative fees to be incurred for the placement of the Shares.
- (iii) Includes the expenses to convene the EGM, printing, advertising, marketing and other ancillary expenses.

Any surplus for the estimated expenses in relation to the Proposed Regularisation Plan will be adjusted accordingly to/from the working capital of the Enlarged GNB Group.

The actual proceeds to be raised from the Proposed Private Placement are dependent on the final issue price of the Placement Shares and the subscription level of the Proposed Private Placement. Any variation in the actual proceeds raised will be adjusted to/from the working capital of the Enlarged GNB Group.

Pending utilisation of the proceeds from the Proposed Private Placement for the abovementioned purposes, the proceeds will be placed in deposits with financial institutions or short-term money market instruments as the Board of GNB may deem fit. The interest derived from the deposits with the financial institution or any gain arising from the short-term money market instruments will be used for working capital purposes.

8. RATIONALE FOR THE PROPOSED REGULARISATION PLAN

GNB had on 30 November 2017 announced that it was classified as a GN3 company pursuant to GN3 of the Listing Requirements. The main objective of the Proposed Regularisation Plan is to return the Company to a better and stronger financial standing and profitability, thereby benefiting all stakeholders of the Enlarged GNB Group.

8.1 Proposed Share Consolidation

The last transacted market price of GNB Shares on 11 December 2020 (being the last trading of the existing GNB Shares on the ACE Market of Bursa Securities) was RM0.015 per GNB Share. The Proposed Share Consolidation is expected to enhance the Company's share capital structure post the Proposed Regularisation Plan as without the Proposed Share Consolidation, the Company would have a large number of shares in issue with a relatively low price range. Therefore, a small absolute movement in the share price would result in relatively high movement in percentage terms.

Based on the last transacted market price per GNB Share of RM0.015, the theoretical adjusted reference price per GNB Share after the Proposed Share Consolidation will be RM0.15. As consolidating the Company shares would lead to a reduction in the number of GNB Shares and an increase in the theoretical adjustment reference share price, the volatility in the trading price for GNB Shares is expected to be reduced.

Further, the Company shall benefit from easier management of a smaller number of GNB Shares.

8.2 Proposed Acquisition

The Proposed Acquisition is an integral part of the Proposed Regularisation Plan that will allow the Company to diversify its business to be principally engaged in the business of construction management, turnkey contractors and subcontractors as a mean to regularise the Company's financial conditions as the Company does not have any core business to sustain its listing status.

The Proposed Regularisation Plan has been formulated to address the upliftment of the current classification of GNB as GN3 Company and to return the Company to a better financial standing and profitability after completion of the Proposed Regularisation Plan.

The Board of GNB is of the view that the Proposed Acquisition would be favourable to the Company after taking into consideration, among others, the historical financial performance of Southern Score as set out in Appendix IV of this Circular and the industry outlook and future prospects as set out in Section 9 of Part A of this Circular.

8.3 Proposed Debt Settlement

The Board of GNB is of the view that the settlement of the CTP Advances via the Settlement Shares is the most appropriate mode of settlement as it will release GNB from any further obligations and/or liabilities to CTP arising from the CTP Advances. This will also allow the Enlarged GNB Group to preserve their cash for other purposes, such as working capital requirements.

8.4 Proposed Private Placement

The public shareholding spread of GNB will fall below 25% of the enlarged number of issued GNB Shares after the completion of the Proposed Acquisition. GNB intends to undertake the Proposed Private Placement to address the Public Shareholding Spread Requirement. In addition, the Proposed Private Placement will be undertaken to further broaden GNB's shareholders base.

Furthermore, the Proposed Private Placement shall raise the necessary funds for the purposes as set out in Section 7 of Part A of this Circular.

The Proposed Placements will also enable GNB to meet the Bumiputera equity requirement where at least 12.50% of the enlarged number of issued GNB Shares will be allocated to MITI-recognised Bumiputera investors.

8.5 Proposed Exemption

The Proposed Exemption will relieve Super Advantage and the PACs from the obligation to undertake a mandatory general offer under the Rules due to the increase of their interests of more than 33% in the voting shares of GNB, as a result of the Proposed Acquisition.

9. INDUSTRY OUTLOOK AND FUTURE PROSPECTS OF THE ENLARGED GNB GROUP

9.1 Overview and outlook of the Malaysian economy

In 2021, the Malaysian economy rebounded by 3.1% (2020: -5.6%), mainly supported by a turnaround in private sector spending. The recovery momentum, however, was affected by the imposition of containment measures during the year. These include the Second Movement Control Order (MCO 2.0) in January 2021 and the National Recovery Plan (NRP) in June 2021. Nevertheless, less restrictive restrictions compared to 2020 as well as better adjustments to the new norm, improved compliance to the standard operating procedures (SOPs) and rapid vaccination progress had minimised the adverse impact on households and businesses. The gradual improvement in income and labour market conditions during the year had provided support to household spending. Meanwhile, investment activity benefitted from continued capital spending, particularly by private firms in the export-oriented sectors. Importantly, policy support remained available for impacted households and businesses. On the external front, the robust exports performance was driven by the rebound in world growth and trade activity, lifted further by the global technology upcycle. However, net exports contracted, as import growth outpaced the growth in exports.

External demand provided robust support to growth in 2021. Strong global trade activity boosted Malaysia's gross exports (2021: 26.0%, 2020: -1.1%). Recovery in economic conditions in advanced and regional economies resulted in strong demand from key trade partners. Similarly, the continued global technology upcycle and robust demand for semiconductors led to strong growth in electrical and electronic (E&E) products. As a key player in the global supply chain, Malaysia was also affected by the supply disruptions, although to a much lesser extent, as trade and manufacturing performance remained resilient during the year. This is mainly attributed to firms having taken proactive measures to mitigate the impact of supply disruptions on their operations. Meanwhile, exports of services contracted for a second year in a row (-9.4%, 2020: -48.0%), reflecting weak tourist arrivals (2021: 0.1 million persons, 2020: 4.3 million persons), as most international borders remained closed.

In terms of developments across economic sectors, the improvement in the domestic economy was fairly uneven, as the pace of recovery differed across sectors. Strong external trade supported the exceptional performance of the manufacturing sector. Meanwhile, the services sector remained constrained by weak demand amid restrictions on mobility and high-touch activities (such as dine-ins and tourism), while activity in the construction sector was hampered by labour and operating capacity restrictions. Additionally, adverse weather conditions and continued foreign worker shortages affected output in the agriculture sector.

From the demand perspective, economic activity continued to be underpinned by household spending, as labour market conditions improved. Continued investments, particularly in machinery and equipment as firms increased their efforts in automation and digitalisation, as well as expansion in production capacity provided further support to growth. In the labour market, employment improved amid a return of workers into the labour force. Underemployment also improved, albeit it remained at a slightly elevated rate compared to long-term averages. Overall conditions, however, remained subdued during the year, as the unemployment rate remained elevated and wage growth was modest amid an uneven recovery across labour market segments. Supportive measures continued to remain in place to enable businesses and households to better withstand the impact of these shocks, support incomes, and mitigate displacements in the labour market. These comprise in large part a continuation of measures put in place in 2020, including Bantuan Prihatin Rakyat, the Targeted Repayment Assistance (TRA) and the Wage Subsidy Programme.

Following the trough in the third quarter of 2021, economic activity resumed towards the end of the year in line with the lifting of restrictions. As containment measures were gradually eased during the third quarter, most economic activities restarted, and labour market conditions improved further. This enabled a quick recovery in mobility and consumer spending in the fourth quarter. The lifting of interstate travel bans in October, in conjunction with the year-end holiday season, also provided support for domestic tourism activities. Towards the end of the year, Malaysia also detected growing cases involving the new and highly transmissible Omicron variant.

The construction sector declined by 5.2% (2020: -19.4%), as the industry faced limitations on operating capacity and the stop-start nature of construction works, due to the movement restrictions. Special trade was the sole subsector with positive growth, supported by end-works from selected commercial and civil engineering projects, as well as implementation of small-scale projects. Meanwhile, construction activities in the residential and non-residential subsectors remained subdued following extended periods of lockdown and reduced operating capacity. Nevertheless, the easing of the containment measures since August and the reopening of the economy supported the gradual improvement across all subsectors towards the end of the year.

The Malaysian economy is expected to improve further, with growth projected to be between 5.3% and 6.3% in 2022. The economic recovery is underpinned by the continued expansion in external demand, full upliftment of containment measures, reopening of international borders, and further improvement in labour market conditions. In addition, the implementation of investment projects and targeted policy measures will provide further support to economic activity and aggregate demand.

(Source: Economic and Monetary Review 2021, Bank Negara Malaysia Annual Report 2021)

9.2 Overview and outlook of the construction services industry in Malaysia

The construction industry in Malaysia, based on the value of awarded projects, grew from RM130.3 billion in 2016 to RM181.7 billion in 2019 at a compound annual growth rate (“CAGR”) of 11.7%. During this period, the value of awarded residential construction projects also registered positive growth from RM34.9 billion to RM36.7 billion at a CAGR of 1.7%. The value of awarded projects construction projects contracted from RM181.7 billion in 2019 to RM86.2 billion in 2020 at a year-on-year rate of 52.6% before rising to RM124.9 billion in 2021. Comparatively, the value of awarded residential construction projects also contracted from RM36.7 billion in 2019 to RM28.8 billion in 2020 (year-on-year rate of 21.5%) and RM27.2 billion (year-on-year rate of 5.6%) in 2021.

In 2020, the construction industry contracted, reflecting reduced work capacity in compliance to containment measures, labour shortages due to international border closures, supply chain disruptions and site shutdowns following the COVID-19 outbreak. Despite some relaxation in operating constraints in May 2020, many project sites remained idle, as developers experienced financial, compliance, and supply-chain challenges in resuming work. Nonetheless, construction activities improved in the second half of 2020 as a result of better clarity and compliance with operating guidelines, more pervasive COVID-19 testing on workers and extended hours for construction activity.

Further, the rollout of stimulus packages supported many small-scale projects, and spurred growth in the special trade subsector in the second half of 2020. Residential construction activities benefitted from new housing projects and ramp up in progress of projects due for completion respectively in the second half of 2020, while the civil engineering subsector was supported by continued progress in large infrastructure projects.

In 2021, residential and non-residential construction activities were hampered by labour and operating capacity restrictions. Special trade works from selected commercial and civil engineering projects, as well as implementation of small-scale projects showed positive growth during the year. Special trade works include works such as electrical, plumbing, heat, air conditioning and other construction installation, as well as building completion and finishing. Nevertheless, the easing of the containment measures since August 2021 and the reopening of the economy supported the gradual improvement in the construction sector towards the end of 2021.

Growth in the construction sector is expected to rebound in 2022 following the reopening of Malaysia's economy. Ongoing construction activity in large infrastructure projects and implementation of small-scale projects under the Budget 2022 measures will support growth in the civil engineering and special trade subsectors. The residential subsector is projected to benefit from new housing projects and launches, in tandem with the expected recovery in demand as income and employment prospects improve. Growth in the non-residential subsector is expected to be lifted by both existing and new commercial and industrial projects.

Residential property sales began showing signs of recovery in 2021, as depicted by the growth in demand for household loans. In its Quarterly Bulletin for the Fourth Quarter of 2021, the Central Bank of Malaysia noted the growth in loans following the easing of movement restrictions. This was reflected in substantially higher loan applications of RM170.8 billion in the fourth quarter (3Q 2021: RM114.1 billion) and loan disbursements of RM109.0 billion in the fourth quarter (3Q 2021: RM75.3 billion), particularly for the purchase of houses and passenger cars. In particular, residential property developers began adapting with the containment measures and social distancing restrictions by diversifying to electronic marketing (e-marketing) platforms to reach potential target market while offering more attractive incentives and deals to boost sales. The improving demand for residential properties is anticipated to bode well for industry players and support demand for construction services.

Providence Strategic Partners Sdn Bhd expects residential construction activities to recover over the long term, with the value of awarded residential construction projects projected to rise from RM27.2 billion in 2021 to RM32.2 billion in 2025 at a CAGR of 4.3%. Growth in the affordable housing segment is expected to bounce back faster than mid-tier and luxury residential segments, while office and retail segments are expected to witness a slower recovery over the forecast period. Moving forward, the infrastructure construction sector is also expected to maintain growth momentum, supported by public spending.

The demand for construction services, particularly that in new development projects, is dependent on construction activities undertaken to erect residential, commercial and industrial properties. Construction activities are largely economic-driven, whereby 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 properties.

Economic growth is a catalyst for development and growth in construction activities and demand for construction services. Between 2016 and 2019, Malaysia's wealth, as depicted by its real gross domestic product ("**GDP**"), increased from RM1.2 trillion to RM1.4 trillion at a CAGR of 5.3%. Total property transaction value increased from RM113.5 billion to RM116.2 billion during the same period at a CAGR of 0.8%. From this, residential property segment increased from RM65.6 billion to RM72.4 billion at CAGR of 3.3%. In 2020, Malaysia's real GDP dipped to RM1.3 trillion, from the RM1.4 trillion in 2019. Total property transaction value in 2020 was RM98.2 billion, a 15.5% drop from the RM116.2 billion recorded in 2019. Correspondingly in the same year, residential property transactions dropped to RM65.9 billion (from RM72.4 billion in 2019).

Malaysia's GDP registered a growth of 3.1% in 2021. The recovery momentum in the early part of the year was affected by the reimposition of nationwide containment measures from June to September 2021, following a rapid resurgence of cases due to the Delta variant. However, unlike the movement restrictions in the second quarter of 2020, more essential economic sectors were allowed to operate, while businesses and households were better adapted to the containment measures and standard operating procedures. External demand also provided additional support to Malaysia's economic growth in 2021.

Construction activities in the residential and non-residential subsectors remained subdued following extended periods of lockdown and reduced operating capacity. Nevertheless, the easing of the containment measures since August 2021 and the reopening of the economy supported gradual improvement in construction activities towards the end of 2021. The reopening of the economy as well as ongoing construction activity in large infrastructure projects and implementation of small-scale projects under the Budget 2022 is expected to positively impact the construction sector in 2022.

In 2021, the property market began showing signs of recovery as total property transactions rose to RM121.8 billion at a year-on-year growth rate of 24.0%. Correspondingly, residential property transactions rose to RM76.9 billion at a year-on-year growth rate of 16.7%. During the year, loan applications and approvals for purchase of residential properties rose to RM349.6 billion (2020: RM266.4 billion) and RM122.0 billion (2020: RM93.1 billion) respectively. The recovery of Malaysia's property market in 2021 was mainly supported by the implementation of various stimulus under Pelan Jana Semula Ekonomi Negara ("**PENJANA**") and Prihatin Rakyat Economic Stimulus Package ("**PRIHATIN**"), as well as measures under Budget 2021 which sustained consumer confidence and spending.

The property market is expected to continue recovering in 2022, supported by the reopening of the economy and country borders, which is expected to further improve domestic economic activities.

(Source: IMR Report, July 2022)

9.3 Overview and outlook of the IBS industry in Malaysia

The construction industry is moving towards the use of IBS, driven by the Government initiatives, the expected growth in residential property construction, and a growing awareness about the benefits of IBS products.

In 2018, a total of 14 projects were approved in the IBS industry with an investment of RM575.1 million. Of these, RM335.8 million (58%) were from local companies and RM239.3 million (42%) were from foreign companies. Subsequently in 2019, 15 projects were approved with total investments worth RM1.1 billion. Of these, domestic direct investment amounted to RM477.8 million, or 44.7% of total investments, while foreign direct investment was slightly higher with investments totalling RM591.1 million or 55.3%. In 2020, Malaysia recorded lower investments in the IBS industry arising from the COVID-19 pandemic which dampened investment activities. Eight projects were approved to manufacture IBS components in 2020, with investments valued at RM311.2 million. Further in 2021, three IBS projects were approved with investments valued at RM41.1 million.

The construction industry has started to embrace IBS as a method of attaining better construction quality and productivity, reducing risks related to occupational safety and health, alleviating issues for skilled workers and dependency on manual foreign labour, and achieving the ultimate goal of reducing the overall cost of construction. The adoption of IBS offers minimal wastage, fewer site materials, a cleaner and neater environment, controlled quality, and lower total construction costs.

The Government has been continually encouraging the construction industry to use IBS, which is an important part of the nation's sustainable construction initiative. IBS was introduced to Malaysia as a solution to issues related to over-dependence on foreign workers, increasing demand for affordable accommodation, and improving the image, quality and productivity of the construction industry. IBS is one of the targeted sectors for the manufacturing-related construction industry.

(Source: IMR Report, July 2022)

9.4 Prospects of the Enlarged GNB Group

The Proposed Regularisation Plan has been formulated to address the upliftment of current GN3 status of the Company and to return the Company to a better financial standing and profitability after completion of the Proposed Regularisation Plan.

Based on the best knowledge of the Board of GNB and having considered all aspects of the Proposed Regularisation Plan, the Board of GNB is of the view that the Proposed Regularisation Plan:

- (i) is sufficiently comprehensive and capable of resolving all problems, financial or otherwise that had caused GNB to trigger GN3 prescribed criteria;
- (ii) enables GNB to regularise its financial condition such that GNB no longer triggers any of the GN3 prescribed criteria; and
- (iii) is fair and reasonable for GNB and its shareholders and will increase the shareholders' value after completion of the Proposed Regularisation Plan.

The Enlarged GNB Group's prospects are expected to be favourable in view of the Company's plans and strategies for the coming years as set out below and the outlook of the construction services and the IBS industry as described in Sections 9.2 and 9.3 of Part A of this Circular.

9.4.1 Future plans and strategies

The Southern Score Group intends to undertake the following strategies to grow their business:

- (i) to further expand its construction services by continuing to replenish and grow its order book for the provision of construction services which will contribute to expanding its market presence; and
- (ii) to venture into the manufacture of IBS products. TSPC was incorporated on 5 April 2021 with TCS Group Holdings Berhad holding 65% equity interest and Southern Score holding the remaining 35% equity interest. Southern Score intends to venture into the manufacture of IBS products via TSPC.

Notwithstanding that Southern Score only owns 35% equity interest in TSPC, this venture into the manufacture of IBS products is expected to benefit the Enlarged GNB Group. Upon the successful commercialisation of IBS plant, Southern Score will be able to procure the IBS products manufactured by TSPC for adoption in its construction projects instead of sourcing and relying on construction materials sourced from external parties. The adoption of IBS in construction projects is expected to contribute to better construction quality and productivity, reducing risks related to occupational safety and health, alleviating issues for skilled workers and dependency on manual foreign labour, and achieving the ultimate goal of reducing the overall cost of construction.

Premised on the above and the overview and outlook of the construction services and the IBS industry as described in Sections 9.2 and 9.3 of Part A of this Circular, the Board of GNB is of the opinion that the Southern Score Group's prospects are expected to be favourable and the Proposed Acquisition is expected to contribute positively to future earnings of the Enlarged GNB Group.

10. RISK FACTORS

The risk factors associated with the Proposed Regularisation Plan, which may not be exhaustive, include the following:

10.1 Completion risk

If any conditions precedent in the SSA is not fulfilled or waived (as the case may be), the Proposed Regularisation Plan may be delayed or terminated, thus resulting in non-materialisation of the potential benefits expected to arise from the Proposed Regularisation Plan. The Board of GNB seeks to limit such risk by taking all reasonable steps towards the fulfilment or waiver of the conditions precedent so as to enable the completion of the Proposed Regularisation Plan.

10.2 Business risks

(i) The COVID-19 pandemic and possible similar future outbreaks may have a significant impact on Southern Score's business operations

Southern Score's business is susceptible to any outbreak of disease or pandemics to the extent that it causes interruptions to its business operations. These interruptions, if prolonged, will affect the business operation and financial performance of Southern Score.

Due to the COVID-19 pandemic, the Government had on 18 March 2020 implemented Movement Control Order ("MCO") 1.0 under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967. All government and private premises, except those involved in essential services, were required to be closed and to cease operations during MCO1.0 unless exempted. This was followed by a conditional MCO on 4 May 2020 which allowed selected business sectors to resume operation and a recovery MCO from 10 June 2020 to 31 August 2020 for selected states in Malaysia. During MCO1.0, Southern Score had temporarily suspended its operations, both at its project sites and main office, with office personnel working remotely from home. The construction activities of Southern Score were allowed to resume operations upon obtaining approvals from MITI and complying with standard operating procedures and other rules and regulations required by MITI. Prior to resumption of operations, Southern Score was required to perform COVID-19 testing on its subcontractors' site workers. While the temporary suspension of construction works during MCO1.0 had affected the progress of its projects, it had not materially affected the financial performance of Southern Score.

On 11 January 2021, the Government announced the implementation of MCO2.0 with certain restrictions in selected states commencing 13 January 2021 and has been extended until 4 March 2021 in Kuala Lumpur, Selangor, Johor and Penang. The Government decided to lift MCO2.0 and place Selangor, Kuala Lumpur, Johor, Penang and Kelantan under Conditional Movement Control Order (“**CMCO**”) starting 5 March 2021 up to 28 April 2021, Sarawak’s CMCO is set to last until 26 April 2021, while the rest of the states in Malaysia will be under Recovery Movement Control Order (“**RMCO**”) until 28 April 2021. Southern Score’s business operation and financial conditions were not materially impacted during MCO2.0 as exemption was granted from MITI to operate as usual with observation of standard operating procedures at all project sites.

On 10 May 2021, the Government announced MCO3.0, a nationwide lockdown from 12 May 2021 to 7 June 2021 as the nation faces rising COVID-19 infections. Based on the increasing trend of daily COVID-19 cases, the Government has decided to take more drastic and stringent measures to curb the spread of COVID-19 infections in the community and prevent a sharp increase in cases. On 28 May 2021, the Government announced the first phase of a full closure of social and economic sectors for 14 days beginning 1 June 2021 until 14 June 2021, which has since been extended. During this period, all sectors are not allowed to operate except the essential services and economic sectors. In compliance with the directive from the Government, Southern Score temporarily suspended its operation at its construction project sites while waiting for MITI approval. Southern Score implemented work from home policy, where 40% of its office-based employees are required to work from home, while the remaining 60% will be allowed in office at any one time. Southern Score obtained approval from MITI to resume operations for on-site construction activities with observation of standard operating procedures at project sites. Thereafter, Southern Score’s subcontractors gradually resumed on-site construction activities with workforce capacity remains at 60%.

On 1 July 2021, the Government announced that various areas in Selangor and Kuala Lumpur will be placed under EMCO for 2 weeks, beginning 3 July 2021 to 16 July 2021. During this period, all sectors are not allowed to operate except the essential services and economic sectors. Further on 3 July 2021, the Government announced that all construction and related work in areas under the EMCO in Kuala Lumpur and Selangor must cease. Permits issued by MITI cannot be used to continue construction work during the EMCO period, however, critical maintenance, repairs and wiring work would still be allowed but by appointment only and with approvals from the nearest police station. In compliance with the MCO3.0 and EMCO, Southern Score has temporarily halted construction activities on its ongoing projects.

The table below sets out the temporary suspension period of Southern Score’s ongoing projects:

Ongoing projects	Temporary suspension period	Resumption of on-site construction activities
Vista Wirajaya 1@ PV9 Residences	1 June 2021 – 21 July 2021 (7 weeks)	22 July 2021
Platinum Arena Residences	1 June 2021 – 7 June 2021 (1 week)	8 June 2021
Vista Sentul Residences	6 July 2021 – 27 July 2021 (3 weeks)	28 July 2021

As a result of the temporary suspension of Southern Score’s ongoing projects above, Southern Score had recorded lower revenues for the month of June and July 2021.

In addition, Southern Score has arranged for all site workers for COVID-19 testing before resumption of on-site construction activities to prevent COVID-19 infections in the project sites. In compliance with the guidelines and standard operating procedures, workers at construction sites are limited to 60% workforce capacity during the MCO period. In light of this tighter restriction imposed by the Government, Southern Score is applying to its customers for further extension of time to deliver its projects with no impositions of LAD.

On 1 October 2021, Kuala Lumpur and Selangor entered into Phase 3 of the NRP, and all types of construction works were allowed to operate under NRP Phase 3.

Notwithstanding the above, if the Government imposes tighter restrictions which have an impact on the progress of on-going projects, Southern Score shall apply to its customers for further extension of time to deliver projects with no impositions of LAD.

There is no assurance that other pandemics will not happen in the future. If such outbreaks occur and tighter restrictions are imposed on business activities by the Government, the business operations and financial performance of Southern Score will be affected.

Further details of the impacts of COVID-19 and MCO on Southern Score's business operations are set out in Section 7.22 of Appendix III(A) of this Circular.

(ii) Exposure to a few projects awarded by major customers

Revenue contributions from Southern Score's customers vary from year-to-year due to the nature of its construction business being conducted on a project basis. Southern Score may not secure similar projects in terms of size and scope with the same customers year-on-year. Southern Score's construction contracts are implemented over an average period of 2 to 3 years. In the construction industry, contracts are typically awarded based on competitive bidding as well as evaluated based on contractors' track records and quality of project delivery. Therefore, Southern Score faces uncertainty in securing new contracts as it may not be able to provide the most competitive pricing at all times or that its track record may not be as established as its competitors.

In the last four FYEs, Southern Score secured construction projects from Weng Wah Developments Sdn Bhd, Constant Premium Sdn Bhd, Ambanang Development Sdn Bhd and Marques Land Sdn Bhd, being companies in which Tan Sri Datuk Seri Gan Yu Chai, Gan Yee Hin and persons connected to them are existing director(s) and/or an existing shareholder(s). Please refer to Section 8 of Appendix III(A) of the Circular for more info on the related party transactions entered into by the Southern Score Group. In the last four FYEs, these companies have ranked in the top five customers of Southern Score for one or more FYEs due to the fact that Southern Score only implements a handful of new projects every year. In the event that Southern Score is unable to secure more contracts of the same or larger scale from its existing customers or new customers, the business operations and financial performance of Southern Score may be affected.

In addition, Southern Score does not have any long-term contractual agreements with its customers as it is engaged on a project-by-project basis. These customers are not obligated to continue awarding new projects to Southern Score. Therefore, there is no assurance that these major customers will continue to engage Southern Score in the future. In the event that these major customers discontinue their business relationships with Southern Score, Southern Score is exposed to the risk of not being able to secure other customers who can contribute a similar proportion of revenue on a timely basis. As such, the business operations and financial performance of Southern Score may be affected. Furthermore, Southern Score's business operations and financial performance may be affected should there be any adverse changes specific to the operations, financial performance and external factors affecting its major customers that are beyond Southern Score's control. This may result in the delay and/or default in their contractual payments to Southern Score.

As at the LPD, Southern Score has recorded an order book of approximately RM527.7 million which is expected to be billed up to FYE 31 December 2027. Southern Score's major customers will continue to contribute a significant portion of revenue in the next three financial years. Southern Score implements a handful of new construction projects every year, therefore these customers naturally account for a significant portion of Southern Score's revenue for that particular year. As at the LPD, Southern Score has received a letter of intent for 1 construction and development project and has 1 project in the tender stage, undergoing evaluation and pending outcome of decision, from a third-party property developer and landbank owner respectively. Moving forward, Southern Score is anticipated to further diversify its customer base by securing new projects from different third-party customers. Nevertheless, while Southern Score is dependent on its major customers, it is not dependent on a single customer as Southern Score has been securing more projects from different customers.

(iii) Reliance on subcontractors to complete a substantial portion of building and construction projects

Depending on the scope of services, Southern Score may be appointed as turnkey contractor or main contractor, where it is responsible for the overall implementation and management of its construction projects. To maximise cost efficiency and flexibility and to utilise the expertise of qualified specialist contractors, Southern Score outsources all construction works to its subcontractors. In this respect, Southern Score engages competent subcontractors for a number of services including building and construction works, piling works, road works, internal infrastructure and landscaping works as well as other specialised trade works such as M&E works, drainage and sewerage works and other related works. The subcontracting fees paid to Southern Score's subcontractors accounted for approximately 98.9%, 92.9%, 99.2%, 99.8% and 92.6% of its total cost of sales for FYE 31 December 2018, 2019, 2020 and 2021 as well as FPE 30 April 2022, respectively.

The engagement of subcontractors may expose Southern Score to certain risks, including but not limited to, difficulties in overseeing the performance of subcontractors effectively, possibilities of subcontractors failing to complete their contracted scope of works or inability to hire suitable subcontractors in a timely manner and at a reasonable fee. Accordingly, the ability of the subcontractor to perform its functions effectively, timely and efficiently in relation to a project will affect Southern Score's ability to meet its project quality expectations, budget and milestones. In FYE 2018, Southern Score terminated the services of a subcontractor performing underground construction (specifically horizontal directional drilling (HDD) pipejacking works) for the PR1MA Jalan Jubilee project upon commencement of works when the subcontractor did not possess the appropriate drilling rig to drill through the soil and rock conditions onsite. In this instance, Southern Score was able to source for another subcontractor with the required expertise and machinery with no delay to the project completion and minimal impact to project budget. Save for this, Southern Score did not experience any of the aforementioned difficulties during the past 4 FYEs and FPE 30 April 2022 as well as up to the LPD.

If its subcontractors fail to meet the project requirements, Southern Score may experience a delay in project completion or be exposed to risks of cost overruns due to quality issues concerning substandard works and/or non-performance by subcontractors. Consequently, Southern Score may need to incur significant time, cost and resources to carry out rectification works. This in turn would affect the project delivery schedule and accordingly, Southern Score would be entitled to claim against such subcontractors for LAD, costs and expenses incurred by Southern Score to complete the construction works and/or liquidate the subcontractor's performance bond. However, these events may also have impact on the financial performance of Southern Score and may lead to potential litigation or damages claims. For the past 4 FYEs and FPE 30 April 2022 as well as up to the LPD, Southern Score has not experienced any of the aforementioned difficulties.

Nevertheless, Southern Score generally selects its subcontractors through a tender process and upon taking into account factors including their demonstrated competencies, market reputation, track record and prior business relationships with Southern Score. In addition, Southern Score has adopted an internal set of operating procedures for project managers, supervisors, and subcontractors' staff to monitor the quality, safety and performance of construction works on project sites. Please refer to Section 7.8 of Appendix III(A) of this Circular for further details on Southern Score's quality, environment, safety and health measures. As at the LPD, save for the interruptions arising from the COVID-19 pandemic, Southern Score has not experienced any major disruptions arising from works performed by its subcontractors.

(iv) Exposure to public sector construction projects

Southern Score is principally involved in the provision of construction management services and has undertaken public and private sector projects with a focus on high-rise residential property projects. As at the LPD, Southern Score has completed one public sector project, namely PR1MA Jalan Jubilee, and has 3 on-going public sector projects namely Vista Wirajaya @ PV 9 Residences (RUMAWIP), Vista Harmoni Residences (PPAM) as well as Berlian Setapak 2 Residences (RUMAWIP) that are expected to be completed by August 2022, April 2025 and June 2025 respectively. These public sector projects are mainly affordable housing projects, which were initiated by the Government to provide affordable housing for first home buyers and middle-income households. In addition, Southern Score has received a letter of intent for 1 construction and development project and has 1 project in tender stage, undergoing evaluation and pending outcome of decision and/or approval, from a third-party property developer and landbank owner respectively as at the LPD.

Public sector projects have accounted for approximately 81.9%, 60.2%, 70.2%, 51.5% and 40.9% of Southern Score's total revenues in the FYE 31 December 2018, 2019, 2020 and 2021 as well as FPE 30 April 2022, respectively. As public sector projects contributed to a significant portion of Southern Score's historical revenue, any failure to continue securing public sector projects without timely replacement with private sector projects could affect the financial performance of Southern Score. Factors that could affect Southern Score's prospects of securing future public sector contracts include, but are not limited to, changes in government framework and curtailments in government expenditures on public sector housing, as well as competition from new and existing market players.

Leveraging on its track record and competitive advantages in the construction industry, Southern Score strives to compete effectively with new and existing market players in securing new public sector projects. Nevertheless, there can be no assurance that Southern Score will be able to continue securing public sector projects moving forward.

(v) Reliance on related parties for business opportunities

In the last four FYEs 31 December 2018, 2019, 2020 and 2021, Southern Score secured construction projects from Weng Wah Developments Sdn Bhd, Constant Premium Sdn Bhd, Ambanang Development Sdn Bhd and Marques Land Sdn Bhd, being companies in which Tan Sri Datuk Seri Gan Yu Chai, Gan Yee Hin and persons connected to them are existing director(s) and/or existing shareholder(s). Leveraging on their industry networks and professional referrals, Southern Score was able to secure new business opportunities from related parties.

Notwithstanding that these customers are related parties to Southern Score, these related party transactions were conducted at an arm's length basis and based on normal commercial terms. These projects, despite being awarded by related parties to Southern Score, provides Southern Score with the necessary experience and track record to securing projects from independent and non-related customers. Moving forward, Southern Score intends to diversify its customer base by securing projects from independent and non-related customers. This is evidenced by the letters of intent received for 1 construction and development project and 3 newly awarded development and construction projects by non-related parties, namely Klasik Ikthiar Sdn Bhd, Monisprings Development Sdn Bhd and Magna Sutera Development Sdn Bhd.

Please refer to Section 8 of Appendix III(A) of the Circular for more information on the related party transactions entered into by the Southern Score Group.

(vi) Dependency on Managing Director, Executive Directors and key senior management team

The continuous success, future business growth and business expansion of Southern Score depend on the continued services of its Managing Director, Executive Directors and key senior management team. Managing Director, Tan Sri Datuk Seri Gan Yu Chai, being the founder of Southern Score, has been actively involved in the business operations since commencement of business. Tan Sri Datuk Seri Gan Yu Chai has been instrumental in charting the business direction and managing the strategic development of Southern Score. He plays an instrumental role in Southern Score's existing relationships with its customers in relation to securing new projects. This include construction projects, namely Platinum Teratai Residence, Vista Sentul Residences, Vista Wirajaya @ PV 9 Residences and Platinum Arena Residences which were awarded to Southern Score by its customers by virtue that Tan Sri Datuk Seri Gan Yu Chai is an existing director and/or an existing shareholder.

The Executive Directors of Southern Score, namely Gan Yee Hin and Datuk Sydney Lim Tau Chin have experience in construction industries and in-depth knowledge of various aspects of project management and business management. They are assisted by key senior management team as well as employees, including but not limited to the project managers of each project. The Executive Directors of Southern Score are vital for the implementation of strategic direction, leadership, business planning, development and management of Southern Score's operations to drive future growth.

The loss of any Managing Director, Executive Directors and/or key senior management personnel and inability to find a suitable replacement in a timely manner may potentially create an unfavourable impact on the business operations of Southern Score.

(vii) Failure to complete projects within the stipulated contract period could result in customers imposing LAD on Southern Score

Southern Score is subject to certain agreed timeliness and budgets for its construction projects. The timely completion of construction projects undertaken by Southern Score is dependent on many external factors inherent in the construction industry including, the timely receipt of requisite licenses, regulatory approvals, availability of construction materials, issues relating to engineering, safety and site conditions, adverse weather conditions, availability of machinery and equipment and satisfactory performance of subcontractors. Any adverse developments in respect of the external factors can potentially lead to interruptions or delays in completing a project, which may result in customers imposing LAD that could have a material impact on Southern Score's business operations and financial performance. As at the LPD, Southern Score has not experienced any LAD claims from its customers. For information purposes, Southern Score has applied to 2 customers for extension of time for the completion of ongoing projects with no imposition of LAD. Please refer to Section 7.22 of Appendix III(A) of this Circular for more details on the impact of COVID-19 and MCO on Southern Score's business operations.

In addition, the engagement of subcontractors may expose Southern Score to possibilities of failing to deliver its construction projects in a timely manner. Therefore, under the terms stipulated in its contracts with subcontractors, Southern Score is entitled to claim LAD from its subcontractors should they fail to complete and deliver the project by the contractual completion date, unless extension of time is granted.

Nevertheless, there is no assurance that Southern Score will be able to continuously complete its construction projects on time and there is no assurance that the business operations and financial operations of Southern Score will not be affected due to delay in project completion.

(viii) Risks of defects in construction works

The nature of Southern Score's business is subjected to risk of defects liability claims by customers due to the defects in the construction works that occur during the defects liability period. Southern Score typically provides defects liability period ranging from 12 months up to 24 months from the date of CPC.

Southern Score's construction projects are subjected to a retention sum of 5.0% of the contract sum. This retention sum serves as a security to Southern Score's customers to safeguard and guarantee performance towards the completion of projects as well as against the defects which may occur during the defects liability period. Customers of Southern Score may retain the entire retention sum throughout the contract period until the issuance of CPC, of which half of the total retention sum will be released to Southern Score upon the issuance of CPC, whilst the remaining half of the retention sum will be retained by its customers until the end of the defects liability period and upon the issuance of CMGD.

During the defects liability period, Southern Score is liable for any repair work, reconstruction or rectification of any defects attributable to the construction works including works carried out by its subcontractors. In addition, Southern Score's customers may utilise the remaining retention sum to remedy such defects if rectification is not carried out within the agreed period. As such, Southern Score may not be able to receive any of the remaining retention sum, which in turn may affect the financial performance of Southern Score.

To mitigate this, Southern Score also retains 5.0% of the awarded sub-contract value against its subcontractors as retention sum. Southern Score will release the retention sum to its subcontractors, of which half of the retention sum will be released upon the issuance of the CPC, whilst the remaining half of the retention sum will be released at the end of the defects liability period and upon the issuance of the CMGD by the architect engaged by its customer. The remaining retention sum may be utilised by Southern Score to remedy defects if the subcontractor fails to rectify such defects within the agreed period.

Notwithstanding the above, Southern Score has not experienced any defects liability claims from its customers for construction works as well as for works done by its subcontractors. Although Southern Score endeavours to maintain the quality of construction works, there is no assurance that these liability claims, if any, would not affect the financial performance of Southern Score.

(ix) Southern Score's insurance coverage may not be adequate to cover all losses or cover liabilities arising from potential claims and litigations

Southern Score is aware of the adverse consequences arising from inadequate insurance coverage that could potentially affect its business, operations and financial performance. Although Southern Score maintains contractors' all-risks insurance for its construction projects, Southern Score may be exposed to claims from its subcontractors in relation to workmen compensation during the execution of construction works from time to time. Therefore, there is no assurance that Southern Score's insurance policies will sufficiently protect against all potential liabilities.

The outcome of any claim is subject to negotiations among the relevant parties', and the result of claims may be unfavourable to Southern Score. If Southern Score is held liable for uninsured losses or the amount of claims for insured losses exceeds the limit of Southern Score's insurance coverage, Southern Score's business and financial position will be affected.

On 18 October 2021, a fire broke out at the project site of Vista Wirajaya @ PV 9 Residences. Based on the fire / emergency report issued by the Fire and Rescue Department of Malaysia, the fire was caused by electric resistance overheating. There were no casualties or injuries from this fire incident. The fire incident is not expected to cause delay to the estimated completion date of the Vista Wirajaya @ PV 9 Residences project. Further, Ambanang Development Sdn Bhd, being Southern Score's customer in relation to this project, has also acknowledged that the incident was an unforeseen circumstance and that the losses would be partially recovered from the applicable insurance policies. Therefore, Southern Score believes that the overall impact caused by the fire accident, if any, will not be material on its business operations and financial performance.

(x) The amount of revenue that Southern Score derives from a project may be different from its initial contract sum due to variation orders, omissions or early termination of a project

The total revenue that Southern Score derives from a project may be higher or lower than the initial contract sum as stipulated in the contract due to variation orders, omission and early termination by its customers in the course of project implementation. Such variation orders may include additions, omissions or alterations from the original scope of works, upon request by the customers of Southern Score. The value of such variation orders has to be agreed between Southern Score and its customers. In addition, the principal contract terms and settlement of variation orders are generally in line with the terms of the contract. Nonetheless, there is no assurance that that actual amount of revenue to be recognised from the ongoing projects will not be substantially different from the initial contract sum as stipulated in the contracts.

(xi) Reliance on certain registrations, approvals, licenses and permits

Southern Score is principally involved in the provision of construction services that are bound by the rules and regulations set by government bodies such as the CIDB. The CIDB is a governmental body that governs the registrations of contractors in Malaysia. Under the Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994, it is mandatory for all contractors who carry out and complete construction works in Malaysia to be registered and hold a valid certificate of registration issued by the CIDB. There are a total of seven registration grades that determine the capacity of a contractor in tendering for the value of construction work, whereby Grade 7 is the highest grade accorded under the CIDB's registration that allows for the tendering of construction works that are of unlimited value and operating throughout in Malaysia.

Southern Score, being a CIDB Grade 7 contractor, leverages on its existing registration to continue its core business operations. Therefore, any revocation and/or failure to obtain renewals for such registrations, approvals, licenses and permits which are required for Southern Score to continue its business activities, will have a material impact on its ability to continue its business operations and hence may affect its financial performance. However, Southern Score has not experienced any past instances where its registrations, approvals, licenses and permits have been revoked or suspended prior to their expiration, or where renewals of such registrations, approvals, licences and permits were not successful.

In addition, subcontractors of Southern Score may face revocation of their registrations, approvals, licenses and permits required to carry their construction works in the event of any non-compliance. This in turn may cause delays in projects and may affect the business operations of Southern Score, in the event Southern Score is not able to seek alternative subcontractors in a timely basis. However, Southern Score has in the past, and intends to continue engaging subcontractors that are reputable and credible, to avoid potential disruptions to their projects arising from revocation of registrations, approvals, licenses and permits of their subcontractors.

10.3 Industry risks

(i) Dependency on the construction and property industries

Presently, Southern Score mainly focused on the construction of high-rise residential property projects. Hence, the sustainability of its operations depends largely on the outlook of the Malaysian property market.

According to the IMR Report, the Government announced the following measures in its efforts to encourage home ownership:

(a) Budget 2021:

- Full stamp duty exemption on instruments of transfer and loan agreement for first time home buyers is extended until 31 December 2025. The limit of stamp duty for first residential home is also increased up to RM500,000. This exemption is effective for sale and purchase agreement executed from 1 January 2021 to 31 December 2025; and
- Stamp duty exemption on loan agreements and instruments of transfer given to rescuing contractors and the original house purchasers is extended for another 5 years. This exemption is effective for loan agreements and instruments of transfer executed from 1 January 2021 to 31 December 2025 for abandoned housing projects certified by Ministry of Housing and Local Government.

(b) Budget 2022:

Under Budget 2022, the Government announced several initiatives in addition to that for the affordable housing segment, that will support the construction industry and boost demand for construction services, among which include:

- Real Property Gains Tax (“**RGPT**”) will not be levied on disposals of real property made from the sixth year onwards;
- RM398.0 million allocation for 11,800 apartment units under Project Perumahan Rakyat;
- RM315.0 million allocation for 3,000 house units under Program Rumah Mesra Rakyat;
- RM266.0 million allocation for Program Perumahan Penjawat Awam;
- RM361.0 million allocation for the construction of new houses and repair of 14,000 houses under Program Bantuan Rumah;
- RM125.0 million allocation for Program Penyelenggaraan Perumahan dan Tabung Penyelenggaraan Perumahan Malaysia;
- RM2.0 billion allocation for housing loans to those without fixed income under Skim Jaminan Kredit Perumahan;

- RM230.0 million will be prepared for maintenance and repair works for schools in military camps, military facilities and military quarters, namely Rumah Keluarga Angkatan Tentera. The allocation will also be used for the repair and replacement of lifts in Polis Diraja Malaysia quarters; and
- RM365.0 million allocation for the repairs and maintenance of quarters and buildings under the supervision of the Property Management Division.

According to the IMR Report, the property market is expected to continue recovering in 2022, supported by the reopening of the economy and country borders, which is expected to further improve domestic economic activities. Further, growth in the construction sector is expected to rebound in 2022 following the reopening of Malaysia's economy. Ongoing construction activity in large infrastructure projects and implementation of small-scale projects under the Budget 2022 measures will support growth in the civil engineering and special trade subsectors. The residential subsector is projected to benefit from new housing projects and launches, in tandem with the expected recovery in demand as income and employment prospects improve. Growth in the non-residential subsector is expected to be lifted by both existing and new commercial and industrial projects.

There can be no assurance that Southern Score can adapt to any changes in the industry which are beyond its control. Southern Score will continue to adopt prudent management and efficient operating procedures to adapt to changes in the construction industry.

(ii) Competition risk

Southern Score operates in the construction industry which is highly fragmented. Southern Score's competitors may have more established relationships with their customers, longer operating histories, equipped with better resources and technical knowledge as compared to Southern Score, thereby allowing them to offer more compelling value propositions.

Southern Score may face competition pressures from existing or new competitors who adopt aggressive pricing strategies. In an effort to mitigate this risk, Southern Score has positioned itself as a construction company that focuses on tailor-made project approach. Southern Score proactively assesses the development of potential landbanks in strategic and/or prime locations and approaches landbank owners to present the development potential and concept proposition to initiate new property development projects. This approach serves as a way for Southern Score to differentiate from its competitors, which would allow it to compete more efficiently in the industry.

Nevertheless, there can be no assurance that Southern Score will be able to compete effectively with current and new entrants into the construction industry in the future and the competition will not intensify in the future.

Please refer to Section 7.4 of Appendix III(A) of the Circular for Southern Score's competitive strengths.

(iii) Political, regulatory and economic risks in Malaysia

Southern Score derives revenue solely from Malaysia. The nature of Southern Score's business and the local construction industry, are subject to prevailing political, economic and regulatory conditions in Malaysia. Any adverse changes in political, economic and regulatory conditions such as political uncertainties, changes in the government's policies and regulations in relation to the construction industry, prolonged and/or widespread economic slowdown in Malaysia, weak investment sentiment in Malaysia, war, terrorism activities and riots could adversely affect the operations and financial prospects of Southern Score.

As at the LPD, Southern Score has not experienced any adverse political, regulatory and economic changes or any force majeure events save for the COVID-19 pandemic, which has had a direct impact on the Southern Score's business operations.

The occurrence of any of these events is beyond the control of Southern Score and may affect the demand for construction services. Therefore, there is no assurance that adverse political condition, cyclical change in the Malaysian economy and regulatory change will not adversely affect Southern Score's business operations and financial performance.

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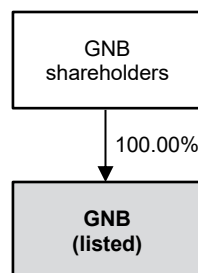
11. EFFECTS OF THE PROPOSED REGULARISATION PLAN

11.1 Corporate structure

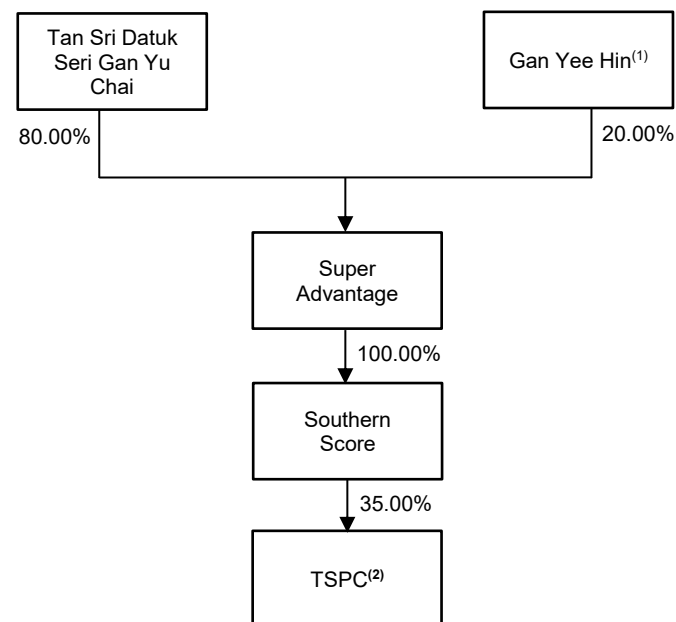
The effects of the Proposed Regularisation Plan on the corporate structure of the Company are as set out below.

(i) As at the LPD

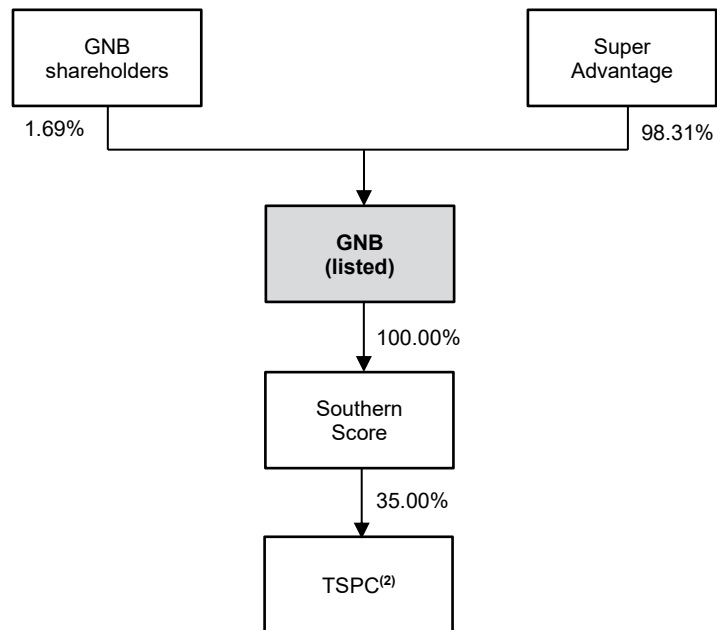
Existing structure of GNB



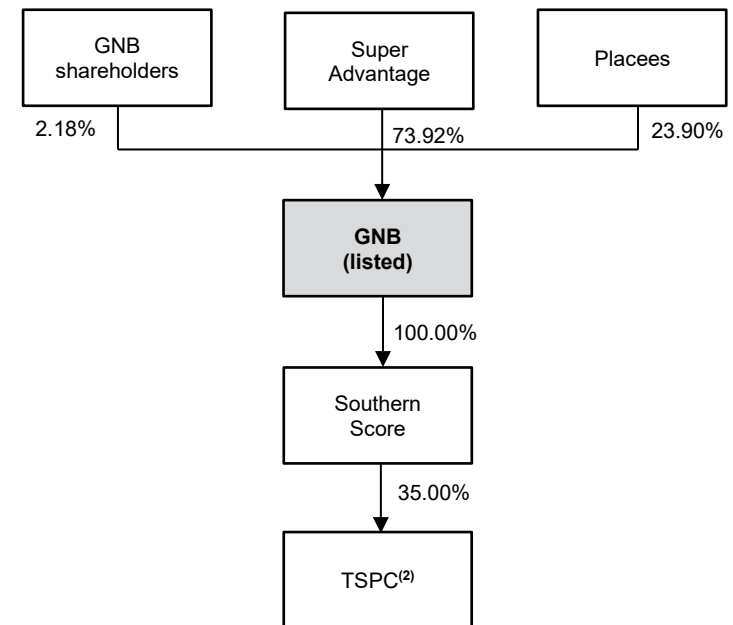
Existing structure of Southern Score



(ii) **After the Proposed Share Consolidation and the Proposed Acquisition but before the Proposed Debt Settlement and Proposed Private Placement**



(iii) **After the Proposed Regularisation Plan**



Notes:

(1) Son of Tan Sri Datuk Seri Gan Yu Chai.

(2) The remaining 65.00% shareholding in TSPC is held by TCS Group Holdings Berhad. Please refer to Section 5.1 of Appendix III(A) for further information.

11.2 Issued share capital and number of issued shares

For illustrative purposes, the pro forma effects of the Proposed Regularisation Plan on GNB's issued share capital and number of issued GNB Shares are as follows:

	No. of GNB Shares	RM
As at the LPD	288,750,000	9,792,835
After the Proposed Share Consolidation ⁽¹⁾	28,875,000	9,792,835
Pursuant to the Proposed Acquisition	1,680,000,000	(4,460,703)
	1,708,875,000	5,332,132
Issuance of the Settlement Shares	20,666,667	3,100,000
	1,729,541,667	8,432,132
Issuance of the Placement Shares	543,047,900	108,609,580
Enlarged issued share capital and number of issued GNB Shares	2,272,589,567	117,041,712

Note:

(1) Proposed Share Consolidation of every 10 GNB Shares into 1 Consolidated Share.

The Proposed Exemption will not have any effect on GNB's issued share capital and number of issued GNB Shares.

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11.3 NA and gearing

Based on GNB's audited financial statements as at 30 April 2022 and Southern Score's audited financial statements as at 30 April 2022, the Proposed Regularisation Plan is expected to have the following pro forma effects on GNB's NA and gearing:

	Audited as at 30 April 2022	Proposed Regularisation Plan			
		(I)	(II)	(III)	(IV)
		After the Proposed Share Consolidation	After (I) and the Proposed Acquisition	After (II) and the Proposed Debt Settlement	After (III) and the Proposed Private Placement
	(RM)	(RM)	(RM)	(RM)	(RM)
Equity attributable to owners of the company					
Share capital	9,792,835	9,792,835	5,332,132 ⁽¹⁾	8,432,132 ⁽⁴⁾	117,041,712 ⁽⁵⁾
Capital reserve	622,480	622,480	— ⁽²⁾	— ⁽²⁾	— ⁽²⁾
(Accumulated losses) / Retained earnings	(16,812,934)	(16,812,934)	10,259,743 ⁽³⁾	10,259,743 ⁽³⁾	5,859,743 ⁽³⁾
Total equity	(6,397,619)	(6,397,619)	15,591,875	18,691,875	122,901,455
No. of issued shares	288,750,000	28,875,000	1,708,875,000 ⁽⁴⁾	1,729,541,667 ⁽⁵⁾	2,272,589,567 ⁽⁶⁾
NA per share (sen)	(2.22)	(22.16)	0.91	1.08	5.41
Borrowings	-	-	148,973	148,973	148,973
Gearing ratio (times)	-	-	0.01	0.01	— ⁽⁷⁾

Notes:

(1) The movement of the share capital pursuant to the Proposed Acquisition is as follows:

	<u>RM</u>
As at 30 April 2022	9,792,835
Pursuant to the Proposed Acquisition	<u>(4,460,703)</u>
	<u>5,332,132</u>

After the Proposed Acquisition, the share capital of the Enlarged GNB Group will be RM5,332,132, comprising Southern Score's existing share capital of RM1,000,000 plus the fair value of the consideration transferred (deemed cost of combination) amounted to RM4,332,132. The negative movement to GNB's share capital of RM(4,460,703) pursuant to the Proposed Acquisition was a reverse acquisition accounting adjustments to reflect the new share capital of the Enlarged GNB Group.

(2) The movements of capital reserve are as follows:

	<u>RM</u>
As at 30 April 2022 / As per pro forma (I)	622,480
Pursuant to the Proposed Acquisition	<u>(622,480)</u>
As per pro forma (II), (III) and (IV)	<u>-</u>

The movement of the capital reserve is due to the adjustment arising from reverse acquisition.

(3) The movements of (accumulated losses)/ retained earnings are as follows:

	<u>RM</u>
As at 30 April 2022 / As per pro forma (I)	(16,812,934)
Pursuant to the Proposed Acquisition	37,802,428
Adjustment arising from reverse acquisition	<u>(10,729,751)</u>
As per pro forma (II) and (III)	10,259,743
Estimated expenses in relation to the Proposed Regularisation Plan	(4,400,000)
As per pro forma (IV)	<u>5,859,743</u>

(4) Taking into consideration the issuance of 1,680,000,000 Consideration Shares at RM0.15 each.

(5) Taking into consideration the issuance of 20,666,667 Settlement Shares at RM0.15 each.

(6) Taking into consideration the issuance of 543,047,900 Placement Shares at the assumed issue price of RM0.20 each.

(7) Negligible.

The Proposed Exemption will not have any effects on the NA, NA per share and gearing of the Company.

11.4 (Loss)/Earnings and Loss Per Share (“LPS”)/EPS

Barring any unforeseen circumstances, the Proposed Regularisation Plan is expected to regularise the financial condition of the Company and contribute positively to the future earnings of the Company.

For illustration purposes only, the pro forma effects on the (loss)/ earnings of the Enlarged GNB Group are as follows:

Group	(Audited) 30 June 2021 (RM)	(I) After subsequent event up to the LPD ⁽²⁾ (RM)	(II) After (I) and the Proposed Share Consolidation (RM)	(III) After (II) and the Proposed Acquisition (RM)	(IV) After (III) and the Proposed Debt Settlement (RM)	(V) After (IV) and the Proposed Private Placement (RM)
(LAT)/PAT attributable to owners of the Company	(1,991,855) ⁽¹⁾	288,131	288,131	25,908,912 ⁽³⁾	25,908,912 ⁽³⁾	21,508,912 ⁽⁴⁾
Number of GNB Shares	288,750,000	288,750,000	28,875,000	1,708,875,000	1,729,541,667	2,272,589,567
Pro forma (LPS)/EPS (sen) ⁽³⁾	(0.69)	0.10	1.00	1.52	1.50	0.95

Notes:

- (1) After taking into consideration the audited LAT of GNB for the FYE 30 June 2021 of approximately RM1.99 million.
- (2) After accounting for the dissolution of GNB’s subsidiary, Geranium on 8 October 2021.
- (3) Incorporating Southern Score’s audited PAT for the FYE 31 December 2021 of approximately RM35.18 million and adjustment arising from reverse acquisition of approximately RM9.56 million.
- (4) After taking into consideration the estimated expenses of approximately RM4.40 million in relation to the Proposed Regularisation Plan.

The Proposed Exemption will not have any effect on the LPS or EPS of the Company.

11.5 Substantial shareholders' shareholdings

For illustration, the Proposed Regularisation Plan will have the following pro forma effects on the substantial shareholders' shareholdings of GNB:

Name	As at LPD				(I) After the Proposed Share Consolidation			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
CTP	23,688,000	8.20	6,300,000 ⁽¹⁾	2.18	2,368,800	8.20	630,000 ⁽¹⁾	2.18
Super Advantage	-	-	-	-	-	-	-	-
Tan Sri Datuk Seri Gan Yu Chai	-	-	-	-	-	-	-	-
Gan Yee Hin	-	-	-	-	-	-	-	-

Name	(II) After (I) and the Proposed Acquisition				(III) After (II) and the Proposed Debt Settlement			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
CTP	2,368,800	0.14	630,000 ⁽¹⁾	0.04	23,035,467	1.33	630,000 ⁽¹⁾	0.04
Super Advantage	1,680,000,000	98.31	-	-	1,680,000,000	97.14	-	-
Tan Sri Datuk Seri Gan Yu Chai	-	-	1,680,000,000 ⁽²⁾	98.31	-	-	1,680,000,000 ⁽²⁾	97.14
Gan Yee Hin	-	-	1,680,000,000 ⁽²⁾	98.31	-	-	1,680,000,000 ⁽²⁾	97.14

Name	(IV) After (III) and the Proposed Private Placement			
	Direct		Indirect	
	No. of shares	%	No. of shares	%
CTP	23,035,467	1.01	630,000 ⁽¹⁾	0.03
Super Advantage	1,680,000,000	73.92	-	-
Tan Sri Datuk Seri Gan Yu Chai	-	-	1,680,000,000 ⁽²⁾	73.92
Gan Yee Hin	-	-	1,680,000,000 ⁽²⁾	73.92

Notes:

(1) Deemed interested through the direct interests of his spouse's (Leong Sau Ching) and son's (Chai Yi Jian) shareholdings in the Company.

(2) Deemed interested through the direct interest of Super Advantage in the Company.

The Proposed Exemption will not have any effect on the substantial shareholders' shareholdings of the Company.

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11.6 Convertible securities

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

12. SIGNIFICANT CHANGE IN BUSINESS DIRECTION OR POLICY

In accordance with Rule 1.01 of the Listing Requirements, the Proposed Acquisition will result in a Significant Change in the Business Direction or Policy of GNB upon its completion.

13. APPROVALS REQUIRED

13.1 Approvals and conditions

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Rule 10.02(g) of the Listing Requirements of Bursa Securities exceeds 100%.

The Proposed Regularisation Plan is subject to the following approvals:

- (i) Bursa Securities for the Proposed Regularisation Plan and for:
 - (a) the Proposed Share Consolidation;
 - (b) the listing and quotation of the Consideration Shares on the ACE Market of Bursa Securities;
 - (c) the listing and quotation of the Settlement Shares on the ACE Market of Bursa Securities; and
 - (d) the listing and quotation of the Placement Shares on the ACE Market of Bursa Securities;

The above approvals have been granted by Bursa Securities vide its letter dated 8 July 2022 and are subject to the following conditions:

Conditions imposed		Status of compliance
(1)	To submit the following information with respect to the moratorium on the shareholdings of Super Advantage to Bursa Depository: <ul style="list-style-type: none">(i) Name of shareholders;(ii) Number of shares; and(iii) Date of expiry of the moratorium for each block of shares.	To be complied
(2)	Submission of written confirmation by GNB or Kenanga IB to Bursa Depository that all conditions imposed by Bursa Securities which are required to be met before the listing and quotation of the securities have been fully complied with together with the submission of the share certificate by GNB and letter containing the summary of the new GNB shares issued to Bursa Depository before 10.00 a.m. on the market day prior to the listing date;	To be complied

Conditions imposed		Status of compliance
(3)	GNB's compliance with the Bumiputera equity requirements for public listed companies as approved/exempted by the SC including any conditions imposed thereon;	To be complied
(4)	Confirmation that all approvals of the relevant authorities have been obtained for the implementation of the Proposed Regularisation Plan and to furnish to Bursa Securities a copy of all letters of approval from the relevant authorities;	To be complied
(5)	To furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders at the general meeting for the Proposed Regularisation Plan;	To be complied
(6)	To ensure that all directors and proposed directors of GNB who have not attended the Mandatory Accreditation Programme pursuant to Rule 15.08 and Guidance Note 10 of the Listing Requirements to do so prior to the listing of and quotation for all the new GNB Shares to be issued pursuant to the Proposed Acquisition, Proposed Debt Settlement and Proposed Private Placement;	To be complied
(7)	To furnish Bursa Securities with a copy of the public shareholding spread pursuant to Appendix 8E of the Listing Requirements based on the entire issued share capital of GNB upon the completion of the Proposed Regularisation Plan;	To be complied
(8)	To inform Bursa Securities upon the completion of the Proposed Regularisation Plan and furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval; and	To be complied
(9)	GNB and Kenanga IB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Regularisation Plan.	Noted

(ii) the approvals of the SC for:

- (a) the Proposed Exemption; and
- (b) the resultant Bumiputera equity structure of GNB under the Bumiputera equity requirement for public listed companies pursuant to the Proposed Regularisation Plan which was obtained vide its letter dated 8 July 2022.

The said approval is subject to the following conditions:

Conditions imposed		Status of compliance
(1)	GNB to allocate 12.5% of its enlarged number of issued shares to Bumiputera investors to be approved or recognised by the MITI, upon completion of the Proposed Regularisation Plan; and	To be complied
(2)	GNB or Kenanga IB to inform the SC upon completion of the Proposed Regularisation Plan.	To be complied

- (iii) shareholders of GNB for the Proposed Regularisation Plan at the forthcoming EGM; and
- (iv) any other relevant authorities as may be necessary from any governmental or regulatory body having jurisdiction over GNB, if required.

13.2 Moratorium on the Consideration Shares

In accordance with Rule 3.19 of the Listing Requirements, where a listed corporation acquires an asset which results in a Significant Change in the Business Direction or Policy of the listed corporation, a moratorium is required to be placed on the listed corporation's shares received by the vendor of the asset. Accordingly, Consideration Shares to be issued to Super Advantage under the Proposed Acquisition shall be placed under a moratorium.

As Super Advantage is the vendor in relation to the Proposed Acquisition and a Specified Shareholder of GNB following the completion of the Proposed Regularisation Plan, the following moratorium requirements shall apply to the Consideration Shares:

- (a) the moratorium applies to the entire shareholdings held by Super Advantage for a period of 6 months from the date of the Consideration Shares are admitted to the Official List ("**First 6-Month Moratorium Period**");
- (b) upon the expiry of the First 6-Month Moratorium Period, Super Advantage's aggregate shareholdings amounting to at least 45% of the total number of issued GNB Shares (adjusted for any bonus issue or subdivision of shares) shall remain under moratorium for another period of 6 months ("**Subsequent 6-Month Moratorium Period**"); and
- (c) thereafter, Super Advantage may sell, transfer or assign up to a maximum of 1/3rd per annum (on a straight line basis) of the GNB Shares held under moratorium.

The Consideration Shares, which will be held by Super Advantage upon completion of the Proposed Regularisation Plan, are subject to moratorium as set out below:

Name	Moratorium for First 6-Month Moratorium Period		Moratorium for Subsequent 6-Month Moratorium Period	
	No. of Consideration Shares	(%)(¹)	No. of Consideration Shares	(%)(¹)
Super Advantage	1,680,000,000	73.92	1,022,665,305	45.00

Note:

- (1) Based on the enlarged number of 2,272,589,567 GNB Shares after the Proposed Debt Settlement and Proposed Private Placement.

Super Advantage will provide an undertaking that it will comply with the moratorium requirements in Rule 3.19 of the Listing Requirements in respect of the Consideration Shares. In addition, the shareholders of Super Advantage, namely Tan Sri Datuk Seri Gan Yu Chai and Gan Yee Hin will provide their respective undertaking that they will comply with the moratorium requirements in Rule 3.19 of the Listing Requirements in respect of their respective shareholding in Super Advantage during the moratorium period.

14. HISTORICAL SHARE PRICES

The monthly highest and lowest transacted prices of GNB Shares for the past 12 months are as follows:

	Highest (RM)	Lowest (RM)
2021		
August	_(1)	_(1)
September	_(1)	_(1)
October	_(1)	_(1)
November	_(1)	_(1)
December	_(1)	_(1)
2022		
January	_(1)	_(1)
February	_(1)	_(1)
March	_(1)	_(1)
April	_(1)	_(1)
May	_(1)	_(1)
June	_(1)	_(1)
July	_(1)	_(1)

Note:

- (1) The trading of the existing GNB Shares on the ACE Market of Bursa Securities has been suspended with effect from 14 December 2020 and will continue to be suspended up to the completion of the Proposed Regularisation Plan.

The last transacted market price of GNB Shares on 11 December 2020 (being the last trading of the existing GNB Shares on the ACE Market of Bursa Securities) was RM0.015 per GNB Share.

(Source: Bloomberg Finance L.P)

15. INTER-CONDITIONALITY OF THE PROPOSED REGULARISATION PLAN

The proposals within the Proposed Regularisation Plan are inter-conditional. For the avoidance of doubt, the inter-conditionality of the Proposed Regularisation Plan will only apply in terms of the approvals to be obtained as set out in Section 13.1 of this Circular and shall not apply to the manner and sequence of the implementation and completion of the Proposed Regularisation Plan.

Save for the Proposed Regularisation Plan and the Proposed Change of Name, there are no proposals which have been announced by the Company but pending implementation.

16. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Regularisation Plan and the Proposed Change of Name, there are no corporate exercise which GNB has announced but not yet completed before the date of this Circular.

17. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND PERSONS CONNECTED WITH THEM

Save as disclosed below and their respective entitlements as shareholders of the Company under the Proposed Share Consolidation which are also available to all other shareholders of the Company as at the Entitlement Date, none of the directors, major shareholders, chief executive of GNB and persons connected with them has any direct or indirect interest in the Proposed Regularisation Plan.

CTP, an Executive Director and a major shareholder of GNB, is interested in the Proposed Debt Settlement. As the proposals within the Proposed Regularisation Plan are inter-conditional, CTP is therefore deemed interested in the Proposed Regularisation Plan. CTP shall abstain from all deliberation on all the proposals within the Proposed Regularisation Plan at Board of GNB's meetings. He shall also abstain and will also undertake to ensure that persons connected with him will abstain from voting, in respect of their direct and indirect shareholdings in GNB, on the resolutions to approve all the proposals within the Proposed Regularisation Plan at the forthcoming EGM.

18. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board of GNB (save for CTP who is deemed interested in the Proposed Regularisation Plan) is of the opinion that the Proposed Share Consolidation, Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Exemption is in the best interest of the Company and its shareholders, after considering all of their aspects, including but not limited to the prospects, rationale and effects of the Proposed Share Consolidation, Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Exemption.

Accordingly, the Board of GNB (save for CTP who is deemed interested in the Proposed Regularisation Plan) recommends that you vote in favour of the resolutions in relation to the Proposed Share Consolidation, Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Exemption to be tabled at the forthcoming EGM.

19. ESTIMATED TIMEFRAME FOR COMPLETION

The following events are intended to take place on the following tentative dates:

Events	Tentative dates
<ul style="list-style-type: none">• Convening of EGM	13 September 2022
<ul style="list-style-type: none">• Announcement of the Entitlement Date• Entitlement Date• Completion of the Proposed Share Consolidation	September / October 2022
<ul style="list-style-type: none">• Listing of the Consideration Shares, Settlement Shares and Placement Shares on the ACE Market of Bursa Securities• Completion of the Proposed Regularisation Plan	October / November 2022

This timetable is subject to changes which may be necessary to facilitate implementation procedures. In the event there are any changes to the timetable, GNB will make the necessary announcements.

20. FUND RAISING PROPOSALS OF THE COMPANY FOR THE PAST 12 MONTHS

GNB has not implemented any fund-raising proposals within the 12 months preceding the date of this Circular.

21. ADVISER

Kenanga IB has been appointed as the Principal Adviser and Sponsor for the Proposed Regularisation Plan as well as the Placement Agent in relation to the Proposed Private Placement.

22. EGM

The EGM, the notice of which is enclosed in this Circular together with the Form of Proxy, is scheduled to be held at the Boardroom 4, Level 3, Eastin Hotel Kuala Lumpur, No. 13, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 13 September 2022 at 11.30 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions to give effect to the Proposed Regularisation Plan.

If you are unable to attend and vote in person at the EGM, you may complete and return the enclosed Form of Proxy in accordance with the instructions contained thereon, so as to arrive at the Company's Share Registrar, Mega Corporate Services Sdn. Bhd, Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan, not less than 48 hours before the time set for holding the EGM or any adjournment thereof.

The proxy appointment may also be submitted electronically via mega-sharereg@megacorp.com.my, not less than 48 hours before the time for holding the meeting or any adjournment thereof.

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

23. FURTHER INFORMATION

The shareholders of GNB are advised to refer to the Appendices set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board
G NEPTUNE BERHAD

DATO' HAJI MOHD AMRAN BIN WAHID
Non-Independent Non-Executive Chairman

PART B

**INDEPENDENT ADVICE LETTER FROM MALACCA SECURITIES TO THE NON-INTERESTED
SHAREHOLDERS OF GNB IN RELATION TO THE PROPOSED EXEMPTION**

EXECUTIVE SUMMARY

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

This Executive Summary summarises this IAL. You should read and understand the contents of this IAL in its entirety, together with Part A of the Circular and the accompanying appendices for other relevant information and not to rely solely on this Executive Summary in forming an opinion on the Proposed Exemption.

1. INTRODUCTION

On 9 July 2021, Kenanga IB, on behalf of the Board of GNB, announced the proposed regularisation plan which comprises the following: -

- (i) Proposed acquisition of 100% equity interest in Southern Score for a purchase consideration of RM252,000,000 to be satisfied via the issuance of 16,800,000,000 new GNB Shares at an issue price of RM0.015 per GNB Share. The Company had on 9 July 2021 entered into a PGA with the Vendor, whereby the Vendor covenants with and undertakes to GNB that the Southern Score Group shall achieve the Profit Guarantee for the Profit Guarantee Period;
- (ii) Proposed settlement of debt owing to CTP of RM3,100,000 via the issuance of 206,666,667 new GNB Shares at an issue price of RM0.015 per GNB Share. The Company had on 9 July 2021 entered into a settlement arrangement with CTP;
- (iii) Proposed private placement of 5,430,479,000 GNB Shares at an issue price to be determined later, which shall not be less than RM0.02 per new GNB Share, to eligible investors to be identified later; and
- (iv) Proposed exemption under subparagraph 4.08(1)(a) of the Rules from the obligation to undertake a mandatory take-over offer for the remaining GNB Shares not already held by Super Advantage and the PACs pursuant to the Proposed Acquisition.

On 18 May 2022, Kenanga IB, on behalf of the Board of GNB, announced that among others, the Company proposed to undertake the Proposed Share Consolidation as part of the Company's Proposed Regularisation Plan.

Following the inclusion of the Proposed Share Consolidation, the Proposed Regularisation Plan comprises the following: -

- (i) Proposed Share Consolidation;
- (ii) Proposed Acquisition;
- (iii) Proposed Debt Settlement;
- (iv) Proposed Private Placement; and
- (v) Proposed Exemption.

The proposals within the Proposed Regularisation Plan are inter-conditional upon each other. The details of the Proposed Regularisation Plan are set out in Sections 2 to 6 of Part A of the Circular.

On 8 July 2022, Kenanga IB, on behalf of the Board of GNB, announced that Bursa Securities had approved the Proposed Regularisation Plan vide its letter dated 8 July 2022, subject to the conditions as set out in Section 13.1(i) of Part A of the Circular.

Upon completion of the Proposed Acquisition, the shareholdings of Super Advantage and its PACs in GNB will increase from nil to approximately 98.31% based on the enlarged number of issued GNB Shares. Accordingly, pursuant to subparagraph 4.01(a) of the Rules, they are obliged to undertake a Mandatory Offer in GNB.

EXECUTIVE SUMMARY (cont'd)

As Super Advantage and its PACs do not have the intention to undertake a Mandatory Offer, they will make an application to the SC for an exemption pursuant to subparagraph 4.08(1)(a) of the Rules from the obligation to undertake a Mandatory Offer, upon obtaining the approval of the non-interested shareholders of GNB. Please refer to Section 2 of this IAL for further details on the Proposed Exemption.

In compliance with paragraph 3.06 of the Rules, on 9 July 2021, the Board of GNB (save for CTP who is deemed interested in the Proposed Regularisation Plan) has appointed Malacca Securities as the Independent Adviser to the non-interested Directors and non-interested shareholders of GNB in relation to the Proposed Exemption. Subsequently, Malacca Securities had, on 12 July 2021, declared its independence as the Independent Adviser in relation to the Proposed Exemption to the SC. The SC had, vide its letter dated 2 August 2021, noted Malacca Securities' declaration of its independence.

Pursuant to subparagraph 4.08(3)(g) of the Rules, the SC has on 19 August 2022 notified that it has no further comments to the contents of this IAL. However, such notification shall not be taken to suggest that the SC agrees with the recommendation of the Independent Adviser or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAL.

2. EVALUATION OF THE PROPOSED EXEMPTION

In accordance with Schedule 2: Part III of the Rules, we have assessed and evaluated the Proposed Exemption on a holistic basis to arrive at our conclusion and recommendation. Due to the inter-conditionality of the Proposed Regularisation Plan, in carrying out our evaluation of the Proposed Exemption, we have also evaluated the merits and demerits of the other proposals to arrive at our overall opinion on the Proposed Exemption to provide the non-interested shareholders of GNB with a holistic view of the Proposed Regularisation Plan and the impact it has on the Proposed Exemption.

In evaluating the Proposed Exemption, we have taken the following factors into consideration: -

2.1 Rationale for the Proposed Regularisation Plan

(i) Rationale for the Proposed Share Consolidation

The Proposed Share Consolidation will enable the Company to adjust the market reference price and the number of the GNB Shares by reducing the number of GNB Shares available in the market and increasing the trading price of the GNB Shares. The last transacted market price as at 11 December 2020, being the last trading date of the existing GNB Shares on the ACE Market of Bursa Securities, is RM0.015. Hence, the theoretical adjusted reference price per GNB Shares after the Proposed Share Consolidation will be RM0.15 per GNB Share. The Proposed Share Consolidation will not have any impact on the total market value of the GNB Shares held by the shareholders of GNB.

The Proposed Regularisation Plan would result in the Company having a large number of shares in issue with a relatively low price range. Therefore, any small absolute movement in the share price would result in relatively high movement in percentage terms. In addition, pursuant to the Proposed Share Consolidation, there will be less likelihood of highly volatile or unusual price movement of GNB Shares.

We are of the view that the rationale for the Proposed Share Consolidation is acceptable as the Proposed Share Consolidation is undertaken to allow for an adjustment for the reference price of the GNB Shares (after the Proposed Share Consolidation) and the number of the GNB Shares in order to facilitate the implementation of the proposals in the Proposed Regularisation Plan which entails the issuance of securities.

Please refer to **Section 6.1** of this IAL for further details.

(ii) Rationale for the Proposed Acquisition

The Proposed Acquisition allows the Company to diversify its existing business into the construction services industry which provide a new source of business revenue and income to the Enlarged GNB Group. In addition, the Proposed Acquisition enables the Company to regularise its financial condition and uplift its GN3 status as well as maintaining its listing status on the ACE Market of Bursa Securities. Given the following competitive strengths and future plans of Southern Score, the Proposed Acquisition is expected to sustain the Enlarged GNB Group's business operations and enhance its shareholders' value: -

Competitive strengths: -

- (a) Southern Score has an experienced and technically strong management team;
- (b) Southern Score adopts construction practices to optimise the efficiency of its construction project i.e., QESH practices which are internally developed practices that form part of Southern Score's standard operating procedures to ensure that the various facets of project delivery are performed based on the same standards and with consistent quality;
- (c) Southern Score has an asset-light and flexible delivery model which enables scalability and flexibility with lower exposure to cyclicity and house prices. Southern Score adopts an asset light and flexible delivery model which enables it to deliver its projects without tying up its working capital, as Southern Score builds on third-party (customer-owned) land as well as milestone payment terms with its suppliers and subcontractors;
- (d) Southern Score has established relationships with customers by delivering quality construction projects which enables Southern Score to retain its existing customers. Further, the sustainable relationship with subcontractors and suppliers will ensure continuous supply of construction materials and skilled workmen to undertake its subcontract works; and
- (e) Southern Score has been involved in the construction of high-rise residential buildings.

Future plans, strategies and prospects: -

- (a) Southern Score intends to further expand its construction services and to further capitalise on its expertise and business network. As at the LPD, Southern Score has received a letter of intent for one (1) construction and development project and has one (1) project in the tender stage pending, undergoing evaluation and pending outcome of decision, from a third-party property developer and landbank owner respectively; and
- (b) Southern Score intends to venture into the manufacture of IBS products via TSPC, an associated company of Southern Score. As at the LPD, TSPC has identified a vacant parcel of land measuring 24 acres in Batu Caves, Kuala Lumpur, for the setting up of an IBS manufacturing plant.

We are of the view that the rationale for the Proposed Acquisition is justifiable.

Please refer to **Section 6.2** of this IAL for further details.

(iii) Rationale for the Proposed Debt Settlement

The Proposed Debt Settlement will enable the Company to reduce its total liabilities whilst conserving the cash outlay of the Enlarged GNB Group.

We are of the view that the rationale for the Proposed Debt Settlement is acceptable.

Please refer to **Section 6.3** of this IAL for further details.

(iv) Rationale for the Proposed Private Placement

The Proposed Private Placement will allow the Company to comply with Rule 8.02(1) of the Listing Requirements as well as broaden the Company's public shareholders' base and maintain its listing status on the ACE Market of Bursa Securities.

Further, the Proposed Private Placement will also enable the Company in compliance with the Bumiputera equity requirement where at least 12.50% of the enlarged number of issued GNB Shares will be allocated to Bumiputera investors approved by MITI.

In addition, the Proposed Private Placement is expected to raise gross proceeds of approximately RM108.61 million based on a minimum issue price of RM0.20 per Placement Share for the purposes as set out in Section 7 of Part A of the Circular.

We are of the view that the rationale for the Proposed Private Placement is justifiable as it provides certainty of compliance with the Public Shareholding Spread Requirement and Bumiputera equity requirement which will also maintain the listing status of the Company upon completion of the Proposed Regularisation Plan.

Please refer to **Section 6.4** of this IAL for further details.

(v) Rationale for the Proposed Exemption

Given that the Proposed Acquisition and Proposed Exemption are inter-conditional upon each other and also inter-conditional upon the other proposals, in the event the Proposed Exemption is not approved by the non-interested shareholders of the Company or the SC, the Proposed Regularisation Plan would be aborted. As such, the current condition of the Company will remain and any potential benefits arising from the Proposed Acquisition as detailed in Section 6.2 of this IAL will not materialise. Hence, the approval for the Proposed Exemption is necessary to facilitate and ensure the successful implementation of the Proposed Regularisation Plan.

We are of the view that the rationale for the Proposed Exemption is justifiable as it will exempt Super Advantage and its PACs from the obligation to undertake a Mandatory Offer and to ensure the successful implementation of the Proposed Regularisation Plan.

Please refer to **Section 6.5** of this IAL for further details.

2.2 Evaluation of the Proposed Acquisition

(i) Evaluation of the Purchase Consideration

We take note on the basis and justification for the Purchase Consideration as set out in Section 3.2 of Part A of the Circular.

We have evaluated the Purchase Consideration of the Proposed Acquisition as set out in the expert report on the fairness of the Purchase Consideration in Appendix VII of the Circular.

In arriving at our valuation, we have relied on the following valuation methodologies after taking into consideration the future earnings generating capabilities, business sustainability as well as various business considerations of Southern Score: -

(a) DCF Method

We have undertaken the DCF Method as our primary method of valuation. The DCF Valuation approach is an investment appraisal technique which takes into consideration both the time value of money and the projected net cash flow generated and discounted at a specified discount rate to derive at the valuation of the subject matter. It is often used to assist investors to calculate the expected returns from an investment and analyses how much an investment is worth in present value terms based on the future expected cash flow.

Discounted Free Cash Flow to Equity ("**FCFE**") approach is the free cash flows available to be paid to the shareholders of the company after all expenses, reinvestment and debt repayment. In undertaking the Discounted FCFE approach of estimating the indicative values of Southern Score, we have relied on the five (5) year future financials of Southern Score.

One of the key assumptions for the Discounted FCFE approach is the choice of a discount rate that takes into account the relevant market interest and inflation rates as well as the business and financial risks relating to the business. In arriving at the appropriate discount rate for the valuation, we have applied the prevailing risk-free rate and market risk premium, as well as adopted the beta of the selected comparable public listed companies with the relevant adjustments made taking into consideration the risk factors associated with Southern Score. A terminal value is also included in our analysis as the business of Southern Score is expected to continue beyond the future financials of Southern Score from FYE 31 December 2021 until FYE 31 December 2025.

We are of the view that the purchase consideration of RM252.00 million is justifiable based on the DCF method whereby the Purchase Consideration is below the range of valuation derived from the DCF method of between RM258.27 million to RM275.54 million which represents a discount between RM6.27 million (2.43%) and RM23.54 million (8.54%) respectively.

(b) Relative Valuation

We have undertaken the relative valuation as a secondary method to support our primary method of evaluation.

For the purpose of our relative valuation, we have adopted the PE Multiple against the Comparable Companies.

We have selected the Comparable Companies which were listed on the Main Market and ACE Market of Bursa Securities which have similar business activities to Southern Score with market capitalisation between RM100.0 million and RM500.0 million and at least 70.0% of the revenue were mainly generated from construction and related activities as set out in Section 7.1(ii) of this IAL.

Based on our valuation, it is noted that the implied PE Multiple of Southern Score of 13.13 times is within the range of the Comparable Companies of 7.90 times to 13.61 times.

We also noted that the Purchase Consideration of Southern Score is within the range of the Comparable Companies of RM151.68 million to RM261.31 million. In addition, based on PE Multiple against the Comparable Companies, Southern Score's implied PE Multiple of 13.13 times and 9.45 times (based on the audited financial statement of Southern Score for FYE 31 December 2020 of RM19.20 million) is within the range of 7.90 times to 13.61 times.

However, we are of the opinion that the DCF valuation would be the more appropriate valuation method in evaluating the fair value of Southern Score as the DCF valuation approach is an investment appraisal technique which takes into consideration both the time value of money and the future projected net cash flow to be generated by the company and which is then discounted at a specified discount rate to derive the fair value of the company.

(ii) Evaluation of the issue price of the Consideration Shares

The trading of the existing GNB Shares on the ACE Market of Bursa Securities has been suspended with effect from 14 December 2020 and will continue to be suspended up to the completion of the Proposed Regularisation Plan. The last transacted market price as at 11 December 2020, being the last trading date of the existing GNB Shares on the ACE Market of Bursa Securities, is RM0.015.

Following the Proposed Share Consolidation, the issue price for the Consideration Shares will be at RM0.15 per Consideration Share.

Premised on the above, we concur with the basis and justification for the issue price of the Consideration Shares.

Please refer to **Section 7** of this IAL and **Appendix VII** of the Circular for further details.

2.3 Evaluation of the salient terms of the Definitive Agreements

The salient terms of the SSA, PGA and Debt Settlement Agreement (collectively, the "**Definitive Agreements**") are acceptable.

Please refer to **Section 8** of this IAL for further details.

2.4 Effects of the Proposed Regularisation Plan

(i) Issued share capital and number of issued shares

The number of issued GNB Shares is expected to decrease from 288.88 million GNB Shares to 28.88 million GNB Shares after the Proposed Share Consolidation. However, upon completion of the Proposed Acquisition, Proposed Debt Settlement and Proposed Private Placement, the number of issued GNB Shares will increase from 28.88 million to 1.71 billion, 1.73 billion and 2.27 billion due to the issuance of the Consideration Shares, Settlement Shares and Placement Shares respectively. The shareholdings of the non-interested shareholders of GNB would be diluted from 91.80% to 1.55%, 1.53% and increase to 25.07% after the Proposed Acquisition, Proposed Debt Settlement and Proposed Private Placement respectively.

Please refer to **Section 9.1** of this IAL for further details.

(ii) NA and gearing

Based on the audited consolidated financial statements of GNB as at 30 April 2022, the net liability per Share of the GNB Group was 2.22 sen. Upon completion of the Proposed Acquisition, the pro forma NA per Share of the Enlarged GNB Group is expected to increase to 0.91 sen and further increase to 1.08 sen and 5.41 sen after the Proposed Debt Settlement and Proposed Private Placement respectively.

Based on the audited consolidated financial statements of GNB as at 30 April 2022, GNB does not have any borrowings. Hence, the gearing ratio of GNB is nil. Based on the audited financial statements of Southern Score as at FPE 30 April 2022, other than lease liability of RM0.15 million, Southern Score does not have any borrowings.

Please refer to **Section 9.2** of this IAL for further details.

(iii) (Loss)/Earnings and (LPS)/EPS

For the FYE 30 June 2021 and after taking into consideration the subsequent events up to the LPD, GNB recorded a pro forma EPS of 0.10 sen. Following the Proposed Share Consolidation, the EPS of GNB will be adjusted to 1.00 sen. Upon completion of the Proposed Acquisition, the pro forma EPS of the Enlarged GNB Group is expected to increase from 1.00 sen to 1.52 sen and following the Proposed Debt Settlement and Proposed Private Placement, the pro forma EPS of the Enlarged GNB Group will be diluted to 0.95 sen.

Pursuant to the PGA, Super Advantage has provided a Profit Guarantee of RM80.00 million with a minimum PAT of RM10.00 million, RM20.00 million and the remaining shortfall of the Profit Guarantee for the FYE 31 December 2022, 31 December 2023 and 31 December 2024 respectively. Based on the minimum PAT of RM10.00 million and RM20.00 million for the FYE 31 December 2022 and 31 December 2023 respectively, the EPS of the Enlarged GNB Group will be 0.44 sen and 0.88 sen respectively, based on the enlarged number of issued GNB Shares after the Proposed Private Placement.

Premised on the above, the Proposed Acquisition is expected to contribute positively to the future earnings and EPS of the Enlarged GNB Group, which may in turn enhance its shareholders' value.

Please refer to **Section 9.3** of this IAL for further details.

(iv) Substantial shareholders' shareholdings

Upon completion of the Proposed Acquisition, the collective shareholdings of Super Advantage and its PACs will increase from nil to approximately 98.31% and subsequently decrease to approximately 97.14 % and 73.92% after the Proposed Debt Settlement and Proposed Private Placement respectively. We note that Super Advantage and its PACs have no intention to undertake the Mandatory Offer and will seek an exemption from the SC pursuant to subparagraph 4.08(1)(a) of the Rules from the obligation to undertake the Mandatory Offer.

In addition, upon completion of the Proposed Acquisition, the public shareholding spread of GNB will decrease from 87.06% to 1.47% and further decrease to 1.45% after the Proposed Debt Settlement and subsequently increase to 25.01% upon completion of the Proposed Private Placement. Accordingly, upon completion of the Proposed Private Placement, the public shareholding spread of the Company would be in compliance with Rule 8.02(1) of the Listing Requirements.

Please refer to **Section 9.4** of this IAL for further details.

(v) Convertible securities

The Company does not have any outstanding convertible securities as at the LPD.

EXECUTIVE SUMMARY (cont'd)

Premised on the above, the Proposed Regularisation Plan is expected to regularise the financial condition of the Company which will result in the uplifting of the GN3 status of GNB.

Based on the foregoing, we are of the view that the effects arising from the Proposed Regularisation Plan are acceptable.

In addition, in view that the Proposed Exemption is necessary to successfully complete the Proposed Regularisation Plan due to the inter-conditionality, we are of the opinion that granting approval for the Proposed Exemption by the non-interested shareholders of GNB is justifiable.

Please refer to **Section 9** of this IAL for further details.

2.5 Industry outlook and future prospects of the Enlarged GNB Group

We take note of the industry overview and outlook of the Malaysian economy, the construction services industry in Malaysia, the IBS in Malaysia as well as the prospects of the Enlarged GNB Group as set out in Section 9 of Part A of the Circular.

We are of the view that the prospects of the Enlarged GNB Group following the completion of the Proposed Regularisation Plan is favourable, after taking into consideration, amongst others, the historical financial performance of Southern Score, the potential synergies to be realised such as enhancement of shareholders' value, the competitive strengths and future plans which are expected to sustain the business of the Enlarged GNB Group in the construction services industry upon completion of the Proposed Regularisation Plan and pursuant to the Proposed Acquisition as detailed in Section 6.2 of this IAL as well as the outlook of the construction services industry and IBS in Malaysia.

Please refer to **Section 10** of this IAL for further details.

2.6 Implication arising from the Proposed Exemption

If you **vote in favour** of the Proposed Exemption, the SC would be able to consider the application to be made by Kenanga IB, on behalf of Super Advantage and its PACs for the Proposed Exemption.

If you **vote against** the Proposed Exemption, GNB will not be able to undertake the Proposed Acquisition as the Proposed Acquisition and Proposed Exemption are inter-conditional upon each other and also inter-conditional upon the other proposals. Accordingly, the Proposed Regularisation Plan would be aborted and as such the current condition of the Company will remain and any potential benefits arising from the Proposed Acquisition as detailed in Section 6.2 of this IAL will not materialise.

Please refer to **Section 11** of this IAL for further details.

3. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Exemption on a holistic basis to arrive at our conclusion and recommendation in accordance with Schedule 2: Part III of the Rules. Due to the inter-conditionality of the Proposed Regularisation Plan, in carrying out our evaluation of the Proposed Exemption, we have also evaluated the merits and demerits of the other proposals to arrive at our overall opinion on the Proposed Exemption to provide the non-interested shareholders of the Company with a holistic view of the Proposed Regularisation Plan and the impact it has on the Proposed Exemption.

EXECUTIVE SUMMARY (cont'd)

The following are the summary of the potential advantages and disadvantages of the Proposed Exemption: -

3.1 Potential advantages

- (i) The proposals within the Proposed Regularisation Plan are inter-conditional upon each other. The Proposed Exemption will facilitate the implementation of the Proposed Acquisition which will enable the Company to regularise its financial condition and uplift its GN3 status and allow the Company to be in compliance with the Public Shareholding Spread Requirement and Bumiputera equity requirement after the Proposed Private Placement in order to maintain its listing status on the ACE Market of Bursa Securities. As such, voting in favour of the Proposed Exemption facilitates the successful implementation of the Proposed Regularisation Plan;
- (ii) The Proposed Exemption will allow the Company to diversify its existing business into the construction services industry which provide a new source of business revenue and income to the Enlarged GNB Group.
- (iii) The Proposed Exemption will enable the existing shareholders of the Company to participate in the future growth of the Enlarged GNB Group as detailed in Section 6.2(iii) of this IAL which is led by Southern Score's experienced and technically strong management team with a proven track record in the construction services industry; and
- (iv) The Purchase Consideration is below the valuation range of Southern Score of RM258.27 million and RM275.54 million as indicated by the DCF Method and is within the range of the Comparable Companies of RM151.68 million to RM261.31 million as indicated by relative valuation.

3.2 Potential disadvantages

- (i) Given that the Proposed Acquisition and Proposed Exemption are inter-conditional upon each other and also inter-conditional upon the other proposals, in the event the Proposed Exemption is not approved by the non-interested shareholders of the Company or the SC, the Proposed Regularisation Plan would be aborted and as such the current condition of the Company will remain and any potential benefits arising from the Proposed Acquisition as detailed in Section 6.2 of this IAL will not materialise;
- (ii) The Proposed Exemption will allow shareholdings of Super Advantage and its PACs increase from nil to approximately 98.31% after the Proposed Acquisition which will in turn obtain statutory control over the Company whilst diluting the shareholdings of the non-interested shareholders of GNB from 91.80% to 1.55% after the Proposed Acquisition. With shareholdings of more than 50%, as a result of the Proposed Exemption, any further increase in the shareholdings of Super Advantage and its PACs will not be subject to a mandatory take-over offer under subparagraph 4.01(a) of the Rules;
- (iii) The Proposed Exemption would deny the opportunity for the non-interested shareholders to exit through Mandatory Offer; and
- (iv) The Enlarged GNB Group will be exposed to risk factors inherent in the business of Southern Score Group. Upon completion of the Proposed Regularisation Plan, some of these risk factors can be properly managed and mitigated.

Based on our overall evaluation, we are of the opinion that the Proposed Exemption is **fair and reasonable**.

Accordingly, we recommend that you **Vote in Favour** of the ordinary resolution pertaining to the Proposed Exemption to be tabled at the forthcoming EGM.

EXECUTIVE SUMMARY (cont'd)

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE WHOLE IAL, TOGETHER WITH PART A OF THE CIRCULAR AND THE ACCOMPANYING APPENDICES FOR OTHER RELEVANT INFORMATION AND TO CONSIDER CAREFULLY OUR RECOMMENDATIONS CONTAINED HEREIN BEFORE VOTING ON THE PROPOSED EXEMPTION TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

Please refer to **Section 14** of this IAL for further details.

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MALACCA SECURITIES SDN BHD

Registration No: 197301002760 (16121-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Registered Office

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

22 August 2022

To: The non-interested shareholders of G Neptune Berhad

Dear Sir/Madam,

G NEPTUNE BERHAD (“GNB” OR “COMPANY”)

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF GNB IN RELATION TO THE PROPOSED EXEMPTION

This IAL is prepared for inclusion as Part B in the Circular. All definitions used in this IAL shall have the same meaning and expressions as defined in the “Definitions” section of Part A of the Circular, except where the context otherwise requires or where otherwise defined herein. All references to “you” or “your” are references to the non-interested shareholders of the Company, whilst references to “we”, “us” or “our” in this IAL are references to Malacca Securities, being the Independent Adviser for the Proposed Exemption.

1. INTRODUCTION

On 9 July 2021, Kenanga IB, on behalf of the Board of GNB, announced the proposed regularisation plan which comprises the following: -

- (i) proposed acquisition of 100% equity interest in Southern Score for a purchase consideration of RM252,000,000 to be satisfied via the issuance of 16,800,000,000 new GNB Shares at an issue price of RM0.015 per GNB Share. The Company had on 9 July 2021 entered into a PGA with the Vendor, whereby the Vendor covenants with and undertakes to GNB that the Southern Score Group shall achieve the Profit Guarantee for the Profit Guarantee Period;
- (ii) proposed settlement of debt owing to CTP of RM3,100,000 via the issuance of 206,666,667 new GNB Shares at an issue price of RM0.015 per GNB Share. The Company had on 9 July 2021 entered into a settlement arrangement with CTP;
- (iii) proposed private placement of 5,430,479,000 GNB Shares at an issue price to be determined later, which shall not be less than RM0.02 per new GNB Share, to eligible investors to be identified later; and
- (iv) proposed exemption under subparagraph 4.08(1)(a) of the Rules from the obligation to undertake a mandatory take-over offer for the remaining GNB Shares not already held by Super Advantage and the PACs pursuant to the Proposed Acquisition.

On 18 May 2022, Kenanga IB, on behalf of the Board of GNB, announced that among others, the Company proposed to undertake the Proposed Share Consolidation as part of the Company's Proposed Regularisation Plan.

Following the inclusion of the Proposed Share Consolidation, the Proposed Regularisation Plan comprises the following: -

- (i) Proposed Share Consolidation;
- (ii) Proposed Acquisition;
- (iii) Proposed Debt Settlement;
- (iv) Proposed Private Placement; and
- (v) Proposed Exemption.

The proposals within the Proposed Regularisation Plan are inter-conditional upon each other. The details of the Proposed Regularisation Plan are set out in Sections 2 to 6 of Part A of the Circular.

On 8 July 2022, Kenanga IB, on behalf of the Board of GNB, announced that Bursa Securities had approved the Proposed Regularisation Plan vide its letter dated 8 July 2022, subject to the conditions as set out in Section 13.1(i) of Part A of the Circular.

In compliance with paragraph 3.06 of the Rules, on 9 July 2021, the Board of GNB (save for CTP who is deemed interested in the Proposed Regularisation Plan) has appointed Malacca Securities as the Independent Adviser to the non-interested Directors and non-interested shareholders of GNB in relation to the Proposed Exemption. Subsequently, Malacca Securities had, on 12 July 2021, declared its independence as the Independent Adviser in relation to the Proposed Exemption to the SC. The SC had, vide its letter dated 2 August 2021, noted Malacca Securities' declaration of its independence.

Pursuant to subparagraph 4.08(3)(g) of the Rules, the SC has on 19 August 2022 notified that it has no further comments to the contents of this IAL. However, such notification shall not be taken to suggest that the SC agrees with the recommendation of the Independent Adviser or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAL.

The purpose of this IAL is to provide the non-interested shareholders of GNB with an independent evaluation on the Proposed Exemption together with our recommendations thereon, subject to the scope and limitations of our role and evaluation specified herein, in relation to the Proposed Exemption.

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

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

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE WHOLE IAL, TOGETHER WITH PART A OF THE CIRCULAR AND THE ACCOMPANYING APPENDICES FOR OTHER RELEVANT INFORMATION AND TO CONSIDER CAREFULLY OUR RECOMMENDATIONS CONTAINED HEREIN BEFORE VOTING ON THE PROPOSED EXEMPTION TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

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

2. DETAILS OF THE PROPOSED EXEMPTION

Upon completion of the Proposed Acquisition, the shareholdings of Super Advantage and its PACs in GNB will increase from nil to approximately 98.31% based on the enlarged number of issued GNB Shares as follows: -

Name	As at the LPD				After the Proposed Acquisition			
	Direct		Indirect		Direct		Indirect	
	No. of GNB Shares ('000)	%	No. of GNB Shares ('000)	%	No. of GNB Shares ('000)	%	No. of GNB Shares ('000)	%
Super Advantage	-	-	-	-	1,680,000	98.31	-	-
PACs								
Tan Sri Datuk Seri Gan Yu Chai	-	-	-	-	-	-	1,680,000 ⁽¹⁾	98.31
Gan Yee Hin	-	-	-	-	-	-	1,680,000 ⁽¹⁾	98.31

Note: -

(1) Deemed interested through the direct interests of Super Advantage in the Company.

Premised on the above, upon completion of the Proposed Acquisition, Super Advantage and its PACs will obtain statutory control over GNB. As Super Advantage and its PACs will be holding more than 33% of the voting shares in GNB, they will be obliged to undertake a Mandatory Offer pursuant to Section 218(2) of the CMSA and subparagraph 4.01(a) of the Rules.

As Super Advantage and its PACs do not have the intention to undertake a Mandatory Offer, they will make an application to the SC for an exemption pursuant to subparagraph 4.08(1)(a) of the Rules from the obligation to undertake a Mandatory Offer upon obtaining the approval of the non-interested shareholders of GNB. The Proposed Exemption will exempt Super Advantage and its PACs from the obligation to undertake a Mandatory Offer.

Pursuant to subparagraph 4.08(2) of the Rules, the exemption from the SC, if granted, will be invalidated if Super Advantage and its PACs have engaged or engages in a disqualifying transaction. In the event of invalidation of the Proposed Exemption, Super Advantage and its PACs will be subject to paragraph 4 of the Rules to undertake a Mandatory Offer. As at the LPD, Super Advantage and its PACs do not hold any GNB Shares and had not triggered any disqualifying transaction.

It is pertinent to note that if the Proposed Exemption is approved by the non-interested shareholders of GNB and granted by the SC, Super Advantage and its PACs may collectively hold more than 50% of the enlarged number of issued GNB Shares after the Proposed Acquisition without having to undertake a Mandatory Offer. Upon completion of the Proposed Regularisation Plan, Super Advantage and its PACs may collectively increase their shareholdings in GNB without incurring any further obligation to make a mandatory take-over offer in the future. However, a mandatory take-over offer will be triggered if any of the PAC increases their individual shareholding to more 33%.

3. SCOPE AND LIMITATIONS OF OUR EVALUATION OF THE PROPOSED EXEMPTION

Malacca Securities was not involved in any of the formulation, deliberations, negotiations or discussions on the terms and conditions of the Proposed Exemption. Malacca Securities' evaluation of the Proposed Exemption has been based on the information and documents provided to us or which are available to us, among others, the following: -

- (i) information contained in Part A of the Circular together with the accompanying appendices;
- (ii) the Debt Settlement Agreement, First Supplemental Debt Settlement Agreement, SSA, First Supplemental SSA, PGA, First Supplemental PGA and Second Supplemental PGA;

- (iii) annual reports and audited consolidated financial statements of GNB for the FYEs 30 June 2019, 30 June 2020 and 30 June 2021 as well as the unaudited consolidated financial statements of GNB for the nine (9)-month FPE 31 March 2022;
- (iv) audited financial statements of Southern Score for the FYEs 31 December 2018, 31 December 2019, 31 December 2020 and 31 December 2021 as well as the audited financial statements of Southern Score for the four (4)-month FPE 30 April 2022;
- (v) other information, documents, confirmations and representations furnished to us by the Board of GNB, management and representatives of GNB; and
- (vi) other publicly available information, including but not limited to annual reports and audited consolidated financial statements of GNB.

Malacca Securities, as the Independent Adviser, has relied on the information provided by the Board of GNB, management and representatives of the Company as well as other publicly available information. We have obtained confirmation from the Board of GNB that they individually and collectively accept full responsibility for the accuracy of the information herein and confirm that after making all reasonable enquiries, and to the best of their knowledge and belief, all information relevant to our evaluation of the Proposed Exemption have been disclosed to us and there is no omission of any material fact which would make any information disclosed to us false or misleading. After making all reasonable enquiries, we are satisfied with the information and the sufficiency of the information obtained from the Board of GNB, management and representatives of the Company and have no reason to believe that the information was unreliable, unreasonable, incomplete, misleading or inaccurate as at the LPD.

As an Independent Adviser, we have evaluated the Proposed Exemption and in forming our opinion, we have considered factors, which we believe would be of general relevance and concern to the shareholders of GNB as a whole. We have not taken into consideration any specific investment objectives, financial situation or particular needs of any individual shareholder or any specific group of shareholders. We recommend that any individual shareholder or group of shareholders who may require advice in relation to the Proposed Exemption in the context of their individual objectives, financial situation and particular situation, to consult their stockbroker, bank manager, solicitor, accountant or other professional advisers.

The scope of responsibility of Malacca Securities with regard to our evaluation and recommendation is based on the consideration set out in the ensuing sections of this IAL and 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.

Our evaluation and opinion in relation to the Proposed Exemption were made based on prevailing market conditions and information made available to Malacca Securities at that point of time. As guided by subparagraph 11.07(1) of the Rules, where Malacca Securities becomes aware that the information contains in this IAL: -

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

Malacca Securities shall disclose such fact to the SC in writing and the Company shall make an announcement of such matters which are necessary, to correct the false or misleading information or the omission, which shall be made before 9 a.m. on the next market day. If circumstances require, a supplementary IAL will be sent to the non-interested shareholders of GNB in accordance with subparagraph 11.07(2) of the Rules.

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

The interests of the Directors, major shareholders and/or persons connected with them are disclosed in Section 17 of Part A of the Circular.

5. EVALUATION OF THE PROPOSED EXEMPTION

In accordance with Schedule 2: Part III of the Rules, we have assessed and evaluated the Proposed Exemption on a holistic basis to arrive at our conclusion and recommendation. Due to the inter-conditionality of the Proposed Regularisation Plan, in carrying out our evaluation of the Proposed Exemption, we have also evaluated the merits and demerits of the other proposals to arrive at our overall opinion on the Proposed Exemption to provide the non-interested shareholders of GNB with a holistic view of the Proposed Regularisation Plan and the impact it has on the Proposed Exemption.

In evaluating the Proposed Exemption, we have taken the following factors into consideration: -

- | | | |
|-----|-----------------------------------------------------------------|------------------------|
| (a) | Rationale for the Proposed Regularisation Plan | Section 6 of this IAL |
| (b) | Evaluation of the Proposed Acquisition | Section 7 of this IAL |
| (c) | Evaluation of the salient terms of the Definitive Agreements | Section 8 of this IAL |
| (d) | Effects of the Proposed Regularisation Plan | Section 9 of this IAL |
| (e) | Industry outlook and future prospects of the Enlarged GNB Group | Section 10 of this IAL |
| (f) | Implication arising from the Proposed Exemption | Section 11 of this IAL |

6. RATIONALE FOR THE PROPOSED REGULARISATION PLAN

We set out below our comments on the rationale for the Proposed Regularisation Plan as outlined in Section 8 of Part A of the Circular: -

6.1 Proposed Share Consolidation

The Proposed Share Consolidation will enable the Company to adjust the market reference price and the number of the GNB Shares by reducing the number of the GNB Shares available in the market and increasing the trading price of the GNB Shares. The last transacted market price as at 11 December 2020, being the last trading date of the existing GNB Shares on the ACE Market of Bursa Securities, is RM0.015. Hence, the theoretical adjusted reference price per GNB Shares after the Proposed Share Consolidation will be RM0.15 per GNB Share. The Proposed Share Consolidation will not have any impact on the total market value of the GNB Shares held by the shareholders of GNB.

The Proposed Regularisation Plan would result in the Company having a large number of shares in issue with a relatively low price range. Therefore, any small absolute movement in the share price would result in relatively high movement in percentage terms. In addition, pursuant to the Proposed Share Consolidation, there will be less likelihood of highly volatile or unusual price movement of GNB Shares.

Premised on the above, we are of the view that the rationale for the Proposed Share Consolidation is acceptable as the Proposed Share Consolidation is undertaken to allow for an adjustment for the reference price of the GNB Shares (after the Proposed Share Consolidation) and the number of the GNB Shares in order to facilitate the implementation of the proposals in the Proposed Regularisation Plan which entails the issuance of securities.

6.2 Proposed Acquisition

GNB was previously involved in the information technology industry specialising in software for the apparel/textile industry while its subsidiary was involved in the trading of cosmetics, garments and electronic products. The GNB Group has ceased all its business operations since it was classified as an affected listed issuer pursuant to GN3 of the Listing Requirements on 30 November 2017. As such, the GNB Group did not have any revenue generated from its business operations and had recorded losses after tax for the past three (3) FYEs 30 June 2019 up to 30 June 2021. Based on the latest unaudited consolidated financial statements for the nine (9)-month FPE 31 March 2022, we noted the GNB Group recorded a profit before tax of RM1.86 million which was a result of the gain from the

dissolution of Geranium, a wholly-owned subsidiary of GNB. Please refer to the financial performance of the GNB Group for the period stated above which are tabulated as follows:

-

	Audited			Unaudited
	FYE 30 June 2019	FYE 30 June 2020	FYE 30 June 2021	Nine (9)-month FPE 31 March 2022
	RM	RM	RM	RM
Revenue	-	-	-	-
(Loss)/Profit before tax	(1,002,268)	(2,095,433)	(1,991,855)	1,861,934
(LPS)/EPS	(0.35)	(0.73)	(0.69)	0.64

Please refer to Appendix II(B) of the Circular for further details of the financial commentaries on financial condition, results of operations of the Company.

Premised on the above, we have taken into consideration the following factors in evaluating the rationale for the Proposed Acquisition: -

(i) Enhancement of shareholders' value

Southern Score is principally engaged in the provision of construction services mainly for high-rise residential buildings located in Kuala Lumpur.

Southern Score is registered as a Grade 7 contractor which allows Southern Score to tender for construction projects that are unlimited value and undertake construction activities throughout Malaysia.

The table below summarises the financial results of Southern Score for the past four (4) FYEs 31 December 2018 to 31 December 2021 as well as audited financial statements of Southern Score for the four (4)-month FPE 30 April 2022: -

	Audited				
	FYE 31 December 2018	FYE 31 December 2019	FYE 31 December 2020	FYE 31 December 2021	Four (4)-month FPE 30 April 2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	54,885	66,990	148,808	285,001	84,232
PAT	8,186	6,513	19,197	35,178	9,589
EPS (RM)	8.19	6.51	19.20	35.18	9.59

Based on the table above, the revenue of Southern Score was on the increasing trend from RM54.89 million in FYE 31 December 2018 to RM285.00 million in FYE 31 December 2021. The PAT of Southern Score decreased from RM8.19 million in FYE 31 December 2018 to RM6.51 million in FYE 31 December 2019. In FYE 31 December 2020, the PAT of Southern Score increased to RM19.20 million and further increased to RM35.18 million in FYE 31 December 2021. For the four (4)-month FPE 30 April 2022, Southern Score recorded revenue of RM84.23 million and PAT of RM9.59 million. Please refer to Appendix III(B) for further details of the management's discussion and analysis of financial condition, results of operations and prospects of Southern Score.

In addition, as at the LPD, Southern Score has completed four (4) projects with a total contract value of RM216.96 million and six (6) ongoing projects with a total contract value of RM1,065.77 million. Brief details of the completed projects are as follows: -

Project name	Scope of construction works	Awarding party/ Date of award	Completion date	Contract value RM' million
PRIMA Jalan Jubilee	Turnkey contractor	PRIMA Corporation Malaysia/ 8 June 2015	15 May 2020	186.51
Platinum Teratai Residences	External road work	Weng Wah Developments Sdn Bhd/ 5 June 2018	7 December 2018	9.95
Vista Sentul Residences	Piling works	Constant Premium Sdn Bhd/ 8 April 2019	5 June 2020	10.58
PV 18 Residences	External road work	Binastra Construction (M) Sdn Bhd/ 18 June 2019	20 December 2019	9.88
			Total	216.96

Please refer to Section 7.1.2 of Appendix III(A) of the Circular for further details on the completed and ongoing projects undertaken by Southern Score. The order book of Southern Score as at the LPD is RM527.67 million.

Pursuant to the PGA, Super Advantage has provided a Profit Guarantee of RM80.00 million with a minimum PAT of RM10.00 million, RM20.00 million and the remaining shortfall of the Profit Guarantee for the FYE 31 December 2022, 31 December 2023 and 31 December 2024 respectively. The Board of GNB is of the view that the Profit Guarantee is achievable and reasonable after taking into consideration, amongst others, the historical financial information of Southern Score as set out in Appendix III(B) of the Circular, current order book of Southern Score of approximately RM527.67 million and the prospects of the Enlarged GNB Group as set out in Section 9.4 of Part A of the Circular. In addition, the price-to-earnings ratio of 9.45 times based on the average Profit Guarantee of RM26.67 million is within the range of the Comparable Companies' PE Multiple of 7.90 times to 13.61 times as detailed in Section 6.2.2 of Appendix VII of the Circular.

Based on the above, the Proposed Acquisition is expected to provide the Enlarged GNB Group with a stronger financial footing and taking into consideration the potential earnings contribution from the Southern Score Group which is also expected to enhance its shareholders' value. Following the Proposed Acquisition, the NA of the Company is expected to increase to 1.01 sen from a net liabilities position of 18.09 sen after the Proposed Share Consolidation.

(ii) **Competitive strengths of Southern Score**

As set out in Section 7.4 of Appendix III(A) of the Circular, Southern Score has the following competitive strengths which are expected to sustain the business of the Enlarged GNB Group in the construction services industry upon completion of the Proposed Regularisation Plan: -

- (a) Southern Score has an experienced and technically strong management team who have years of working experiences ranging from seven (7) years to 31 years whom have been instrumental in leading Southern Score to its current position within the industry. Brief details of the management team of Southern Score are as follows: -
 - (i) Tan Sri Datuk Seri Gan Yu Chai, Managing Director of Southern Score, responsible for developing and executing business strategies that contribute to the business growth of Southern Score and managing its corporate development. He has more than 31 years of working experiences in the property development and construction

industries. To date, he has completed over 20 property developments projects in the Klang Valley area, mainly in the vicinity of Kuala Lumpur;

- (ii) Gan Yee Hin, Executive Director and Chief Executive Officer of Southern Score, responsible for overseeing the planning and implementation of construction projects undertaken by Southern Score. He has seven (7) years of working experience and was involved in implementing and monitoring the implementation of branding, marketing and sales activities in property development industry;
- (iii) Datuk Sydney Lim Tau Chin, Executive Director of Southern Score, responsible for overseeing the corporate planning and corporate finance matters of Southern Score. He has 26 years of working experience in areas of corporate finance and advisory, property development and construction industries.
- (iv) Lee Chen Nee, Chief Financial Officer of Southern Score, involved in overall accounting and finance functions of Southern Score. She has 18 years of working experience and was involved in audit works for property development projects;
- (v) Ong Beng Hoe, Director of Development and Projects of Southern Score, responsible for overseeing and managing the construction projects undertaken by Southern Score. He has 26 years of working experience and was involved in planning, designing and coordination of construction projects;
- (vi) Puan Sri Datin Seri Elaine Lee Kuan Kiow, Director of Human Resources and Administrative, responsible for managing the overall human resources and administrative matters of Southern Score. She has 17 years of working experience and was involved in human resources and administrative tasks; and
- (vii) Pang Cheng Wei, head of Legal and Corporate Communications of Southern Score, responsible for managing the legal and corporate communication matters of Southern Score. He has 18 years of working experience and was involved in legal matters relating to property development projects

Based on the above, we note that the directors and key management team of Southern Score have the necessary experience to further steer the business directions of the Enlarged GNB Group into tapping the opportunities within the construction industry.

Please refer to Sections 3, 4.2 and 5.1 of Appendix II(A) of the Circular for the profiles of the Managing Director, Executive Directors and key senior management team of Southern Score.

- (b) Southern Score adopts construction practices to optimise the efficiency of its construction project. As set out in Section 7.23(b) of Appendix III(A) of the Circular, Southern Score intends to venture into the manufacture of IBS products via its associated company, namely TSPC. The proceeds of RM21.80 million to be raised from the Proposed Private Placement is proposed to be utilised for injection of funds to TSPC to set up an IBS manufacturing plant and the first-year operating cost of TSPC. In addition, Southern Score observes and adopts internal construction practices that include QESH practices which are internally developed practices that form part of Southern Score's standard operating procedures to ensure that the various facets of project delivery are performed based on the same standards and with consistent quality. In this regard, this will enable Southern Score to complete its projects within the budgeted timeframe and cost.

- (c) Southern Score has an asset-light and flexible delivery model which enables scalability and flexibility with lower exposure to cyclicity and house prices. Southern Score adopts an asset light and flexible delivery model which enables it to deliver its projects without tying up its working capital, as Southern Score builds on third-party (customer-owned) land as well as milestone payment terms with its suppliers and subcontractors. In addition, Southern Score also benefits from a flexible cost structure, with most of its cost of sales being flexible costs (i.e., external variable costs that are only incurred when under contract). Please refer to Section 7.4(iii) of Appendix III(A) for further details.
- (d) Southern Score has established relationships with customers and suppliers. The customers of Southern Score are primarily local landbank owners and project developers. Southern Score has established relationship with customers by delivering quality construction projects which enables Southern Score to retain its existing customers. Further, the sustainable relationship with subcontractors and suppliers will ensure continuous supply of construction materials and skilled workmen to undertake its subcontract works. Please refer to Sections 7.18 and 7.19 of Appendix III(A) of the Circular for further details on the major customers and major suppliers.
- (e) Southern Score has been involved in the construction of high-rise residential buildings i.e., PR1MA Jalan Jubilee which has been completed on 22 May 2020 with a contract value of RM186.51 million. As at the LPD, the ongoing high-rise residential development projects (please refer to Section 7.1.2 of Appendix III(A) of the Circular) secured by Southern Score are Vista Wirajaya 1 @ PV9 Residences project, Platinum Arena Residences project and Vista Sentul Residences project. In this regard, these track record will serve as a reference for Southern Score to secure new high-rise residential development projects in the future.

(iii) Future plans, strategies and prospects

As set out in Section 7.23 of Appendix III(A) of the Circular, Southern Score Group intends to undertake the following upon completion of the Proposed Acquisition: -

- (a) to further expand its construction services and to further capitalise on its expertise and business network to participate in more tender exercises for high-rise residential buildings where its growth prospects appear promising. As at the LPD, Southern Score has received a letter of intent for one (1) construction and development project and has one (1) project in the tender stage pending, undergoing evaluation and pending outcome of decision, from a third-party property developer and landbank owner respectively. Taking into consideration Southern Score's competitive strengths as set out in Section 7.4 of Appendix III(A) of the Circular, the expansion plans of construction services would appear achievable.
- (b) to venture into the manufacture of IBS products via TSPC, an associated company of Southern Score. The manufacture of IBS products is intended to support cost efficiency and delivery timelines of Southern Score's development and construction projects, and generate additional revenue from the sales of IBS products to external parties. As at the LPD, TSPC has identified a vacant parcel of land measuring 24 acres in Batu Caves, Kuala Lumpur, for the setting up of an IBS manufacturing plant. According to the IMR Report by Providence Strategic Partners Sdn Bhd as set out in Section 9.3 of Part A of the Circular, the Malaysian Government has been continually encouraging the construction industry to use IBS, which is an important part of the nation's sustainable construction initiative. IBS was introduced to Malaysia as a solution to issues related to over-dependence on foreign workers, increasing demand for affordable accommodation, and improving the image, quality and productivity of the construction industry. In this regard, the venturing into the manufacture of IBS products appears to be reasonable.

However, upon completion of the Proposed Acquisition, the Company will be venturing into the construction services industry and would be exposed to certain risk factors inherent in the construction industry. Accordingly, the non-interested shareholders of the Company are advised to carefully consider the following risk factors together with the mitigating factors as set out in Section 10 of Part A of the Circular: -

- (a) the COVID-19 pandemic and possible similar future outbreaks may have a significant impact on Southern Score's business operations i.e. the restrictions imposed by the Government may impact the progress of Southern Score's on-going projects which will result Southern Score to apply further extension of time to deliver the projects to customers with no impositions of LAD.
- (b) exposure to a few projects awarded by major customers;
- (c) reliance on subcontractors to complete a substantial portion of building and construction projects;
- (d) exposure to public sector construction projects. The public sector construction projects have contributed approximately 81.9%, 60.2%, 70.2%, 51.5% and 40.9% of Southern Score's total revenues in the FYE 31 December 2018, 2019, 2020 and 2021 as well as the four (4)-month FPE 30 April 2022, respectively. In the event Southern Score fail to secure public sector projects, this could affect the financial performance of Southern Score;
- (e) reliance on related parties for business opportunities;
- (f) dependency on Managing Director, Executive Directors and key senior management team;
- (g) failure to complete projects within the stipulated contract period could result in customers imposing LAD on Southern Score;
- (h) risks of defects in construction works;
- (i) Southern Score's insurance coverage may not be adequate to cover all losses or cover liabilities arising from potential claims and litigations;
- (j) the amount of revenue that Southern Score derives from a project may be different from its initial contract sum due to variation orders, omissions or early termination of a project;
- (k) reliance on certain registrations, approvals, licenses and permits;
- (l) dependency on the construction and property industries;
- (m) competition risk; and
- (n) political, regulatory and economic risks in Malaysia.

We are of the view that although measures may be implemented by the Southern Score Group to mitigate the above risks, there can be no assurance that one or a combination of the risks will not have a material and adverse effect on the business and financial position of the Southern Score Group. You should take note of the risk factors relating to the business of the Southern Score Group together with the mitigating factors as set out in Section 10 of Part A of the Circular.

(iv) **The Proposed Acquisition is to be fully satisfied via issuance of the Consideration Shares**

The Proposed Acquisition is to be satisfied entirely via the issuance of the Consideration Shares to the Vendor. As such, this is not expected to have a negative impact on the cash flow position of the Enlarged GNB Group unlike if such Purchase Consideration would be satisfied via cash or debt i.e., borrowing. In addition, based on the Company's audited consolidated financial statements for the FYE 30 June 2021 and unaudited consolidated financial statements for the nine (9)-month FPE 31 March 2022, the cash and cash equivalents of the GNB Group stood at RM10,019 and RM6,530 respectively, hence, the Company does not have enough funds to settle the purchase consideration for the Proposed Acquisition.

Should the purchase consideration of RM252.00 million be satisfied via bank borrowings, for illustration purposes, based on conventional financial institution's average base lending rate ("BLR") of 5.51% (Source: *Bank Negara Malaysia, as at 6 August 2020*), the expected annual interest expense and interest tax shield to be incurred by the Enlarged GNB Group would be approximately RM13.89 million and RM3.33 million respectively which will put a strain on the Company's cash flows as it will also be required to repay both principal and interest payment.

However, in the longer term, this would increase the cost of equity of GNB as shareholders would expect higher returns from their investment in the form of dividend payments and capital gains. The cost of equity of GNB based on the assumption that the Proposed Acquisition is funded entirely via the issuance of Consideration Shares or funded entirely via bank borrowings (Scenario 2) is illustrated as below: -

	Via issuance of Consideration Shares (Scenario 1)	Via bank borrowings (Scenario 2)
Proportion of equity of the capital structure, w_e	1.00	0.02
Cost of equity, $k_e^{(1)}$	9.45%	9.45%
Proportion of debt of the capital structure, w_d	-	0.98
Cost of debt, k_d	-	9.3% ⁽²⁾
Statutory tax rate, t	24%	24%
WACC	9.45%	7.11%

Notes: -

(1) The average cost of equity as set out in the expert report on the fairness of the Purchase Consideration. Please refer to Appendix VII of the Circular for further information.

(2) Assuming the average interest rate of the GNB Group.

Based on the above, we noted that the WACC for the Proposed Acquisition which is satisfied through the issuance of Consideration Shares is higher as compared to borrowings. However, taking into consideration the current GN3 status of GNB and the weak financial position of GNB Group, the usage of borrowings to finance the Proposed Acquisition will result in the Enlarged GNB Group being burdened with interest cost and the repayment of the loan principal.

In addition, based on the Company's audited consolidated financial statements for the FYE 30 June 2021 and unaudited consolidated financial statements for the nine (9)-month FPE 31 March 2022, the cash and cash equivalents stood at RM10,019 and RM6,530 respectively, which is not sufficient for the Company to repay the loan if the Purchase Consideration is to be settled via cash. In addition, based on the audited consolidated financial statements for the FYE 30 June 2021 and unaudited consolidated financial statements for the nine (9)-month FPE 31 March 2022, the

GNB Group recorded a net cash outflow from operating activities of RM1,075,705 and RM1,732,793 respectively.

Thus, with the settlement of the Purchase Consideration via issuance of the Consideration Shares, the Company will not be obliged to make such payment of interest expense.

Accordingly, the settlement of the Purchase Consideration via issuance of Consideration Shares would be most appropriate.

Premised on the above, we are of the view that the rationale for the Proposed Acquisition is justifiable as it allows the Company to diversify its existing business into the construction services industry which provide a new source of business revenue and income to the Enlarged GNB Group. In addition, the Proposed Acquisition enables the Company to regularise its financial condition and uplift its GN3 status as well as maintaining its listing status on the ACE Market of Bursa Securities. Given the competitive strengths and future plans of Southern Score, the Proposed Acquisition is expected to sustain the Enlarged GNB Group's business operations and enhance its shareholders' value.

6.3 Proposed Debt Settlement

As at the LPD, CTP has advanced a total of RM5.55 million to GNB. Based on the Company's audited consolidated financial statements for the FYE 30 June 2021 and unaudited consolidated financial statements for the nine (9)-month FPE 31 March 2022, the cash and cash equivalents stood at RM10,019 and RM6,530 respectively, which is not sufficient for the Company to settle the CTP Advances via cash. In addition, based on the audited consolidated financial statements for the FYE 30 June 2021 and unaudited consolidated financial statements for the nine (9)-month FPE 31 March 2022, the Company recorded a net cash outflow from operating activities of RM1,075,705 and RM1,732,793 respectively.

The settlement of CTP Advances (and further advances from CTP prior to the completion of the Proposed Regularisation Plan which shall not exceed RM3.10 million as agreed between GNB, Southern Score and CTP) via issuance of Settlement Shares will enable the Company to reduce its total liabilities whilst conserving the cash outlay of the Enlarged GNB Group.

In addition, as it is the intention of CTP to receive the Settlement Shares, upon completion of the Proposed Settlement, CTP shall not have any further rights to the CTP Advances while the Company will not have any further obligations and liabilities to CTP.

Premised on the above, we are of the view that the rationale for the Proposed Debt Settlement is acceptable.

6.4 Proposed Private Placement

Upon completion of the Proposed Acquisition, Super Advantage and its PACs will collectively hold approximately 98.31% of the enlarged number of issued GNB Shares. The public shareholding spread of the Company will subsequently fall below 25%, resulting in non-compliance with Rule 8.02(1) of the Listing Requirements which requires the Company to ensure that at least 25% of the total issued GNB Shares (excluding treasury shares) are in the hands of public shareholders. In the event the Proposed Private Placement is not implemented, the Public Shareholding Spread Requirement will not be addressed and consequently, the Company may be delisted for not complying with Rule 8.02(1) of the Listing Requirements.

The issuance of Placement Shares will result in the dilution of the shareholdings of Super Advantage and its PACs in the Company to 73.92% whilst increase the percentage of public shareholding spread of the Company. Upon completion of the Proposed Private Placement, the public shareholding spread of the Company will increase to 25.01% from 1.47% and 1.45% after the Proposed Acquisition and Proposed Settlement respectively. As such, the Proposed Private Placement will allow the Company to comply with Rule 8.02(1) of the Listing Requirements as well as broaden the Company's public shareholders' base and maintain its listing status on the ACE Market of Bursa Securities.

Further, the Proposed Private Placement will also enable the Company in compliance with the Bumiputera equity requirement where at least 12.50% of the enlarged number of issued GNB Shares will be allocated to Bumiputera investors approved by MITI.

In addition, the Proposed Private Placement is expected to raise gross proceeds of approximately RM108.61 million based on a minimum issue price of RM0.20 per Placement Share for the purposes as set out in Section 7 of Part A of the Circular.

Premised on the above, we are of the view that the rationale for the Proposed Private Placement is justifiable as it provides certainty of compliance with the Public Shareholding Spread Requirement and Bumiputera equity requirement which will also maintain the listing status of the Company upon completion of the Proposed Regularisation Plan.

6.5 Proposed Exemption

Upon completion of the Proposed Acquisition, the shareholdings of Super Advantage and its PACs in the Company will increase from nil to approximately 98.31% of the enlarged number of issued GNB Shares. Accordingly, upon completion of the Proposed Acquisition, Super Advantage and its PACs will obtain statutory control over GNB. As Super Advantage and its PACs will be holding more than 33% of the voting shares in GNB, they will be obliged to undertake a Mandatory Offer pursuant to Section 218(2) of the CMA and subparagraph 4.01(a) of the Rules.

As Super Advantage and its PACs do not have the intention to undertake the Mandatory Offer, they intend to seek an exemption pursuant to subparagraph 4.08(1)(a) of the Rules which would then exempt them from the obligation to undertake the Mandatory Offer, subject to amongst others, the approval of the non-interested shareholders of GNB.

In addition, given that the Proposed Acquisition and Proposed Exemption are inter-conditional upon each other and also inter-conditional upon the other proposals, in the event the Proposed Exemption is not approved by the non-interested shareholders of the Company or the SC, the Proposed Regularisation Plan would be aborted. As such, the current condition of the Company will remain and any potential benefits arising from the Proposed Acquisition as detailed in Section 6.2 of this IAL will not materialise. Hence, the approval for the Proposed Exemption is necessary to facilitate and ensure the successful implementation of the Proposed Regularisation Plan.

Premised on the above, we are of the view that the rationale for the Proposed Exemption is justifiable as it will exempt Super Advantage and its PACs from the obligation to undertake a Mandatory Offer and to ensure the successful implementation of the Proposed Regularisation Plan.

7. EVALUATION OF THE PROPOSED ACQUISITION

7.1 Evaluation of the Purchase Consideration

We take note on the basis and justification for the Purchase Consideration as set out in Section 3.2 of Part A of the Circular.

We have evaluated the Purchase Consideration of the Proposed Acquisition as set out in the expert report on the fairness of the Purchase Consideration in Appendix VII of the Circular.

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In arriving at our valuation, we have relied on the following valuation methodologies after taking into consideration the future earnings generating capabilities, business sustainability as well as various business considerations of Southern Score: -

(i) DCF Method

We have undertaken the DCF Method as our primary method of valuation. We view the DCF Method as the most appropriate method to estimate the value of Southern Score. The DCF valuation approach is an investment appraisal technique which takes into consideration both the time value of money and the projected net cash flow generated and discounted at a specified discount rate to derive at the valuation of the subject matter. It is often used to assist investors to calculate the expected returns from an investment and analyses how much an investment is worth in present value terms based on the future expected cash flow.

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In arriving at the valuation of Southern Score, we have adopted the following assumptions: -

No.	Valuation parameters		Description
1.	FCFE	Based on the future financials of Southern Score from FYE 31 December 2021 until FYE 31 December 2025	<p>Discounted FCFE approach is the free cash flows available to be paid to the shareholders of the company after all expenses, reinvestment and debt repayment. In undertaking the Discounted FCFE approach of estimating the indicative values of Southern Score, we have relied on the future financials of Southern Score. We have also reviewed the key bases and assumptions as set out in note (1) below and is satisfied with the future financials of Southern Score from FYE 31 December 2021 until FYE 31 December 2025 prepared by the management of Southern Score.</p> <p>One of the key assumptions for the Discounted FCFE approach is the choice of a discount rate that takes into account the relevant market interest and inflation rates as well as the business and financial risks relating to the business. In arriving at the appropriate discount rate for the valuation, we have applied the prevailing risk-free rate and market risk premium, as well as adopted the beta of the selected comparable public listed companies after taking into consideration the risk factors associated with Southern Score. A terminal value is also included in our analysis as the business of Southern Score is expected to continue beyond the future financials of Southern Score from FYE 31 December 2021 until FYE 31 December 2025.</p>
2.	K_e	9.45%	<p>Cost of equity represents the rate of return required by an investor on the cash flow streams generated given the risks associated with the cash flows. In deriving the cost of equity for Southern Score, we have adopted the Capital Asset Pricing Model and derived an estimated cost of equity of 9.45% (based on the expected capital structure of Southern Score for the future financials of Southern Score from FYE 31 December 2021 until FYE 31 December 2025 and after incorporating an upward adjustment of 25.00% for the illiquidity discount to account for the lack of marketability with the following inputs: -</p> $K_e = R_f + \beta (R_m - R_f)$ <p>Details of the inputs and their respective basis and calculation are set out below.</p>
3.	Illiquidity discount	25.00%	<p>Southern Score is a privately-owned company. Hence, there is no readily available market for the trading of the Southern Score shares. As such, an illiquidity discount of 25.00% has been imputed in the discount rate in deriving the equity value of Southern Score based on the FCFE approach. The assumption of the adopted illiquidity discount is based on "Investment Valuation: Tools and Techniques for Determining the Value of Any Asset" by Aswath Damodaran.</p>

No.	Valuation parameters		Description
4.	Risk free rate of return (" R_f ")	2.55%	<p>Risk-free rate of return represents the expected rate of return from a risk-free investment. The closest available approximation of the risk-free rate of return is the yield of five (5)-year Malaysian Government Securities.</p> <p>We have adopted the average yield of 2.55% per annum based on the yield of five (5)-year Malaysian Government Securities.as extracted from Bank Negara Malaysia as at 30 June 2021, being the date of valuation ("Valuation Date"). For shareholders' information, the average yield based on the latest yield of five (5)-year Malaysian Government Securities.as extracted from Bank Negara Malaysia as at 16 August 2022 is 3.74% per annum.</p>
5.	Expected market rate of return (" R_m ")	9.07%	<p>Expected market rate of return represents the expected rate of return for investing in a portfolio consisting of a weighted sum of assets representing the entire equity market.</p> <p>The expected rate of return for FTSE Bursa Malaysia Top 100 Index is a good indicator of the equity market return in Malaysia. In view of the volatility of the stock market and market cycles, we have adopted the historical rate of return of FTSE Bursa Malaysia Top 100 Index for the past ten (10) years as it normalises the year-on-year fluctuations of the stock market and mitigates market bias.</p> <p>Based on the information sourced from Bloomberg, we have derived an average expected market rate of return in Malaysia of 9.07% per annum for the past ten (10) years from 1 July 2011 up to 30 June 2021.</p>
6.	Beta ⁽²⁾	0.61	<p>Beta is the sensitivity of an asset's returns to the changes in market returns. It measures the correlation of systematic risk between the said asset and the market. A beta of more than 1 signifies that the asset is riskier than the market and <i>vice versa</i>.</p> <p>In deriving the estimated beta of Southern Score, we have relied on the one (1)-year historical beta of the Comparable Companies up to the Valuation Date. As the historical beta extracted from Bloomberg is based on the capital structure of the respective comparable companies, we have un-levered the beta and re-levered the beta based on the expected capital structure of Southern Score throughout the future financials of Southern Score from FYE 31 December 2021 until FYE 31 December 2025.</p>
7.	Perpetuity growth rate (" g ")	0.50%-1.50%	<p>The terminal value is the present value at a future point of time of all future cash flows, growing at an assumed constant rate to perpetuity. It is based on the Gordon's Growth Model taking into consideration the FCFE for the last future financial year of 2025 and valuing it to perpetuity.</p>

No.	Valuation parameters		Description
			We have adopted a range of perpetuity growth rate of 0.50% ("Low Range") to 1.50% ("High Range") which we view as appropriate after taking into consideration that Southern Score is expected to sustain its operations into perpetuity and the future prospects of Southern Score with constant potential earnings going forward.
8.	Company specific risk	1.00%	<p>Company specific risk reflects risk associated with Southern Score such as reduction in number of projects, delays in the completion of projects, increases in the cost of construction materials, health and safety risks.</p> <p>It must be emphasised that the indicative value of 1.00% involves a high degree of subjectivity and element of judgement.</p>
Fair equity value of Southern Score		RM258.27 million – RM275.54 million	<p>The formula used to derive the fair equity value of Southern Score is as follows: -</p> <p>= Present value of the FCFE based on the future financials of Southern Score from FYE 31 December 2021 until FYE 31 December 2025⁽ⁱ⁾ + Present value of terminal value⁽ⁱⁱ⁾</p> <p><i>Notes: -</i></p> <p>(i) <i>Computed based on the following formula: -</i></p> $\text{Present value of the FCFE based on the future financials of Southern Score from FYE 31 December 2021 until FYE 31 December 2025} = \frac{\text{FCFE}}{(1 + K_e)^n}$ <p><i>whereby, n represents time, in years into the future.</i></p> <p>(ii) <i>Computed based on the following formula: -</i></p> $\text{Present value of terminal value} = \frac{\text{Final year FCFE} \times (1 + g)}{(K_e - g) \times (1 + K_e)^n}$ <p><i>whereby, n represents last year of the future financials of Southern Score from FYE 31 December 2021 until FYE 31 December 2025.</i></p>

Notes: -

(1) The following are the key bases and assumptions adopted by the management of Southern Score for the future financials of Southern Score from FYE 31 December 2021 until FYE 31 December 2025: -

- (i) The valuation is conducted on an "as is where is" basis and on the financial position of Southern Score as at the Valuation Date without taking into the consideration the plans and strategies to be undertaken by Southern Score and synergies arising from the Proposed Acquisition;
- (ii) The audited financial statements of Southern Score for the FYE 31 December 2018 up to FYE 31 December 2020 provide a true and fair view of the financial position and financial performance of Southern Score;
- (iii) The future financials of Southern Score from FYE 31 December 2021 until FYE 31 December 2025, which has been provided to us by the management of Southern Score, will be achieved. The management of Southern Score assumes full responsibility for the accuracy, completeness and reliability of these future financials;
- (iv) Southern Score is in full compliance with all applicable regulations and laws;
- (v) The business interest of Southern Score and their assets are free and clear of any liens or encumbrances;
- (vi) There will be no material changes in the present legislation, government regulations, inflation rates, interest rates, foreign exchange rates, bases and rates of taxation, and other lending guidelines which will affect the activities of Southern Score, as well as the markets, countries or territories in which Southern Score has operations;
- (vii) Southern Score will obtain all necessary licenses/approvals/agreements with the key principals for its operations;
- (viii) Southern Score is assumed to have obtained all necessary licenses, permits, permissions, authorisations ("**Permits**") and consents from the relevant authorities which are material to its business as a going concern, and all such Permits are valid, subsisting and have been complied with in all material aspects;
- (ix) There will be no material changes in the present management and principal activities as well as the accounting and operating policies presently adopted by Southern Score;
- (x) There will not be any material adverse changes to the financial position and performance as well as the business operations of Southern Score after the Proposed Acquisition;
- (xi) There are no undisclosed actual or contingent assets or liabilities, including but not limited to, any contracts and/or off-balance sheet financial instruments, no unusual obligations or commitments other than in the ordinary course of business, nor any pending litigation which would have a material effect on the financial position or business of Southern Score now and in the future; and
- (xii) There will be no event of force majeure occurring such as any act of God, act of public enemies, war, act of terrorism, restraint of Government or people of any nation, riots, insurrections, civil commotion, floods, fire, restrictions due to quarantines, epidemics, storms, or any other causes beyond the reasonable control of Southern Score, which could materially affect Southern Score's financial positions and future business operations.

(2) The beta of Comparable Companies are as follows: -

Comparable Companies	Unlevered Beta⁽ⁱ⁾
Advancecon Holdings Berhad	0.48
Ageson Berhad	0.79
Ahmad Zaki Resources Berhad	0.14*
Benalec Holdings Berhad	0.94
Bina Puri Holdings Bhd	0.19*

Comparable Companies	Unlevered Beta⁽ⁱ⁾
<i>Brem Holding Berhad</i>	0.33
<i>DKLS Industries Bhd</i>	0.24*
<i>Eversendai Corporation Berhad</i>	0.37
<i>Fajarbaru Builder Group Bhd</i>	0.32
<i>Gabungan AQRS Berhad</i>	0.54
<i>Gadang Holdings Bhd</i>	0.52
<i>George Kent (Malaysia) Berhad</i>	0.57
<i>Ho Hup Construction Company Bhd</i>	0.46
<i>Inta Bina Group Berhad</i>	0.58
<i>Ireka Corporation Berhad</i>	0.45
<i>Kimlun Corporation Berhad</i>	0.40
<i>Lebtech Berhad</i>	0.00*
<i>MGB Berhad</i>	0.61
<i>Mitrajaya Holdings Berhad</i>	1.16
<i>Mudajaya Group Berhad</i>	0.14*
<i>Muhibbah Engineering (M) Bhd</i>	0.65
<i>OCR Group Berhad</i>	0.21*
<i>Pesona Metro Holdings Berhad</i>	0.29*
<i>Pintaras Jaya Bhd</i>	0.50
<i>Protasco Berhad</i>	0.78
<i>Puncak Niaga Holdings Berhad</i>	0.54
<i>TRC Synergy Berhad</i>	0.67
<i>Vizione Holdings Berhad</i>	1.26
Average	0.61

Notes: -

(i) Extracted from Bloomberg.

* Outliers (excluded from the computation of average).

Premised on the above, we are of the view that the purchase consideration of RM252.00 million is justifiable based on the DCF method whereby the Purchase Consideration is below the range of valuation derieved from the DCF method of between RM258.27 million to RM275.54 million which represents a discount between RM6.27 million (2.43%) and RM23.54 million (8.54%) respectively.

(ii) Relative Valuation

We have undertaken the relative valuation as a secondary method to support our primary method of evaluation. The relative valuation seeks to compare a company's implied trading multiple to that of comparable companies to determine the firm's financial worth. Under the relative valuation, reference was made to the valuation statistics of public listed companies in Malaysia with principal activities that we consider broadly comparable to Southern Score to get an indication of the current market expectation with regard to the implied value of the equity interest in Southern Score and compared to the implied trading multiples to determine the firm's worth.

For the purpose of our relative valuation, we have adopted PE Multiple against the Comparable Companies.

PE multiple is the ratio of price to earnings for the relevant period for the purpose of our analysis. It is a valuation metric which compares a company's share price against the EPS. The EPS is calculated based on the net earnings attributable to the shareholders after interest taxation, depreciation and amortisation expenses and is affected by *inter alia*, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets. It can be useful to compare the PE multiple to that of the peers to gauge on how richly the company is valued relative to its peers. A higher PE Multiple may indicate that investors are willing to pay more for a RM's worth of earnings from the company.

We have selected the Comparable Companies which were listed on the Main Market and ACE Market of Bursa Securities which have similar business activities to Southern Score with market capitalisation between RM100.0 million and RM500.0 million and at least 70.0% of the revenue were mainly generated from construction and related activities as follows: -

Name of company	Principal activities	Percentage of revenue contribution from construction and related activities ⁽¹⁾	Market capitalisation ⁽²⁾	PAT/ (LAT) ⁽¹⁾	PE Multiple ⁽³⁾
		(%)	(RM' million)	(RM' million)	(times)
Advancecon Holdings Berhad [#]	Principally involved in the business of providing management services. Through its subsidiaries, the group is engaged in providing earthworks and civil engineering services and sales of construction materials, property development, carrying on development and/or operation of power generation from renewable energy, solar and other renewable energy projects.	93.81	148.35	2.10	70.64*
Ageson Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in construction works and property development.	81.69	121.82	38.91	3.13*
Ahmad Zaki Resources Berhad [#]	Principally involved in investment holding, providing management services and as a contractor of civil and structural works.	84.30	143.14	(105.56)	N/A
Aneka Jaringan Holdings Berhad [@]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in foundation and basement construction and other civil engineering works.	100.00	129.14	10.04	12.86
Gabungan AQRS Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in civil and building construction works and property development.	71.65	303.95	(54.45)	N/A
Gadang Holdings Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in earthworks, building and civil engineering and construction work contractors, provision of mechanical and electrical engineering services and property development.	73.17	280.30	35.46	7.90
Gagasan Nadi Cergas Berhad [@]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in property development, construction of buildings, infrastructures and property investment holding.	78.82	218.37	12.51	17.46*

Name of company	Principal activities	Percentage of revenue contribution from construction and related activities ⁽¹⁾	Market capitalisation ⁽²⁾	PAT/ (LAT) ⁽¹⁾	PE Multiple ⁽³⁾
		(%)	(RM' million)	(RM' million)	(times)
Inta Bina Group Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in securing and carrying out construction contracts.	100.00	160.58	8.10	19.82*
Kimlun Corporation Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in building and infrastructure contractors, property investment and development, manufacturing and trading of building and construction materials and provision of quarry services and machinery rental services.	78.49	295.05	7.99	36.93*
Lebtech Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in civil and building construction.	100.00	137.85	(12.34)	N/A
MGB Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in civil engineering, design and build and general construction activities, trading of building materials and property development.	85.06	436.44	13.95	31.29*
Mitrajaya Holdings Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in civil engineering, building and road construction works and supply of construction material and property development.	86.42	213.95	10.66	20.07*
Pesona Metro Holdings Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in construction work, manufacturing and trading of construction panel and property investment holding.	96.00	163.32	(17.02)	N/A
Pintaras Jaya Berhad [#]	Principally involved in the undertaking of piling contracts, civil engineering and building construction works and rental of plant and machinery.	92.38	431.25	31.69	13.61

Name of company	Principal activities	Percentage of revenue contribution from construction and related activities ⁽¹⁾	Market capitalisation ⁽²⁾	PAT/(LAT) ⁽¹⁾	PE Multiple ⁽³⁾
		(%)	(RM' million)	(RM' million)	(times)
TCS Group Holdings Berhad [@]	Principally involved in the provision of construction services for building infrastructure, civil and structural works through its subsidiaries.	100.00	171.00	16.17	10.58
TRC Synergy Berhad [#]	Principally involved in the provision of construction services and property development through its subsidiaries.	79.02	169.66	27.26	6.22*
Vizione Holdings Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in property development, subcontractor of the electrical building and civil works for construction projects, general contractor in building construction, providing related construction management and consultancy services.	84.63	163.65	(8.72)	N/A
		Average (excluding outliers)			11.24
		Maximum (excluding outliers)			13.61
		Minimum (excluding outliers)			7.90

Notes: -

- (1) Based on the available financial information of the Comparable Companies announced on Bursa Securities as at the Valuation Date. For shareholders' information, the percentage of revenue contribution from construction and related activities and PAT/(LAT) of the Comparable Companies as at the LPD are as follows: -

Name of company	Percentage of revenue contribution from construction and related activities	PAT/(LAT)
	(%)	(RM' million)
Advancecon Holdings Berhad	98.96	2.05
Ageson Berhad	98.38	31.65
Ahmad Zaki Resources Berhad	74.05	(68.64)
Aneka Jaringan Holdings Berhad	100.00	(21.44)
Gabungan AQRS Berhad	80.03	15.71
Gadang Holdings Berhad	63.67	10.79
Gagasan Nadi Cergas Berhad	60.04	3.48
Inta Bina Group Berhad	100.00	11.78
KimLun Corporation Berhad	72.93	(0.59)
Lebtech Berhad	100.00	0.32
MGB Berhad	97.17	27.08
Mitrajaya Holdings Berhad	82.12	(13.82)
Pesona Metro Holdings Berhad	95.64	(5.37)
Pintaras Jaya Berhad	90.60	64.12
TCS Group Holdings Berhad	100.00	2.49
TRC Synergy Berhad	79.97	20.67
Vizione Holdings Berhad	76.86	(85.58)

- (2) *Extracted from Bloomberg as at the Valuation Date. For shareholders' information, the market capitalisation of the Comparable Companies as at the LPD are as follows: -*

Name of company	Market capitalisation (RM' million)
Advancecon Holdings Berhad	140.18
Ageson Berhad	158.95
Ahmad Zaki Resources Berhad	98.41
Aneka Jaringan Holdings Berhad	97.67
Gabungan AQRS Berhad	162.83
Gadang Holdings Berhad	254.82
Gagasan Nadi Cergas Berhad	207.08
Inta Bina Group Berhad	109.73
Kimlun Corporation Berhad	240.28
Lebtech Berhad	124.20
MGB Berhad	328.37
Mitrajaya Holdings Berhad	166.69
Pesona Metro Holdings Berhad	135.52
Pintaras Jaya Berhad	374.85
TCS Group Holdings Berhad	120.90
TRC Synergy Berhad	143.74
Vizione Holdings Berhad	153.45

- (3) *Computed based on the market capitalisation divided by PAT.*
- # *Listed on the Main Market of Bursa Securities.*
- @ *Listed on the ACE Market of Bursa Securities.*
- * *Outliers (which is determined based on the extreme deviation from the average).*
- N/A *Not applicable as the Comparable Companies registered loss after taxation.*

In deriving the value for the entire equity interest of Southern Score, we have computed the value of Southern Score based on the PE Multiple of the selected Comparable Companies (which have not fundamentally changed in terms of principal activities based on publicly available information throughout the period under review) between 7.90 times to 13.61 times to the PAT of Southern Score for FYE 31 December 2020 of RM19.20 million as follows: -

	PE Multiple (times)	Value (RM' million)
Average	11.24	215.81
Maximum	13.61	261.31
Minimum	7.90	151.68
Purchase Consideration of Southern Score	13.13	252.00

Based on the above, it is noted that the implied PE Multiple of Southern Score of 13.13 times is within the range of the Comparable Companies of 7.90 times to 13.61 times.

We also noted that the Purchase Consideration of Southern Score is within the range of the Comparable Companies of RM151.68 million to RM261.31 million. In addition, based on the PE Multiple against the Comparable Companies, Southern Score's implied PE Multiple of 13.13 times and 9.45 times (based on the audited financial statement of Southern Score for FYE 31 December 2020 of RM19.20 million) is within the range of 7.90 times to 13.61 times.

However, we are of the opinion that the DCF valuation would be the more appropriate valuation method in evaluating the fair value of Southern Score as the DCF valuation approach is an investment appraisal technique which takes into consideration both the time value of money and the future projected net cash flow to be generated by the company and which is then discounted at a specified discount rate to derive the fair value of the company.

7.2 Evaluation of the issue price of the Consideration Shares

We take note on the basis and justification for the issue price of the Consideration Shares as set out in Section 3.3 of Part A of the Circular.

The trading of the existing GNB Shares on the ACE Market of Bursa Securities has been suspended with effect from 14 December 2020 and will continue to be suspended up to the completion of the Proposed Regularisation Plan. The last transacted market price as at 11 December 2020, being the last trading date of the existing GNB Shares on the ACE Market of Bursa Securities, is RM0.015.

Following the Proposed Share Consolidation, the issue price for the Consideration Shares will be at RM0.15 per Consideration Share.

Premised on the above, we concur with the basis and justification for the issue price of the Consideration Shares is acceptable.

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8. EVALUATION OF THE SALIENT TERMS OF THE DEFINITIVE AGREEMENTS

(Unless otherwise defined in Section 8 of this IAL, capitalised terms used herein without definition shall have the meaning assigned to them in Appendix I of the Circular.)

Our comments on the salient terms of the Definitive Agreements as set out in Appendix I of the Circular are as follows: -

8.1 SSA

Salient terms of the SSA	Our comments
<p>Purchase consideration and mode of settlement</p> <p>The purchase consideration for 1,000,000 Sale Shares representing 100% equity interest in Southern Score for a Purchase Consideration of RM252,000,000 to be satisfied by the issuance of 1,680,000,000 Consideration Shares at an issue price of RM0.15 each which has been determined on a willing-buyer and willing-seller basis and based on the independent fairness assessment by Malacca Securities on the business of the Target Group.</p>	<p>This term is justifiable. Please refer to our evaluation on the Purchase Consideration and issue price of the Consideration Shares as set out in Sections 6.2(4) and 7 of this IAL and Appendix VII of the Circular.</p>
<p>Moratorium</p> <p>The Vendor agrees and undertakes to the Purchaser that the Consideration Shares will be subjected to moratorium during the Moratorium Period and it shall not sell and/or create any Encumbrances over the Consideration Shares during the Moratorium Period.</p>	<p>This term is acceptable as this requirement is stipulated in Rule 3.19 of the Listing Requirements and the Vendor and its PACs have undertaken that they will comply with the moratorium requirements as set out in Rule 3.19 of the Listing Requirements.</p>
<p>Conditions precedent</p> <p>(i) Conditions</p> <p>(a) The Parties agree that the Proposed Acquisition is conditional upon the effective fulfilment of the following conditions precedent ("Conditions Precedent"):</p> <p>1. There are no material adverse findings on the Target Group based on the results of the legal due diligence inquiry to be conducted on the Target Group by the Purchaser's representatives.</p>	<p>This term is acceptable as it is the responsibility of the Company to undertake the necessary due diligence to safeguard its interest prior to completing the Proposed Acquisition.</p>

Salient terms of the SSA	Our comments
<p>2. The approval of the SC's Equity Compliance Unit in relation to the resultant Bumiputera equity structure of the Purchaser under the Bumiputera equity requirement for public listed companies pursuant to the Proposed Regularisation Plan.</p> <p>3. The approval-in-principle of Bursa Securities in relation to the Proposed Regularisation Plan.</p> <p>4. The approval of the shareholders and the board of directors of the Purchaser for the Proposed Acquisition and the allotment and issuance of the Consideration Shares to the Vendor and/or their nominee(s) as may be nominated by the Vendor in writing pursuant to the Proposed Acquisition.</p> <p>5. The approval of the directors of the Target Company for the:</p> <ul style="list-style-type: none"> • transfer of the Sale Shares to the Purchaser; • registration of the Sale Shares under the name of the Purchaser in the register of members of the Target Company; and • issuance of new share certificates in respect of the Sale Shares to the purchaser upon the Completion. <p>6. The approval of the shareholders of the Purchaser for the Proposed Regularisation Plan.</p> <p>7. The approval of the shareholders of the Target Company for the Proposed Regularisation Plan.</p>	<p>These terms are acceptable as the approvals are pre-requisites for the Proposed Regularisation Plan to take place which are in accordance with the guidelines issued by the relevant authorities.</p> <p>This term is acceptable as this would normally require the approval of the directors to constitute a valid transfer, registration of the Sale Shares under GNB and issuance of new share certificates.</p> <p>This term is acceptable as it ensures that the shareholders of GNB are given the opportunity to assess the merits and demerits before voting on the Proposed Regularisation Plan to be tabled at the forthcoming EGM.</p> <p>This term is acceptable as it ensures the shareholders of the Target Company are aware of the merits and demerits of the Proposed Regularisation Plan.</p>

Salient terms of the SSA	Our comments
<p>8. Any consents or approvals necessary from any governmental or regulatory body or competent authority or third party having jurisdiction over the sale of the Sale Shares having been granted, waived or obtained.</p> <p>9. The discharge of any Encumbrance in respect of the Sale Shares supported by the relevant certificate and/or documents evidencing the satisfaction of such charges as may be filed or registered with the relevant authority, if applicable.</p> <p>10. The execution the PGA.</p> <p>11. The execution of an escrow agreement between the Vendor, the Purchaser and an escrow agent to be jointly appointed with respect to the dealings on the security shares as security for the performance of Profit Guarantee.</p> <p>(b) The Parties undertake to procure the fulfilment of the Conditions Precedent that are applicable to them within the conditional period of the SSA (i.e. 9 months from the date of the SSA or such other dates the Parties may mutually agree in writing) ("Conditional Period").</p> <p>(c) The Purchaser and the Vendor may by mutual agreement at any time waive in whole or in part and conditionally or unconditionally any of the Conditions Precedent.</p>	<p>This term is acceptable as all necessary consents or approval required has been granted, waived or obtained prior to completion.</p> <p>This term is acceptable as it would ensure that the Sale Shares is acquired free from any Encumbrance.</p> <p>The Parties had, on 9 July 2021, entered into the PGA.</p> <p>This term is acceptable as it serves to safeguard the interest of both Parties in dealings on the security shares as security for the performance of Profit Guarantee.</p> <p>This term is justifiable as it is fair for both Parties to impose a sufficient time to satisfy all the Conditions Precedents.</p> <p>We note that both Parties may mutually agree to waive in whole or in part any Conditions Precedent. However, conditions that are required to be met pursuant to the relevant regulations issued by Bursa Securities and Securities Commission cannot be waived by the Parties.</p>
<p>(ii) Application for approvals</p> <ul style="list-style-type: none"> Each Party will do all things and provide all necessary information reasonably required by the other Party or the relevant authorities to assist the other Party to apply to the relevant authorities. 	<p>These terms are acceptable as the cooperation between both Parties is necessary in obtaining the approvals from the relevant authority in order to ensure the Conditions Precedent is fulfilled. In addition, these terms serve to safeguard the interest of both Parties as any variation to the terms and conditions of the SSA shall be mutually agreed by both Parties, subject always to the approval of the relevant authority.</p>

Salient terms of the SSA	Our comments
<p>(iii) Terms of approvals of relevant authorities</p> <p>(a) Subject to subparagraph (iii)(b) as set out below, the Parties agree that any document from any relevant authority stating that it has no objection to the Proposed Acquisition constitute an approval by that relevant authority.</p> <p>(b) If an approval from relevant authority ("Regulatory Approval") contains or is subject to one or more term(s) or condition(s) which adversely affect any party in a material way and is not acceptable to that affected party ("Affected Party"), the Affected Party may within 14 days from the date of its receipt of that term(s) or condition(s), notify the other Party in writing that the term(s) or condition(s) is not acceptable ("Rejection or Appeal Notice"), in which event appeal shall be made to the relevant authority to vary the unacceptable term(s) or condition(s). Such appeal shall be submitted by the Party who made the original application for the said Regulatory Approval (or if more appropriate, the Affected Party). Alternative to the submission of a Rejection or Appeal Notice to the Regulatory Approval, the Parties may in good faith renegotiate and vary, supplement or amend the terms and conditions of the SSA by way of mutual agreement subject always to the approval of the relevant authority.</p> <p>(c) If no Rejection or Appeal Notice is given as per set out in subparagraph (iii)(b) above, an approval will be deemed to have been obtained.</p> <p>(d) If a Rejection or Appeal Notice is given by any Party under subparagraph (iii)(b) above, that Regulatory Approval will not be deemed to be obtained for the purpose of the paragraphs as set out in this row titled "Conditions Precedents" as set out in the SSA, until the relevant authority accedes to the request for variation or a Notice of Withdrawal & Acceptance (hereinafter defined) is served by the Affected Party. In the event the relevant authority does not accede to the request for variation, the relevant Condition Precedent shall be deemed not to be met and/or fulfilled unless the Affected Party, within 5 Business Days of the receipt of the decision of the relevant authority, by notice in writing to the other Party withdraw Rejection or Appeal Notice of and accept the term(s) or condition(s) concerned ("Notice of Withdrawal & Acceptance"), whereupon the corresponding Condition Precedent shall be deemed to have been met and fulfilled on the date of the Notice of Withdrawal & Acceptance.</p>	<p>Please refer to the commentaries above.</p>

Salient terms of the SSA	Our comments
<p>(e) If a Regulatory Approval is subject to the approval or consent of another relevant authority, the provisions of this paragraph (iii) above shall mutatis mutandis apply to the obtaining of such further approval or consent.</p>	<p>Please refer to the commentaries above.</p>
<p>(iv) Non-fulfilment of the Conditions Precedent</p> <p>Subject to the terms of the SSA, unless specifically waived by the Purchaser and Vendor, if any of the Conditions Precedent are not fulfilled and/or waived before the expiry of the Conditional Period, the SSA shall cease and determine, no party shall have any claims against the other for costs, damages, compensations or otherwise, save for any antecedent breach of any representation, undertaking and/or any of the terms of the SSA.</p> <p>(v) SSA becomes unconditional</p> <p>When all the Conditions Precedent are fulfilled and/or waived, the Proposed Acquisition will become unconditional.</p>	<p>These terms are acceptable as they serve to safeguard the interest of the Vendor and Purchaser. In the event the Conditions Precedent is not fulfilled and/or waived, none of the either Party will incur any compensation or otherwise.</p> <p>In the event the Conditions Precedent is fulfilled and/or waived, the Proposed Acquisition would be completed.</p>
<p>Purchaser's and Vendor's obligations on Completion</p> <p>(i) Completion of the SSA ("Completion") will take place 2 months from the SSA Unconditional Date or such other date as may be mutually agreed in writing by the Parties ("SSA Completion Date").</p> <p>(ii) On the SSA Completion Date, the Vendor must deliver to the Purchaser or the Purchaser's solicitors the following documents ("Completion Documents"):</p> <ul style="list-style-type: none"> • share certificates for the Sale Shares; • transfer forms in respect of the Sale Shares which are duly executed by the relevant Vendor as transferor; • undated board of directors' resolution of the Target Company approving the registration of the transfer in respect of the Sale Shares and the issuance of new share certificates in favour of the Purchaser; • undated board of directors' resolution of the Purchaser for the appointment of such persons as the Vendor may nominate as directors of the Purchaser; and 	<p>This term is acceptable as it establishes the timing for the completion of the Proposed Acquisition and also to provide sufficient time to the Vendor to prepare the Completion Documents (as defined herein) as set out in paragraph (ii) below.</p> <p>These terms are acceptable as they establish the procedures and documents that are required to be delivered by the Vendor to the Purchaser to complete the SSA.</p>

Salient terms of the SSA	Our comments
<ul style="list-style-type: none"> undated resignation letters of all the directors of the Purchaser stating amongst others the relinquishment of their directorships and other official positions in the Purchaser (as the case may be), the handover of full control of the board of the Purchaser to the Vendor and there shall be no claim and/or demand on such relinquishment and handover of such control. <p>(iii) Upon the Vendor completing their obligations under paragraph (ii) above, the Purchaser in exchange of the Completion Documents must on the SSA Completion Date, allot and issue the Consideration Shares to the Vendor and credit the relevant Consideration Shares into the Vendor's CDS Account.</p>	<p>Please refer to the commentaries above.</p>
<p>Termination</p> <p><u>Vendor's remedies prior to Completion</u></p> <p>In the event:</p> <p>(i) the Purchaser fails to complete the purchase of the Sale Shares; or</p> <p>(ii) if prior to completion it shall be found that the Purchaser has breached any term of the SSA and which if capable of being remedied is not remedied within 30 days from the Purchaser's receipt of a written notice from the Vendor,</p> <p>without prejudice to the Vendor's right to seek specific performance against the Purchaser, the Vendor shall be entitled to by notice in writing to the Purchaser to terminate the SSA.</p> <p><u>Purchaser's remedies prior to Completion</u></p> <p>In the event:</p> <p>(i) the Vendor failing to complete the sale of the Sale Shares; or</p> <p>(ii) if prior to completion it shall be found that the Vendor has breached any term of the SSA and which if capable of being remedied is not remedied within 30 days from the Vendor's receipt of a written notice from the Purchaser, and such breach results in a Material Adverse Effect,</p> <p>without prejudice to the Purchaser's right to seek specific performance against the Vendor, the Purchaser shall be entitled to by notice in writing to the Vendor to terminate the SSA.</p>	<p>This term is acceptable as it serves to safeguard and protect the interest of the Vendor in the event of any breach by the Purchaser.</p> <p>This term is acceptable as it serves to safeguard and protect the interest of the Purchaser in the event of any breaches by the Vendor.</p>

Salient terms of the SSA	Our comments
<p><u>Purchaser's remedies after Completion</u></p> <p>Unless otherwise expressly provided in the SSA, the Purchaser acknowledges and agrees that after completion of the Proposed Acquisition, the only remedy they have against the Vendor for any breach of the Vendor's warranties or any breach of its covenants or obligations of the Vendor shall be only the right to claim damages against the Vendor for loss suffered.</p>	<p>This term is acceptable as it serves to safeguard the interest of the Purchaser in the event of any breaches by the Vendor whereby the Purchaser shall have right to claim damages against the Vendor for loss suffered.</p>

8.2 PGA

Salient terms of the PGA	Our comments
<p>Effective date</p> <p>The PGA is conditional and shall be effective only upon the completion of the Proposed Acquisition ("Completion").</p>	<p>This term is acceptable as the PGA will only in place upon completion of the Proposed Acquisition.</p>
<p>Profit Guarantee</p> <p>(i) In consideration of the Purchaser agreeing to purchase the Sale Shares in accordance with the terms of the SSA from the Vendor, the Vendor covenants with and undertakes to the Purchaser that:</p> <p>(a) the Southern Score Group shall achieve a minimum PAT of RM10,000,000 for FYE 31 December 2022 ("2022 Guaranteed Profit");</p> <p>(b) the Southern Score Group shall achieve a minimum PAT of RM20,000,000 for FYE 31 December 2023 ("2023 Guaranteed Profit"); and</p> <p>(c) the Southern Score Group shall achieve a minimum PAT of any shortfall of the profit guarantee for FYE 31 December 2024 ("2024 Guaranteed Profit"),</p> <p>which shall be equivalent to RM80,000,000 on a cumulative basis for the period of FYE 2022 to FYE 2024 ("Profit Guarantee Period").</p> <p>(collectively the "Profit Guarantee").</p>	<p>This term is acceptable after taking into consideration, amongst other, the historical financial information of Southern Score as set out in Appendix III(B) of the Circular, current order book of Southern Score of approximately RM527.67 million and the prospects of the Enlarged GNB Group as set out in Section 9.4 of Part A of the Circular.</p> <p>In addition, the price-to-earnings ratio of 9.45 times (based on the average Profit Guarantee of RM26.67 million) is within the range of the PE Multiple against the Comparable Companies of 7.90 times to 13.61 times.</p> <p>Based on the above, the Profit Guarantee serves as an additional comfort provided by the Vendor to the Company in relation to the financial performance of Southern Score.</p>

Salient terms of the PGA	Our comments
<p>The PAT shall be based on the accounts as may be verified, approved and certified by the auditors of the Southern Score Group by way of confirmation in writing to Purchaser (“Certified Accounts”) which shall in the absence of manifest error be conclusive, final and binding on the Parties.</p> <p>(ii) As security for the performance of Profit Guarantee, the Vendor and the Purchaser agree that the Security Shares which is of value equivalent to the Profit Guarantee as calculated based on the issue price of the Consideration Shares as per the SSA shall be deposited into the CDS Account of the Escrow Agent on Completion and the Escrow Agent shall be duly authorised to deal with the Security Shares in the manner as set out in the paragraphs under the row titled “Release of Security Shares” below and the Escrow Agreement.</p>	<p>This term is acceptable as the issue price of the Profit Guarantee has been fixed and is equivalent to the issue price of RM0.15 per Consideration Share. This term also serves to safeguard the interest of the Purchaser and Vendor through the Escrow Agreement to be entered into with the Escrow Agent in dealing with the Security Shares.</p>
<p>Release of Securities Shares</p> <p>(i) The Security Shares shall be dealt with in the following manner:</p> <p>(a) the PAT of the Group as provided for in the Certified Accounts for FYE 2022 shall accrue towards the Profit Guarantee, and no Security Shares shall be released to the Vendor;</p> <p>(b) the PAT of the Group as provided in the Certified Accounts for FYE 2023 shall accrue towards the Profit Guarantee. Subject always to the Group achieving a minimum PAT of RM10,000,000 for FYE 2022 and a minimum PAT of RM20,000,000 for FYE 2023:</p> <p>(1) the Escrow Agent shall be duly authorised to release up to 30% of the Security Shares (i.e. up to 160,000,000 Security Shares) (“Releasable Security Shares”) by crediting the relevant number of Security Shares into the Vendor’s CDS Account within 7 Business Days upon the receipt of the Certified Accounts for FYE 2023 provided that value of the remaining 70% of the Security Shares (based on the 5D-VWAP preceding the Observation Date) (“Retained Security Shares”) is not less than the balance Profit Guarantee to be achieved by the Group as set out in Illustration 1 below; or</p> <p>(2) In the event that the value of the Retained Security Shares is less than the balance Profit Guarantee to be achieved by the Group, the Escrow Agent shall continue to hold such number of Retained Security Shares (the value for which shall be equivalent to the balance Profit Guarantee of</p>	<p>The terms herein set out the condition of the release of the Security Shares pursuant to the Profit Guarantee for each FYE.</p> <p>In summary, based on the PAT of the Certified Accounts for FYE 2022, there is no release of any Security Shares to the Vendor.</p> <p>Subject to the Group achieving the 2022 and 2023 Guaranteed Profit, the Escrow Agent shall release up to 30% of the Security Shares representing up to 160 million Securities Shares provided always that the value of the Retained Securities Shares is not less than the balance of the Profit Guarantee to be achieved by the Group; OR</p> <p>In the event the value of the Retained Securities Shares is lesser than the balance of the Profit Guarantee to be achieved by the Group, the Escrow Agent shall continue to hold such number of Retained Securities Shares equivalent to the balance of the Profit Guarantee and release such number of shares Releasable Security Shares to the Vendor.</p>

Salient terms of the PGA	Our comments									
<p>RM50,000,000 to be achieved by the Group for FYE 2024 based on the 5D-VWAP preceding the Observation Date) and shall only be authorised to release to the Vendor such number of Releasable Security Shares that are not retained by the Escrow Agent pursuant to this subparagraph (2) as set out in Illustration 2 below.</p> <p>Illustration 1:</p> <p>$(A \times B) > C$</p> <table><tr><td>A</td><td>:</td><td>Number of Retained Security Shares</td></tr><tr><td>B</td><td>:</td><td>VWAP preceding the Observation Date</td></tr><tr><td>C</td><td>:</td><td>balance Profit Guarantee to be achieved by the Group</td></tr></table> <p>For illustration purposes:</p> <p>Assumptions:</p> <p>(1) The PAT of the Group as provided in the Certified Accounts for FYE 2022 reflects that the PAT for FYE 2022 is RM10,000,000.</p> <p>(2) The PAT of the Group as provided in the Certified Accounts for FYE 2023 reflects that the PAT for FYE 2023 is RM20,000,000.</p> <p>(3) The number of Retained Security Shares is 373,333,333 Security Shares.</p> <p>(4) The VWAP preceding the Observation Date is RM0.15.</p> <p>(5) The balance Profit Guarantee to be achieved by the Group is RM50,000,000.</p> <p>Value of the Retained Security Shares (RM56,000,000) > Value of the balance Profit Guarantee (RM50,000,000)</p>	A	:	Number of Retained Security Shares	B	:	VWAP preceding the Observation Date	C	:	balance Profit Guarantee to be achieved by the Group	<p>We note that the Security Shares shall be computed based on the 5D-VWAMP preceding the Observation Date and based on the formula as set out in paragraph (i)(b) herein and the imposition of the time period for the Escrow Agent to transfer the Security Shares into the Vendor's CDS Account and the time period of seven (7) Business Days is considered sufficient. This term is reasonable.</p> <p>However, in the event of a LAT in FYE 2022 and/or FYE 2023, there will be no compensation of the shortfall in view that the Escrow Agent will still hold the Security Shares which is of value equivalent to the Profit Guarantee based on the issue price of the Consideration Shares.</p>
A	:	Number of Retained Security Shares								
B	:	VWAP preceding the Observation Date								
C	:	balance Profit Guarantee to be achieved by the Group								

Salient terms of the PGA	Our comments									
<p>Based on the illustration above, the Escrow Agent shall be duly authorised to release the maximum number of Releasable Security Shares to the Vendor as the value of the Retained Security Shares is greater than the value of the remaining Profit Guarantee to be achieved by the Group for FYE 2024.</p> <p><u>Illustration 2:</u></p> <p>$(D \times E) < F$</p> <table><tr><td>D</td><td>:</td><td>Number of Retained Security Shares</td></tr><tr><td>E</td><td>:</td><td>VWAP preceding the Observation Date</td></tr><tr><td>F</td><td>:</td><td>balance Profit Guarantee to be achieved by the Group</td></tr></table> <p>For illustration purposes:</p> <p>Assumptions:</p> <p>(1) The PAT of the Group as provided in the Certified Accounts for FYE 2022 reflects that the PAT for FYE 2022 is RM10,000,000.</p> <p>(2) The PAT of the Group as provided in the Certified Accounts for FYE 2023 reflects that the PAT for FYE 2023 is RM20,000,000.</p> <p>(3) The number of Retained Security Shares is 373,333,333 Security Shares.</p> <p>(4) The value of the Security Shares based on the VWAP preceding the Observation Date is RM0.10.</p> <p>(5) The balance Profit Guarantee to be achieved by the Group is RM50,000,000.</p> <p>Value of the Retained Security Shares (RM37,333,333) < Value of the balance Profit Guarantee (RM50,000,000)</p>	D	:	Number of Retained Security Shares	E	:	VWAP preceding the Observation Date	F	:	balance Profit Guarantee to be achieved by the Group	
D	:	Number of Retained Security Shares								
E	:	VWAP preceding the Observation Date								
F	:	balance Profit Guarantee to be achieved by the Group								

Salient terms of the PGA	Our comments
<p>Based on the illustration above, the value of the Retained Security Shares is not greater than the value of the balance Profit Guarantee to be achieved by the Group for FYE 2024. As such, the following shall apply:</p> <ul style="list-style-type: none"> (i) the Escrow Agent shall retain 500,000,000 Security Shares ("Retained Security Shares") (which, based on the VWAP preceding the Observation date, will be equivalent to the balance Profit Guarantee of RM50,000,000 to be achieved by the Group for FYE 2024); and (ii) the Escrow Agent shall therefore be authorised to release only 33,333,333 Releasable Security Shares (being the total number of Security Shares minus the Retained Security Shares) to the Vendor. <p>Upon the expiry of the Profit Guarantee Period, the Escrow Agent shall release the remaining of the Retained Security Shares as may have been retained by the Purchaser subject always to subparagraph (iv) below.</p>	
<p>(ii) In the event the Certified Accounts for FYE 2022 and/or FYE 2023 (as the case may be) reflects LAT, the Escrow Agent shall immediately issue a written notice to the Vendor on the losses for the relevant FYE and such losses shall be carried forward to the next FYE within the Profit Guarantee Period. For the avoidance of doubt, the Vendor shall not be required to compensate the shortfall for the PAT for FYE 2022 and/or FYE 2023 (as the case may be).</p>	<p>Please refer to the commentaries above.</p>
<p>(iii) In the event the Group's PAT is less than RM80,000,000.00 cumulatively upon the expiry of the Profit Guarantee Period based on the Certified Accounts for FYE 2022, FYE 2023 and FYE 2024 collectively which the Certified Accounts for FYE 2024 shall be submitted to the Escrow Agent by the Vendor no later than 90 days from the conclusion of FYE 2024, the Escrow Agent shall issue a written notice to the Vendor on the shortfall ("Shortfall Notice") and:</p> <ul style="list-style-type: none"> (a) the Vendor shall have the option to compensate the shortfall in Profit Guarantee in cash by way of payment to the Target Company (whether in full or part thereof) ("Cash Compensation") during a period of 30 days from the date of the Vendor's receipt of the Shortfall Notice ("Cash Compensation Period"). The Vendor shall notify the Escrow Agent of its payment, and the Purchaser shall notify the Escrow Agent on the total Cash Compensation received by the Target Company, of the total Cash Compensation made, no later than 5 Business Days after the expiry of the Cash Compensation Period and the Profit 	<p>This term is acceptable as it: -</p> <ul style="list-style-type: none"> (i) provides sufficient time for the Vendor to prepare the Certified Accounts for FYE 2024 which is required to be submitted to the Escrow Agent in the event of the shortfall between the Profit Guarantee and actual PAT upon the expiry of the Profit Guarantee Period; (ii) allows the Vendor to compensate the shortfall either in cash by way of payment to the Target Group during the Cash Compensation Period; and (iii) if the Vendor does not compensate the shortfall within the Cash Compensation Period, the Escrow Agent is authorised to sell the required number of

Salient terms of the PGA	Our comments
<p>Guarantee shall be deemed to have been achieved by the Group upon the payment of the Cash Compensation and the Vendor shall be entitled to the Security Shares in accordance to paragraph (iv) below; and</p> <p>(b) if the Vendor does not compensate the shortfall in full pursuant to subparagraph (iii)(a) above within the Cash Compensation Period, the Escrow Agent shall be duly authorised to sell the required number of Security Shares at the prevailing market price of the Security Shares as may be determined by the Escrow Agent upon release of the relevant Security Shares from moratorium pursuant to the Listing Requirements, if applicable (“Authorised Disposal”) and utilise the required amount of the proceeds to pay the compensation of (in the event no Cash Compensation is made) the shortfall or (in the event of part Cash Compensation) the balance shortfall of the Profit Guarantee to the Target Company. The balance proceeds after deducting the shortfall in the Profit Guarantee, if any, shall be paid to the Vendor.</p>	<p>Security Shares at the prevailing market price and utilise such amount to pay the shortfall.</p>
<p>(iv) In the event:</p> <p>(a) the Profit Guarantee is achieved at any time before the expiry of the Profit Guarantee Period based on the Certified Accounts for FYE 2022 and/or FYE 2023 (as the case may be), the Escrow Agent shall within a period of 7 Business Days release all of the Security Shares or the balance Security Shares (as the case may be) by crediting the same into the Vendor’s CDS Account and the Vendors shall be discharged and released from the Profit Guarantee obligation for the balance Profit Guarantee Period.</p> <p>(b) the Profit Guarantee for the Profit Guarantee Period is achieved based on the Certified Accounts for FYE 2022, FYE 2023 and FYE 2024 collectively, the Escrow Agent shall within a period of 7 Business Days release the balance Security Shares by crediting the same into the Vendor’s CDS Account.</p> <p>(c) the Vendor opts for Cash Compensation of the shortfall of the Profit Guarantee in full under subparagraph (iii)(a) above, the Escrow Agent shall within a period of 7 Business Days from the receipt of notification from the Company on the full compensation of the Profit Guarantee release the balance Security Shares by crediting the same into the Vendor’s CDS Account.</p>	<p>This term sets out the timeframe for the Escrow Agent to release all the Security Shares into the Vendor’s CDS Account in the event the Profit Guarantee is achieved.</p> <p>Notwithstanding, in the event the Vendor opts to pay any shortfall of the Profit Guarantee in cash, the Escrow Agent shall within a period of 7 Business Days from the receipt of notification from the Company release the balance Security Shares into the Vendor’s CDS Account. This term is acceptable.</p>

Salient terms of the PGA	Our comments
<p>(d) subparagraph (iii)(b) above applies for the compensation of shortfall or balance shortfall of the Profit Guarantee, the Escrow Agent shall within a period of 7 Business Days from the Authorised Disposal, release the balance Security Shares, if any, by crediting the same into the Vendor's CDS Account.</p> <p>In the event the proceeds from the Authorised Disposal is unable to meet the shortfall requiring compensation under this paragraph (iv) (the deficiency thereof shall hereinafter be referred to as the “Deficiency”), the Escrow Agent shall notify the Vendor in writing on the Deficiency (“Deficiency Notice”) after its receipt of the Certified Accounts for FYE 2024 and the Vendor shall within a period of 30 days from their receipt of the Deficiency Notice compensate the balance Deficiency in cash payment to the Target Company.</p>	
<p>Monitoring of the Profit Guarantee</p> <p>The Parties acknowledge that the composition of the board of directors of the Purchaser may be restructured (“Restructured Board”) in conjunction with the Proposed Regularisation Plan. The Parties agree that the independent directors of the Restructured Board shall be responsible for monitoring the mechanism of the Profit Guarantee contemplated under the PGA and the dealing of the Security Shares by the Escrow Agent under the Escrow Agreement.</p>	<p>This term is acceptable to ensure better governance on the monitoring of the Profit Guarantee.</p>
<p>Moratorium</p> <p>(i) The Vendor agrees and undertakes to the Purchaser that the Security Shares will be subjected to moratorium during the Moratorium Period and it shall not sell and/or create any encumbrances over the Security Shares during the Moratorium Period.</p> <p>(ii) Any release of the Security Shares by the Escrow Agent shall not be construed as an upliftment of the moratorium imposed on any of the Security Shares during the Moratorium Period.</p> <p>“Moratorium Period” refers to moratorium period as set out in Rule 3.19 of the Listing Requirements.</p>	<p>These terms are acceptable as this requirement is stipulated in Rule 3.19 of the Listing Requirements and the Vendor has undertaken that they will comply with the moratorium requirements in Rule 3.19 of the Listing Requirements.</p>

8.3 Debt Settlement Agreement

Salient terms	Our comments
<p>Settlement of Debt</p> <p>(i) The Parties agree that the debt shall be settled by way of allotment and issuance of the Settlement Shares only and no cash payment will be made by the Debtor to the Creditor;</p> <p>(ii) On the Effective Date or such other date as may be agreed between the Parties, the Debtor shall allot and issue the Settlement Shares to the Creditor and credit the Settlement Shares into the Creditor's CDS Account as full and final settlement of the Debt;</p> <p>(iii) Upon the allotment and issuance of the Settlement Shares to the Creditor and crediting of the same into the Creditor's CDS Account, the debt shall be fully paid and settled and there shall be no amount owing by the Debtor to the Creditor and the Debtor shall have no further obligations to the Creditor;</p> <p>(iv) Pending completion of the Proposed Regularisation Plan, the Creditor undertakes to the Debtor that he will not initiate any demand, action or proceedings to enforce his rights to recover or claim the Debt.</p>	<p>The terms set out in this clause are acceptable. Please refer to Section 6.3 of this IAL for our evaluation on the rationale for the Proposed Debt Settlement.</p> <p>Please refer to the commentaries above.</p>

Premised on the above, we are of the view that the salient terms of the Definitive Agreements are acceptable.

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9. EFFECTS OF THE PROPOSED REGULARISATION PLAN

We noted the following effects of the Proposed Regularisation Plan from Sections 11.2 to 11.6 of Part A of the Circular: -

The Proposed Exemption on a standalone basis will not have any effect on the share capital, NA and gearing, earnings and EPS of the Company and the substantial shareholders' shareholdings in the Company.

However, in view of the inter-conditionality of the Proposed Regularisation Plan, we have also considered the pro forma effects of the Proposed Share Consolidation, Proposed Acquisition, Proposed Debt Settlement and Proposed Private Placement on the share capital, NA and gearing, earnings and EPS of the Company and the substantial shareholders' shareholdings in the Company.

9.1 Issued share capital and number of issued shares

The pro forma effects of the Proposed Share Consolidation, Proposed Acquisition, Proposed Debt Settlement and Proposed Private Placement on the issued share capital and number of issued GNB Shares are as follows: -

	No. of GNB Shares	RM
As at the LPD	288,750,000	9,792,835
After the Proposed Share Consolidation	28,875,000	9,792,835
Pursuant to the Proposed Acquisition	1,680,000,000	(4,460,703)
	1,708,875,000	5,332,132
Issuance of the Settlement Shares	20,666,667	3,100,000
	1,729,541,667	8,432,132
Issuance of Placement Shares	543,047,900	108,609,580
Enlarged issued share capital and number of issued GNB Shares	2,272,589,567	117,041,712

Based on the table above, the number of issued GNB Shares is expected to decrease from 288.88 million GNB Shares to 28.88 million GNB Shares after the Proposed Share Consolidation. However, upon completion of the Proposed Acquisition, Proposed Debt Settlement and Proposed Private Placement, the number of issued GNB Shares will increase from 28.88 million to 1.71 billion, 1.73 billion and 2.27 billion due to the issuance of the Consideration Shares, Settlement Shares and Placement Shares respectively. The shareholdings of the non-interested shareholders of GNB would be diluted from 91.80% to 1.55%, 1.53% and increase to 25.07% after the Proposed Acquisition, Proposed Debt Settlement and Proposed Private Placement respectively.

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9.2 NA and gearing

The pro forma effects of the Proposed Share Consolidation, Proposed Acquisition, Proposed Debt Settlement and Proposed Private Placement on the Enlarged GNB Group's NA and gearing are as follows: -

	Audited as at 30 April 2022	Proposed Regularisation Plan			
		(I)	(II)	(III)	(IV)
		After the Proposed Share Consolidation	After (I) and the Proposed Acquisition	After (II) and the Proposed Debt Settlement	After (III) and the Proposed Private Placement
	RM	RM	RM	RM	RM
Total equity	(6,397,619)	(6,397,619)	15,591,875	18,691,875	122,901,455
No. of GNB Shares in issue (Net liability)/NA per Share (sen)	288,750,000 (2.22)	288,750,000 (22.16)	1,708,875,000 ⁽¹⁾ 0.91	1,729,541,667 ⁽²⁾ 1.08	2,272,589,567 ⁽³⁾ 5.41
Total borrowings	-	-	148,973	148,973	148,973
Gearing (times)	-	-	0.01	0.01	[^]

Notes: -

(1) Taking into consideration the issuance of 1,680,000,000 Consideration Shares.

(2) Taking into consideration the issuance of 20,666,667 Settlement Shares at RM0.15 each.

(3) Taking into consideration the issuance of 543,047,900 Placement Shares at the assumed issue price of RM0.20 each.

[^] Negligible.

Based on the audited consolidated financial statements of GNB as at 30 April 2022, the net liability per Share of GNB was 2.22 sen. Upon completion of the Proposed Acquisition, the pro forma NA per Share of the Enlarged GNB Group is expected to increase to 0.91 sen and further increase to 1.08 sen and 5.41 sen after the Proposed Debt Settlement and Proposed Private Placement respectively.

Based on the audited consolidated financial statements of GNB as at 30 April 2022, GNB does not have any borrowings. Hence, the gearing ratio of GNB is nil. Based on the audited financial statements of Southern Score as at FPE 30 April 2022, other than lease liability of RM0.15 million, Southern Score does not have any borrowings.

9.3 (Loss)/Earnings and (LPS)/EPS

The pro forma effects of the Proposed Consolidation, Proposed Acquisition, Proposed Debt Settlement and Proposed Private Placement on the (loss)/earnings of the Enlarged GNB Group are as follows: -

	Audited as at 30 June 2021	(I) After subsequent event up to the LPD ⁽²⁾	Proposed Regularisation Plan			
			(II) After (I) and the Proposed Share Consolidation	(III) After (II) and the Proposed Acquisition	(IV) After (III) and the Proposed Debt Settlement	(V) After (IV) and the Proposed Private Placement
			RM	RM	RM	RM
(LAT)/PAT	(1,991,855) ⁽¹⁾	288,131	288,131	25,908,912 ⁽³⁾	25,908,912 ⁽³⁾	21,508,912 ⁽⁴⁾
No. of GNB Shares	288,750,000	288,750,000	28,875,000	1,708,875,000	1,729,541,667	2,272,589,567
Pro forma (LPS)/EPS (sen) ⁽³⁾	(0.69)	0.10	1.00	1.52	1.50	0.95

Notes: -

- (1) After taking into consideration the LAT of the GNB Group for the FYE 30 June 2021 of approximately RM1.99 million.
- (2) After accounting for the dissolution of GNB's subsidiary, Geranium Limited on 8 October 2021.
- (3) Incorporating Southern Score's audited PAT for the FYE 31 December 2021 of approximately RM35.18 million and adjustment arising from reverse acquisition of approximately RM9.56 million.
- (4) After taking into consideration the estimated expenses of approximately RM4.40 million in relation to the Proposed Regularisation Plan.

Based on the table above, for the FYE 30 June 2021 and after taking into consideration the subsequent events up to the LPD, GNB recorded a pro forma EPS of 0.10 sen. Following the Proposed Share Consolidation, the EPS of GNB will be adjusted to 1.00 sen. Following the Proposed Share Consolidation, the EPS of GNB will be adjusted to 1.00 sen. Upon completion of the Proposed Acquisition, the pro forma EPS of the Enlarged GNB Group is expected to increase from 1.00 sen to 1.52 sen. Nonetheless, following the Proposed Debt Settlement and Proposed Private Placement, the pro forma EPS of the Enlarged GNB Group will be diluted to 0.95 sen.

Pursuant to the PGA, Super Advantage has provided a Profit Guarantee of RM80.00 million with a minimum PAT of RM10.00 million, RM20.00 million and the remaining shortfall of the Profit Guarantee for the FYE 31 December 2022, 31 December 2023 and 31 December 2024 respectively. Based on the minimum PAT of RM10.00 million and RM20.00 million for the FYE 31 December 2022 and 31 December 2023 respectively, the EPS of the Enlarged GNB Group will be 0.44 sen and 0.88 sen respectively, based on the enlarged number of issued GNB Shares after the Proposed Private Placement.

Premised on the above, the Proposed Acquisition is expected to contribute positively to the future earnings and EPS of the Enlarged GNB Group, which may in turn enhance its shareholders' value.

9.4 Substantial shareholders' shareholdings

The pro forma effects of the Proposed Share Consolidation, Proposed Acquisition, Proposed Debt Settlement and Proposed Private Placement on the substantial shareholders' shareholdings are as follows: -

Name	As at the LPD				(I) After the Proposed Share Consolidation			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
CTP	23,688,000	8.20	6,300,000 ⁽¹⁾	2.18	2,368,800	8.20	630,000 ⁽¹⁾	2.18
Super Advantage	-	-	-	-	-	-	-	-
Tan Sri Datuk Seri Gan Yu Chai	-	-	-	-	-	-	-	-
Gan Yee Hin	-	-	-	-	-	-	-	-

Name	(II) After (I) and the Proposed Acquisition				(III) After (II) and the Proposed Debt Settlement			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
CTP	2,368,800	0.14	630,000 ⁽¹⁾	0.04	23,035,467	1.33	630,000 ⁽¹⁾	0.04
Super Advantage	1,680,000,000	98.31	-	-	1,680,000,000	97.14	-	-
Tan Sri Datuk Seri Gan Yu Chai	-	-	1,680,000,000 ⁽²⁾	98.31	-	-	1,680,000,000 ⁽²⁾	97.14
Gan Yee Hin	-	-	1,680,000,000 ⁽²⁾	98.31	-	-	1,680,000,000 ⁽²⁾	97.14

Name	(IV) After (III) and the Proposed Private Placement			
	Direct		Indirect	
	No. of shares	%	No. of shares	%
CTP	23,035,467	1.01	630,000 ⁽¹⁾	0.03
Super Advantage	1,680,000,000	73.92	-	-
Tan Sri Datuk Seri Gan Yu Chai	-	-	1,680,000,000 ⁽²⁾	73.92
Gan Yee Hin	-	-	1,680,000,000 ⁽²⁾	73.92

Notes: -

(1) Deemed interested through the direct interests of his spouse's (Leong Sau Ching) and son's (Chai Yi Jian) shareholdings in the Company.

(2) Deemed interested through the direct interests of Super Advantage in the Company.

Based on the table above, upon completion of the Proposed Acquisition, the collective shareholdings of Super Advantage and its PACs will increase from nil to approximately 98.31% and subsequently decrease to approximately 97.14 % and 73.92% after the Proposed Debt Settlement and Proposed Private Placement respectively. We note that Super Advantage and its PACs have no intention to undertake the Mandatory Offer and will seek an exemption from the SC pursuant to subparagraph 4.08(1)(a) of the Rules from the obligation to undertake the Mandatory Offer.

In addition, upon completion of the Proposed Acquisition, the public shareholding spread of GNB will decrease from 87.06% to 1.47% and further decrease to 1.45% after the Proposed Debt Settlement and subsequently increase to 25.01% upon completion of the Proposed Private Placement. Accordingly, upon completion of the Proposed Private Placement, the public shareholding spread of the Company would be in compliance with Rule 8.02(1) of the Listing Requirements.

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9.5 Convertible securities

The Company does not have any outstanding convertible securities as at the LPD.

Premised on the above, the Proposed Regularisation Plan is expected to regularise the financial condition of the Company which will result in the uplifting of the GN3 status of GNB.

Based on the foregoing, we are of the view that the effects arising from the Proposed Regularisation Plan are acceptable.

In addition, in view that the Proposed Exemption is necessary to successfully complete the Proposed Regularisation Plan due to the inter-conditionality, we are of the opinion that granting approval for the Proposed Exemption by the non-interested shareholders of GNB is justifiable.

10. INDUSTRY OUTLOOK AND FUTURE PROSPECTS OF THE ENLARGED GNB GROUP

We take note of the industry overview and outlook of the Malaysian economy, the construction services industry in Malaysia, the IBS in Malaysia as well as the prospects of the Enlarged GNB Group as set out in Section 9 of Part A of the Circular.

According to the IMR Report prepared by Providence Strategic Partners Sdn Bhd dated 25 July 2022, based on the value of awarded projects, the construction industry in Malaysia grew from RM130.3 billion in 2016 to RM181.7 billion in 2019 at a CAGR of 11.7%. During this period, the value of awarded residential construction activities also registered positive growth from RM34.9 billion to RM36.7 billion at a CAGR of 1.7%. The value of awarded projects construction projects contracted from RM181.7 billion in 2019 to RM86.2 billion in 2020 at a year-on-year rate of 52.6% before rising to RM124.9 billion in 2021. Comparatively, the value of awarded residential construction projects also contracted from RM36.7 billion in 2019 to RM28.8 billion in 2020 (year-on-year rate of 21.5%) and RM27.2 billion (year-on-year rate of 5.6%) in 2021).

Notwithstanding the above, growth in the construction sector is expected to rebound in 2022 following the reopening of Malaysia's economy. Ongoing construction activity in large infrastructure projects and implementation of small-scale projects under the Budget 2022 measures will support growth in the civil engineering and special trade subsectors. The residential subsector is projected to benefit from new housing projects and launches, in tandem with the expected recovery in demand as income and employment prospects improve. Growth in the non-residential subsector is expected to be lifted by both existing and new commercial and industrial projects.

Further, according to the IMR Report prepared by Providence Strategic Partners Sdn Bhd dated 25 July 2022, the Malaysian construction industry is moving towards the use of IBS, driven by the Malaysian Government initiatives, the expected growth in residential property construction, and a growing awareness about the benefits of IBS products. IBS was introduced to Malaysia as a solution to issues related to over-dependence on foreign workers, increasing demand for affordable accommodation, and improving the image, quality and productivity of the construction industry

Upon completion of the Proposed Acquisition, the principal activities of the Company would comprise the provision of construction services mainly for high-rise residential buildings which involves the provision of professional project management services. In view of the above overview and outlook of the construction industry in Malaysia which is expected to recover and grow gradually supported by the 2021 Budget, PEMERKASA and PEMERKASA+ stimulus packages as well as the initiatives of the Malaysian Government encouraging the construction industry to use IBS, which is an important part of the nation's sustainable construction initiative, the Enlarged GNB Group is expected to benefit from the acquisition of Southern Score.

Premised on the above, we are of the view that the prospects of the Enlarged GNB Group following the completion of the Proposed Regularisation Plan is favourable, after taking into consideration, amongst others, the historical financial performance of Southern Score, the potential synergies to be realised such as enhancement of shareholders' value, the competitive strengths and future plans which are expected to sustain the business of the Enlarged GNB Group in the construction services industry upon completion of the Proposed Regularisation Plan pursuant to the Proposed Acquisition as detailed in Section 6.2 of this IAL as well as the outlook of the construction services industry and the IBS in Malaysia.

Nevertheless, we wish to highlight that the future plans, strategies and prospects undertaken and to be undertaken are subject to the specific risk factors attributable to the business and operations of Southern Score as disclosed in Section 10 of Part A of the Circular which may have an adverse effect on the business and performance of the Enlarged GNB Group upon the completion of the Proposed Regularisation Plan.

11. IMPLICATION ARISING FROM THE PROPOSED EXEMPTION

You should note that the SC may consider granting the Proposed Exemption if Super Advantage and its PACs have satisfied, amongst others, the following conditions pursuant to subparagraph 4.08(2) of the Rules: -

- (i) there has been no acquisition of GNB Shares or instruments convertible into the GNB Shares and options in respect of the GNB Shares (other than subscriptions for new GNB Shares or new instruments convertible into or options in respect of new GNB Shares which have been disclosed in the whitewash circular) by Super Advantage and its PACs in the six (6)-month period prior to the Announcement but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors of GNB in relation to the Proposed Regularisation Plan until the completion of the Proposed Regularisation Plan (“Disqualifying Transaction”); and
- (ii) approval has been obtained from the non-interested shareholders of GNB at a meeting of the holders of the relevant class of voting shares or voting rights to waive their rights to receive the mandatory take-over offer from Super Advantage and its PACs.

Pursuant to subparagraph 4.08(2) of the Rules, an exemption granted will be invalidated if Super Advantage and its PACs has engaged or engages in a Disqualifying Transaction.

The impacts of GNB’s non-interested shareholders’ votes on the Proposed Exemption to be tabled at the forthcoming EGM are as follows: -

11.1 If you VOTE IN FAVOUR of the Proposed Exemption

- (i) Should you vote in favour of the Proposed Exemption, the SC would be able to consider the application to be made by Kenanga IB, on behalf of Super Advantage and its PACs for the Proposed Exemption. An approval from the SC would then exempt Super Advantage and its PACs from the obligation to undertake the Mandatory Offer.
- (ii) Your approval of the Proposed Exemption will imply that you have agreed to waive your rights to a general offer from Super Advantage (which shall be undertaken at a price no lower than the highest price paid by Super Advantage and its PACs for the GNB Shares in the past six (6) months preceding the commencement of the offer) and exempt Super Advantage from the obligation to undertake the Mandatory Offer arising from the increase in its shareholdings in the Company upon completion of the Proposed Acquisition.
- (iii) It is pertinent to note that the Proposed Exemption will allow the shareholding of Super Advantage increase from nil to approximately 98.31% after the Proposed Acquisition. As such, the public shareholding spread of the Company will fall below 25% after the Proposed Acquisition, resulting in non-compliance with Rule 8.02(1) of the Listing Requirements which requires the Company to ensure that at least 25% of the total issued GNB Shares (excluding treasury shares) are in the hands of public shareholders.

Should you vote in favour of the Proposed Exemption, upon completion of the Proposed Acquisition, the Company will undertake the Proposed Private Placement to address the shortfall in its public shareholding spread in order to maintain the listing status of the Company.
- (iv) It is also pertinent to note that if the Proposed Exemption is approved by the non-interested shareholders of the Company and granted by the SC, Super Advantage and its PACs may collectively hold more than 50% of the enlarged number of issued

GNB Shares after the Proposed Acquisition without having to undertake a mandatory take-over offer.

Upon completion of the Proposed Regularisation Plan, Super Advantage and its PACs may collectively increase their shareholdings in the Company without incurring any further obligation to make a mandatory take-over offer in the future. In addition, Super Advantage and its PACs will have statutory control over GNB and as such, will be able to determine the outcome of any resolutions (which requires a simple majority of 50% + 1 share) at a general meeting, and will be able to significantly influence the outcome of any special resolution which requires a majority of 75% tabled at general meetings, unless they are required to abstain from voting.

- (v) As the Proposed Acquisition and Proposed Exemption are inter-conditional upon each other and also inter-conditional upon the other proposals, without the Proposed Exemption, the Proposed Regularisation Plan will not proceed. Therefore, voting in favour of the Proposed Exemption will enable the Company to regularise its GN3 status as well as to benefit from the Proposed Acquisition.

11.2 If you VOTE AGAINST the Proposed Exemption

- (i) The SC would not be able to consider the application to be made by Kenanga IB, on behalf of Super Advantage and its PACs for the Proposed Exemption.
- (ii) GNB will not be able to undertake the Proposed Acquisition as the Proposed Acquisition and Proposed Exemption are inter-conditional upon each other and also inter-conditional upon the other proposals. Accordingly, the Proposed Regularisation Plan would be aborted and as such the current condition of the Company will remain and any potential benefits arising from the Proposed Acquisition as detailed in Section 6.2 of this IAL will not materialise.

12. FUTURE PLANS FOR THE ENLARGED GNB GROUP AND ITS EMPLOYEES

Pursuant to paragraph 8, Schedule 2: Part II of the Rules, Super Advantage and its PACs have confirmed that they do not intend to effect any major change to the following: -

- (i) the continuation of the business of the Enlarged GNB Group;
- (ii) the business of the Enlarged GNB Group, including any plans to liquidate the Enlarged GNB Group, sell any material assets or re-deploy the fixed assets or effect any other major change in the structure of the Enlarged GNB Group; and
- (iii) the continued employment of the employees or employment policies of the Enlarged GNB Group,

except where such changes are in the ordinary course of the Enlarged GNB Group's business or are necessary to rationalise or improve the Enlarged GNB Group's operations. Super Advantage and its PACs shall retain the flexibility at any time to consider any options which are in the best interests of the Enlarged GNB Group that may present themselves.

The long-term commercial justification of Super Advantage and its PACs for the Proposed Exemption is to ensure the success of the Proposed Regularisation Plan which will regularise the Company's GN3 status and to maintain the listing status of GNB on the ACE Market of Bursa Securities.

13. FURTHER INFORMATION

The non-interested shareholders of GNB are advised to refer to Part A of the Circular together with the accompanying appendices for further information.

14. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Exemption on a holistic basis to arrive at our conclusion and recommendation in accordance with Schedule 2: Part III of the Rules. Due to the inter-conditionality of the Proposed Regularisation Plan, in carrying out our evaluation of the Proposed Exemption, we have also evaluated the merits and demerits of the other proposals to arrive at our overall opinion on the Proposed Exemption to provide the non-interested shareholders of the Company with a holistic view of the Proposed Regularisation Plan and the impact it has on the Proposed Exemption.

You should carefully consider the merits and demerits of the Proposed Exemption as well as the other proposals in the Proposed Regularisation Plan based on all relevant and pertinent factors including those which are set out in this IAL and Part A of the Circular before voting on the ordinary resolution in respect of the Proposed Exemption at the forthcoming EGM.

The following are the summary of the potential advantages and disadvantages of the Proposed Exemption: -

(A) Potential Advantages

- (i) The proposals within the Proposed Regularisation Plan are inter-conditional upon each other. The Proposed Exemption will facilitate the implementation of the Proposed Acquisition which will enable the Company to regularise its financial condition and uplift its GN3 status and allow the Company to be in compliance with the Public Shareholding Spread Requirement and Bumiputera equity requirement after the Proposed Private Placement in order to maintain its listing status on the ACE Market of Bursa Securities. As such, voting in favour of the Proposed Exemption facilitates the successful implementation of the Proposed Regularisation Plan;
- (ii) The Proposed Exemption will allow the Company to diversify its existing business into the construction services industry which provide a new source of business revenue and income to the Enlarged GNB Group.
- (iii) The Proposed Exemption will enable the existing shareholders of the Company to participate in the future growth of the Enlarged GNB Group as detailed in Section 6.2(iii) of this IAL which is led by Southern Score's experienced and technically strong management team with a proven track record in the construction services industry; and
- (iv) The Purchase Consideration is below the valuation range of Southern Score of RM258.27 million and RM275.54 million as indicated by the DCF Method and is within the range of the Comparable Companies of RM151.68 million to RM261.31 million as indicated by relative valuation.

(B) Potential Disadvantages

- (i) Given that the Proposed Acquisition and Proposed Exemption are inter-conditional upon each other and also inter-conditional upon the other proposals, in the event the Proposed Exemption is not approved by the non-interested shareholders of the Company or the SC, the Proposed Regularisation Plan would be aborted and as such the current condition of the Company will remain and any potential benefits arising from the Proposed Acquisition as detailed in Section 6.2 of this IAL will not materialise;
- (ii) The Proposed Exemption will allow shareholdings of Super Advantage and its PACs increase from nil to approximately 98.31% after the Proposed Acquisition which will in turn obtain statutory control over the Company whilst diluting the shareholdings of the non-interested shareholders of GNB from 91.80% to 1.55% after the Proposed Acquisition. With shareholdings of more than 50%, as a result of the Proposed Exemption, any further increase in the shareholdings of Super Advantage and its PACs will not be subject to a mandatory take-over offer under subparagraph 4.01(a) of the Rules;

- (iii) The Proposed Exemption would deny the opportunity for the non-interested shareholders to exit through Mandatory Offer; and
- (iv) The Enlarged GNB Group will be exposed to risk factors inherent in the business of Southern Score Group. Upon completion of the Proposed Regularisation Plan, some of these risk factors can be properly managed and mitigated.

Based on our overall evaluation, we are of the opinion that the Proposed Exemption is **fair and reasonable**.

Accordingly, we recommend that you **vote in favour** of the ordinary resolution pertaining to the Proposed Exemption to be tabled at the forthcoming EGM.

Yours faithfully
For and on behalf of
MALACCA SECURITIES SDN BHD

TAN KOK TIAM
Head
Corporate Finance

TAN POH LIN
Senior Vice President
Corporate Finance

INFORMATION ON GNB**1. HISTORY AND PRINCIPAL ACTIVITIES**

GNB was incorporated in Malaysia on 18 July 2003 under the Companies Act, 1965 and deemed registered under the Act as a private limited company under the name of GPRO Technologies Sdn Bhd. GNB was converted into a public limited company on 22 October 2003 and assumed the name of GPRO Technologies Berhad. GNB was listed on the MESDAQ Market of Bursa Securities (now known as ACE Market of Bursa Securities) on 2 June 2004. GNB subsequently changed its name to G Neptune Berhad on 7 July 2014.

GNB was involved in the information technology industry specializing in software for the apparel/textile industry while its subsidiary was involved in the trading of cosmetics, garments and electronic products. As at the LPD, GNB has ceased all its business operations.

On 30 November 2017, the Board of GNB announced that the Company has been classified as an affected listed issuer pursuant to GN3 of the Listing Requirements as it triggered the prescribed criteria under Rules 2.1(a) and (b) pursuant to GN3 of the Listing Requirements as follows: -

- (i) the shareholders' equity of the Company was less than 25% of its share capital; and
- (ii) the Company also incurred loss for one (1) full financial year after its listing, which exceeded the amount of its shareholders' equity at the end of the FPE 30 September 2017 and the shareholders' equity was less than 50% of the share capital of the Company at the end of the said financial period.

2. SHARE CAPITAL**2.1 Issued share capital**

As at the LPD, GNB has a share capital of RM9,792,835 comprising 288,750,000 GNB Shares.

As at the LPD, there is only one (1) class of shares in GNB i.e., the GNB Shares. All the GNB Shares rank *pari passu* in terms of voting rights and entitlements to any dividends, rights, allotments and/or distributions (including any capital distributions) which may be declared, made or paid to shareholders.

2.2 Changes in the issued share capital

There are no changes in the issued share capital of the Company since the end of the FYE 30 June 2021 up to the LPD.

2.3 Convertible securities

The Company does not have any outstanding options, warrants or convertible securities as at the LPD.

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholder of the Company as at the LPD is as follows: -

Name	Nationality	Direct		Indirect	
		No. of GNB Shares	%	No. of GNB Shares	%
CTP	Malaysian	23,688,000	8.20	6,300,000 ⁽¹⁾	2.18

Note: -

- (1) Deemed interested through the direct interests of his spouse's (Leong Sau Ching) and son's (Chai Yi Jian) shareholdings in the Company.

INFORMATION ON GNB (cont'd)**4. DIRECTORS**

The Directors of GNB together with their shareholdings as at the LPD are as follows: -

Name/ Nationality	Designation	Address	Direct		Indirect	
			No. of GNB Shares	%	No. of GNB Shares	%
Dato' Haji Mohd Amran bin Wahid/ Malaysian	Non- Independent Non-Executive Chairman	No. 18, Lorong Mentiga Jaya 11, Taman Mentiga Jaya, 26600 Pekan, Pahang, Malaysia	7,400,000	2.56	-	-
CTP/ Malaysian	Executive Director	22A, Lorong Seri Kuantan 17, Off Jalan Beserah, 25200 Kuantan, Pahang, Malaysia	23,688,000	8.20	6,300,000 (1)	2.18
Cheah Hannon/ Malaysian	Independent Non-Executive Director	6, Lengkok Zaaba 1, Taman Tun Dr. Ismail, 60000, Kuala Lumpur, Wilayah Persekutuan, Malaysia	-	-	-	-
Peter Ling Sie Wuong/ Malaysian	Independent Non-Executive Director	22, Jalan LE 1/1, Persiaran Lake Edge, 47160, Puchong, Selangor, Malaysia	-	-	-	-

Note: -

(1) Deemed interested through the direct interests of his spouse's (Leong Sau Ching) and son's (Chai Yi Jian) shareholdings in the Company.

5. SUBSIDIARY AND ASSOCIATED COMPANIES

As at the LPD, the Company does not have any subsidiary and associated company.

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INFORMATION ON GNB (cont'd)

6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of the GNB Group based on the audited consolidated financial statements for the past three (3) FYEs 30 June 2019 to 30 June 2021 and unaudited consolidated financial statements for the nine (9)-month FPE 31 March 2022 are as follows: -

	Audited			Unaudited
	FYE 30 June 2019	FYE 30 June 2020	FYE 30 June 2021	Nine (9)-month FPE 31 March 2022
	RM	RM	RM	RM
Revenue	-	-	-	-
(Loss)/profit before tax	(1,002,268)	(2,095,433)	(1,991,855)	1,861,934
Net (loss)/profit for the financial year/period	(1,002,268)	(2,095,433)	(1,991,855)	1,861,934
(Loss)/Profit attributable to the owners of the Company	(1,002,268)	(2,095,433)	(1,991,855)	1,861,934
No. of ordinary shares in issue	288,750,000	288,750,000	288,750,000	288,750,000
(LPS)/EPS attributable to the owners of the Company (sen): -				
- Basic and diluted	(0.35)	(0.73)	(0.69)	0.64

GNB has not declared any dividend for the past three (3) FYEs 30 June 2019 to 30 June 2021.

Save for the gain from the dissolution of Geranium of RM2.28 million, there is no exceptional item and non-controlling interest in the GNB Group's audited consolidated financial statements for the past three (3) FYEs 30 June 2019 to 30 June 2021 and unaudited consolidated financial statements for the nine (9)-month FPE 31 March 2022.

Please refer to Section 1 of Appendix II(B) of the Circular for further details of the financial information on the GNB Group.

7. STATEMENT OF ASSETS AND LIABILITIES

The statement of assets and liabilities of the GNB Group based on the audited consolidated financial statements for the past three (3) FYEs 30 June 2019 to 30 June 2021 and unaudited consolidated financial statements for the nine (9)-month FPE 31 March 2022 are as follows: -

	Audited			Unaudited
	FYE 30 June 2019	FYE 30 June 2020	FYE 30 June 2021	Nine (9)-month FPE 31 March 2022
	RM	RM	RM	RM
Assets				
Current assets				
Other receivables	-	-	-	-
Tax recoverable	39,607	39,607	-	-
Cash and bank balances	9,982	10,137	10,019	6,530
	49,589	49,744	10,019	6,530
TOTAL ASSETS	49,589	49,744	10,019	6,530
Equity and Liabilities				
Equity				
Share capital	9,792,835	9,792,835	9,792,835	9,792,835
Reserves	(13,923,150)	(16,143,969)	(18,038,586)	(15,435,757)
	(4,130,315)	(6,351,134)	(8,245,751)	(5,642,922)
Current liabilities				
Other payables and accruals	3,058,398	4,533,943	5,318,758	983,136

INFORMATION ON GNB (cont'd)

	Audited			Unaudited
	FYE 30 June 2019	FYE 30 June 2020	FYE 30 June 2021	Nine (9)-month FPE 31 March 2022
	RM	RM	RM	RM
Amount due to directors	1,121,096	1,866,506	2,936,597	4,666,316
Tax payable	410	429	415	-
TOTAL LIABILITIES	4,179,904	6,400,878	8,255,770	5,649,452
TOTAL EQUITY AND LIABILITIES	49,589	49,744	10,019	6,530

As at the LPD, there is no known material change in the financial position or prospects of the GNB Group subsequent to the latest audited consolidated financial statements for the FYE 30 June 2021.

8. ACCOUNTING POLICIES

The audited consolidated financial statements of GNB for the FYE 30 June 2019, FYE 30 June 2020 and FYE 30 June 2021 have been prepared based on approved Malaysian accounting standards.

Save as disclosed below, there was no other audit qualification for GNB's financial statements for the respective years under review: -

The external auditors had issued a disclaimer of opinion for the audited consolidated financial statements of GNB for the FYE 30 June 2019, FYE 30 June 2020 and FYE 30 June 2021 in respect of the following: -

- (i) The external auditors were unable to obtain sufficient appropriate audit evidence to confirm the accuracy of the carrying amount stated or whether any further liabilities are required to be provided in the financial statements in relation to these loan payables as the external auditors were unable to obtain external confirmations from the lenders.
- (ii) The external auditors were unable to obtain sufficient appropriate audit evidence to confirm the accuracy of the carrying amount stated or whether any further liabilities are required to be provided in the financial statements.
- (iii) The external auditors were unable to evaluate the appropriateness of management's use of going concern basis of accounting. Therefore, the external auditors are not able to form an opinion as to whether the use of going concern assumption in the preparation of the accompanying financial statements of the GNB Group and of the Company is appropriate.

There is no change in the accounting standards adopted by GNB which would result in a material variation to the comparable figures for the audited consolidated financial statements of GNB for the past three (3) FYEs 30 June 2019 to 30 June 2021.

9. CONTINGENT LIABILITIES

As at the LPD, the Company does not have any bank overdrafts or loans, or other similar indebtedness, mortgages, charges, or guarantees or other material contingent liabilities.

10. MATERIAL CONTRACTS

Further details on material contract of GNB are set out in Section 3.1 of Appendix IX of the Circular.

11. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

Further details on material litigation, claims and arbitration of GNB are set out in Section 4.1 of Appendix IX of the Circular.

INFORMATION ON GNB (cont'd)**12. HISTORICAL SHARE PRICES**

The highest and lowest closing market prices and the closing prices at the end of each month of the GNB Shares for the period commencing from January 2021 (being six (6) months before the announcement of the Proposed Regularisation Plan on 9 July 2021) up to the LPD are set out below:

-

	High RM	Low RM	Closing price as at the end of the month RM
2021			
January	_*	_*	_*
February	_*	_*	_*
March	_*	_*	_*
April	_*	_*	_*
May	_*	_*	_*
June	_*	_*	_*
July	_*	_*	_*

(Source: Bloomberg)

Note: -

* The trading of the existing GNB Shares on the ACE Market of Bursa Securities has been suspended with effect from 14 December 2020 and will continue to be suspended up to the completion of the Proposed Regularisation Plan.

The last transacted market price of GNB Shares on 11 December 2020 (being the last trading date of the existing GNB Shares on the ACE Market of Bursa Securities) was RM0.015 per GNB Share.

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INFORMATION ON SUPER ADVANTAGE**1. HISTORY AND PRINCIPAL ACTIVITIES**

Super Advantage was incorporated in Malaysia on 30 September 2014 under Companies Act, 1965 and deemed registered under the Act as a private limited company, under its present name.

Super Advantage is principally involved in investment holding.

2. SHARE CAPITAL

As at the LPD, Super Advantage has an issued share capital of RM1,000 comprising 1,000 ordinary shares in Super Advantage.

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of Super Advantage as at the LPD are as follows: -

Name	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Tan Sri Datuk Seri Gan Yu Chai	Malaysian	800	80.00	200 ⁽¹⁾	20.00
Gan Yee Hin	Malaysian	200	20.00	-	-

Note: -

(1) Deemed interested through the direct interests of his son's (Gan Yee Hin) shareholding in Super Advantage.

Tan Sri Datuk Seri Gan Yu Chai and Gan Yee Hin are the PACs of Super Advantage.

4. DIRECTORS

The directors of Super Advantage together with their shareholdings as at the LPD are as follows: -

Name/Nationality	Designation	Address	Direct		Indirect	
			No. of shares	%	No. of shares	%
Tan Sri Datuk Seri Gan Yu Chai/ Malaysian	Director	No. 1, Jalan Perdana 2/16, Pandan Perdana, 55300 Kuala Lumpur, Wilayah Persekutuan, Malaysia	800	80.00	200 ⁽¹⁾	20.00
Gan Yee Hin/ Malaysian	Director	No. 1, Jalan Perdana 2/16, Pandan Perdana, 55300 Kuala Lumpur, Wilayah Persekutuan, Malaysia	200	20.00	-	-

Note: -

(1) Deemed interested through the direct interests of his son's (Gan Yee Hin) shareholding in Super Advantage.

INFORMATION ON SUPER ADVANTAGE (cont'd)**5. SUBSIDIARY AND ASSOCIATED COMPANIES**

The subsidiary of Super Advantage as at the LPD is as follows: -

Name of company	Country of incorporation	Effective equity interest (%)	Principal activities
Southern Score	Malaysia	100	Principally involved in the provision of construction services mainly for high-rise residential buildings

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

6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of Super Advantage based on the audited financial statements for the past three (3) FYEs 31 December 2019 to 31 December 2021 are as follows: -

	Audited		
	FYE 31 December 2019	FYE 31 December 2020	FYE 31 December 2021
	RM	RM	RM
Revenue	47,997,036	148,807,528	285,000,645
PBT	9,385,349	25,505,917	46,424,152
PAT	6,867,729	19,190,613	35,114,517
Profit attributable to the owners of Super Advantage	6,867,729	19,190,613	35,114,517
No. of ordinary shares in issue	1,000	1,000	1,000
EPS attributable to the owners of Super Advantage (RM): -			
- Basic and diluted	6,867.73	19,190.61	35,114.52
Net dividend per ordinary shares in Super Advantage (RM)	-	14,800	25,000

There is no exceptional item and non-controlling interest in Super Advantage's audited financial statements for the past three (3) FYEs 31 December 2019 to 31 December 2021.

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INFORMATION ON SUPER ADVANTAGE (cont'd)**7. STATEMENT OF ASSETS AND LIABILITIES**

The statement of assets and liabilities of Super Advantage based on the audited financial statements for the past three (3) FYEs 31 December 2019 to 31 December 2021 are as follows: -

	Audited		
	FYE 31 December 2019	FYE 31 December 2020	FYE 31 December 2021
	RM	RM	RM
Non-current assets			
Property, plant and equipment	295,359	365,939	823,878
Associate	-	-	257,983
	295,359	365,939	1,081,861
Current assets			
Trade receivables	35,297,714	59,770,371	71,251,409
Contract assets	3,334,792	16,648,168	21,514,696
Other receivables, deposits and prepayment	620,912	1,551,664	5,603,420
Current tax assets	1,734,106	-	-
Cash and bank balances	6,209,507	2,733,439	4,169,605
	47,197,031	80,703,642	102,539,130
TOTAL ASSETS	47,492,390	81,069,581	103,620,991
Equity and Liabilities			
Equity			
Share capital	1,000	1,000	1,000
Retained profits	6,845,889	11,236,502	21,351,019
	6,846,889	11,237,502	21,352,019
Non-current liabilities			
Lease liability	-	-	126,347
Deferred taxation	11,617	30,000	68,000
	11,617	30,000	194,347
Current liabilities			
Trade payables	27,011,942	53,260,833	74,033,807
Contract liabilities	8,067,582	-	462,637
Other payables and accruals	1,198,314	1,115,512	3,406,125
Lease liability	3,177,655	-	33,690
Amount owing to a director	1,178,391	-	-
Proposed dividend	-	14,800,000	-
Current tax liabilities	-	625,734	4,138,366
	40,633,884	69,802,079	82,074,625
TOTAL LIABILITIES	40,645,501	69,832,079	82,268,972
TOTAL EQUITY AND LIABILITIES	47,492,390	81,069,581	103,620,991

As at the LPD, there is no known material change in the financial position or prospects of Super Advantage subsequent to the latest audited financial statements for the FYE 31 December 2021.

8. ACCOUNTING POLICIES

The audited financial statements of Super Advantage for the FYE 31 December 2019, FYE 31 December 2020 and FYE 31 December 2021 have been prepared based on approved Malaysian accounting standards and there was no audit qualification for Super Advantage's financial statements for the respective years under review.

There is no change in the accounting standards adopted by Super Advantage which would result in a material variation to the comparable figures for the audited financial statements of Super Advantage for the past three (3) FYEs 31 December 2019, FYE 31 December 2020 and 31 December 2021.

FURTHER INFORMATION**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This IAL has been seen, reviewed and accepted by the Board of GNB. The Board of GNB, collectively and individually accept full responsibility for the accuracy of all information contained in this IAL (save for the assessment, evaluation and opinion by Malacca Securities) and confirms, after having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the document have been arrived at after due and careful consideration and there are no other facts not contained in this IAL, the omission of which would make any information in this IAL misleading.

The responsibility of the Board of GNB in respect of: -

- (i) the information relating to Super Advantage and its PACs is limited to ensuring that such information is accurately reproduced in this IAL;
- (ii) the information relating to Southern Score and the Vendor (as extracted from Part A of the Circular) is limited to ensuring that such information is accurately reproduced in this IAL; and
- (iii) the independent advice and expression of opinion by Malacca Securities in relation to the Proposed Exemption is limited to ensuring that accurate information in relation to GNB was provided to Malacca Securities for its evaluation of the Proposed Regularisation Plan and to ensure that all information in relation to GNB that are relevant to Malacca Securities' evaluation of the Proposed Regularisation Plan have been completely disclosed to Malacca Securities and that there is no material fact, the omission of which would make any information provided to Malacca Securities false or misleading.

2. DISCLOSURE OF INTEREST AND DEALING IN SHARES**2.1 By the directors of Super Advantage, Super Advantage and its PACs****(i) Interest in GNB**

As at the LPD, the directors of Super Advantage, Super Advantage and its PACs do not have any interest, whether direct or indirect, in any voting shares or convertible securities of GNB.

(ii) Dealings in the voting shares or convertible securities of GNB

The directors of Super Advantage, Super Advantage and its PACs have not dealt, directly or indirectly, in any voting shares or convertible securities of GNB during the period commencing six (6) months prior to the Announcement and ending on the LPD.

2.2 By persons who, prior to the sending of the Circular, have irrevocably committed to vote in favour or against the Proposed Exemption

As at the LPD, there are no persons who, prior to the sending of the Circular, have irrevocably committed to vote in favour or against the Proposed Exemption.

2.3 By persons with whom Super Advantage or any PAC has any arrangement

As at the LPD, there is no person with whom Super Advantage or any PAC has entered into any arrangement including any arrangement involving rights over GNB Shares, any indemnity arrangement, and any agreement or understanding, formal or informal, or whatever nature, relating to GNB Shares which may be an inducement to deal or refrain from dealing.

FURTHER INFORMATION (cont'd)**2.4 By persons with whom Super Advantage or any PAC has borrowed or lent**

As at the LPD, there are no persons with whom Super Advantage or any PAC has borrowed or lent any voting shares or convertible securities of GNB.

2.5 By GNB and the Directors of GNB**(i) Interest in Super Advantage and its PACs**

As at the LPD, GNB and the Directors of GNB do not have any interest, whether direct or indirect, in any voting shares or convertible securities of Super Advantage and its PACs.

(ii) Dealings in the voting shares or convertible securities of Super Advantage and its PACs

GNB and the Directors of GNB have not dealt, directly or indirectly, in any voting shares or convertible securities of Super Advantage and its PACs during the period commencing six (6) months prior to the Announcement and ending on the LPD.

(iii) Dealings in the voting shares or convertible securities of GNB

GNB and the Directors of GNB have not dealt, directly or indirectly, in any voting shares or convertible securities of GNB during the period commencing six (6) months prior to the Announcement and ending on the LPD.

2.6 By persons with whom GNB or any persons acting in concert with it has any arrangement

As at the LPD, there is no person with whom GNB or any persons acting in concert with it has entered into any arrangement including any arrangement involving rights over GNB Shares, any indemnity arrangement, and any agreement or understanding, formal or informal, or whatever nature, relating to GNB Shares which may be an inducement to deal or refrain from dealing.

2.7 By persons with whom GNB or any persons acting in concert with it has borrowed or lent

As at the LPD, there are no persons with whom GNB or any persons acting in concert with it has borrowed or lent any voting shares or convertible securities of GNB.

2.8 By Malacca Securities and funds whose investments are managed by Malacca Securities on a discretionary basis

As at the LPD, Malacca Securities is not involved in management of funds on a discretionary basis.

3. ARRANGEMENT AFFECTING DIRECTORS OF GNB

- (i) As at the LPD, no payment or other benefit which will be made or given to any Director of GNB as compensation for loss of office or otherwise in connection with the Proposed Exemption.
- (ii) As at the LPD, there is no agreement or arrangement between any Director of GNB and any other person which is conditional on or dependent upon the outcome of the Proposed Exemption or otherwise connected with the outcome of the Proposed Exemption.
- (iii) As at the LPD, Super Advantage and its PACs have not entered into any material contract in which any Director of GNB has a material personal interest.

FURTHER INFORMATION (cont'd)

- (iv) As at the LPD, there is no agreement, arrangement or understanding exists between Super Advantage and its PACs and any Directors or recent Directors of GNB, holders of voting shares or voting rights or recent holders of voting shares or voting rights of GNB having any connection with or dependence upon the Proposed Exemption, including full particulars of the agreement, arrangement or understanding.

4. SERVICE CONTRACTS

As at the LPD, GNB and/or its subsidiaries do not have any service contracts with any Directors or proposed Directors of the GNB Group, which have been entered into or amended within six (6) months before the Announcement or which are fixed term contracts with more than twelve (12) months to run.

For the purposes of this section, the term “service contracts” excludes those expiring or determinable by the employing company without payment of compensation within twelve (12) months from the date of this IAL.

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PART C

**LETTER TO OUR SHAREHOLDERS IN RELATION TO THE
PROPOSED CHANGE OF NAME**

G NEPTUNE BERHAD
(Registration No. 200301019817 (622237-D))
(Incorporated in Malaysia)

Registered Office:

Unit 621, 6th Floor, Block A
Kelana Centre Point
No. 3 Jalan SS7/19, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan

22 August 2022

Board of Directors

Dato' Haji Mohd Amran Bin Wahid (*Non-Independent Non-Executive Chairman*)
Chai Tham Poh (*Executive Director*)
Cheah Hannon (*Independent Non-Executive Director*)
Peter Ling Sie Wuong (*Independent Non-Executive Director*)

To: Shareholders of GNB

Dear Shareholders,

PROPOSED CHANGE OF NAME

1. INTRODUCTION

On 8 August 2022, the Board of GNB announced that the Company is proposing to change its name from "G Neptune Berhad" to "Southern Score Builders Berhad".

THE PURPOSE OF PART C OF THIS CIRCULAR IS TO PROVIDE SHAREHOLDERS OF GNB WITH THE DETAILS OF THE PROPOSED CHANGE OF NAME AND TO SEEK APPROVAL FROM GNB'S SHAREHOLDERS FOR THE SPECIAL RESOLUTION PERTAINING TO THE PROPOSED CHANGE OF NAME TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

GNB'S SHAREHOLDERS ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF PART C OF THIS CIRCULAR BEFORE VOTING ON THE SPECIAL RESOLUTION PERTAINING TO THE PROPOSED CHANGE OF NAME TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS AND RATIONALE OF THE PROPOSED CHANGE OF NAME

The Proposed Change of Name entails the change of the Company's name to "Southern Score Builders Berhad". The Proposed Change of Name is undertaken to better reflect the Company's corporate identity moving forward whereby it will be principally involved in the provision of construction management services including the construction of buildings.

In conjunction with the Proposed Change of Name, the Constitution of the Company will be amended accordingly. All references in the Constitution wherever the name of "G Neptune Berhad" appears shall be deleted and substituted with "Southern Score Builders Berhad".

3. EFFECTS OF THE PROPOSED CHANGE OF NAME

The Proposed Change of Name will not have any effect on the issued share capital, NA and gearing, earnings as well as Substantial Shareholders' shareholdings of the Enlarged GNB Group.

4. APPROVAL REQUIRED

The use of the proposed name "Southern Score Builders Berhad" was approved and reserved by the CCM on 19 July 2022, in which the reservation of name is valid for a period of 30 days from 19 July 2022 ("**Validity Period**"). Subsequently, the Validity Period was extended by 150 days to 15 January 2023. The Proposed Change of Name is subject to the approval being obtained from the shareholders of GNB at the forthcoming EGM.

The Proposed Change of Name, if approved by the shareholders of GNB, will be effective from the date of issuance of the Notice of Registration of New Name by the CCM.

5. CONDITIONS OF THE PROPOSED CHANGE OF NAME

The Proposed Change of Name is conditional upon the Proposed Regularisation Plan, but not vice versa.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND PERSONS CONNECTED WITH THEM

None of the directors, major shareholders, chief executive of GNB and persons connected with them has any direct or indirect interest in the Proposed Change of Name.

7. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board of GNB is of the opinion that the Proposed Change of Name is in the best interest of the Company and its shareholders, after considering all of their aspects, including but not limited to rationale and effects of the of the Proposed Change of Name

Accordingly, the Board of GNB recommends that you vote in favour of the special resolution in relation to the Proposed Change of Name to be tabled at the forthcoming EGM.

8. EGM

The EGM, the notice of which is enclosed in this Circular together with the Form of Proxy, is scheduled to be held at the Boardroom 4, Level 3, Eastin Hotel Kuala Lumpur, No. 13, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 13 September 2022 at 11.30 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the special resolution to give effect to the Proposed Change of Name.

If you are unable to attend and vote in person at the EGM, you may complete and return the enclosed Form of Proxy in accordance with the instructions contained thereon, so as to arrive at the Company's Share Registrar, Mega Corporate Services Sdn. Bhd, Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan, not less than 48 hours before the time set for holding the EGM or any adjournment thereof.

The proxy appointment may also be submitted electronically via mega-sharereg@megacorp.com.my, not less than 48 hours before the time for holding the meeting or any adjournment thereof.

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

Yours faithfully,
For and on behalf of the Board
G NEPTUNE BERHAD

DATO' HAJI MOHD AMRAN BIN WAHID
Non-Independent Non-Executive Chairman

SALIENT TERMS OF THE DEFINITIVE AGREEMENTS

SECTION A: SSA

The salient terms of the SSA include *amongst others*, the following:

The salient terms of the CGA include amongst others, the following.

Parties	<table><tr><td>Purchaser</td><td>:</td><td>G Neptune Berhad</td></tr><tr><td>Vendor</td><td>:</td><td>Super Advantage Property Sdn Bhd</td></tr></table> <p>(Purchaser and Vendor are collectively referred to as "Parties")</p>	Purchaser	:	G Neptune Berhad	Vendor	:	Super Advantage Property Sdn Bhd
Purchaser	:	G Neptune Berhad					
Vendor	:	Super Advantage Property Sdn Bhd					
Purchase consideration and mode of settlement	The purchase consideration for 1,000,000 Southern Score Shares, representing 100% equity interest in Southern Score ("Sale Shares") for a Purchase Consideration of RM252,000,000 to be satisfied by the issuance of 1,680,000,000 Consideration Shares at an issue price of RM0.15 each which has been determined on a willing-buyer and willing-seller basis and based on the independent fairness assessment by Malacca Securities on the business of the Target Group.						
Moratorium	<p>The Vendor agrees and undertakes to the Purchaser that the Consideration Shares will be subjected to moratorium during the Moratorium Period and it shall not sell and/or create any Encumbrances over the Consideration Shares during the Moratorium Period.</p> <p>"Encumbrance" means any form of legal, equitable, or security interests, including but not limited to any mortgage, assignment of receivables, debenture, lien, charge, pledge, title retention, right to acquire, security interest, hypothecation, option, right of first refusal, any preference arrangement (including title transfers and retention arrangements or otherwise), any other encumbrance or condition whatsoever, or any other arrangements having similar effect.</p> <p>"Moratorium Period" refers to the moratorium period as set out in Rule 3.19 of the Listing Requirements.</p>						
Conditions precedent	<p>(i) Conditions</p> <p>(a) The Parties agree that the Proposed Acquisition is conditional upon the effective fulfilment of the following conditions precedent ("Conditions Precedent"):</p> <ol style="list-style-type: none">1. There are no material adverse findings on the Target Group based on the results of the legal due diligence inquiry to be conducted on the Target Group by the Purchaser's representatives.2. The approval of the SC's Equity Compliance Unit in relation to the resultant Bumiputera equity structure of the Purchaser under the Bumiputera equity requirement for public listed companies pursuant to the Proposed Regularisation Plan.3. The approval-in-principle of Bursa Securities in relation to the Proposed Regularisation Plan.4. The approval of the shareholders and the board of directors of the Purchaser for the Proposed Acquisition and the allotment and issuance of the Consideration Shares to the Vendor and/or their nominee(s) as may be nominated by the Vendor in writing pursuant to the Proposed Acquisition.						

SALIENT TERMS OF THE DEFINITIVE AGREEMENTS (Cont'd)

	<p>5. The approval of the directors of the Target Company for the:</p> <ul style="list-style-type: none"> • transfer of the Sale Shares to the Purchaser; • registration of the Sale Shares under the name of the Purchaser in the register of members of the Target Company; and • issuance of new share certificates in respect of the Sale Shares to the purchaser upon the Completion. <p>6. The approval of the shareholders of the Purchaser for the Proposed Regularisation Plan.</p> <p>7. The approval of the shareholders of the Target Company for the Proposed Regularisation Plan.</p> <p>8. Any consents or approvals necessary from any governmental or regulatory body or competent authority or third party having jurisdiction over the sale of the Sale Shares having been granted, waived or obtained.</p> <p>9. The discharge of any Encumbrance in respect of the Sale Shares supported by the relevant certificate and/or documents evidencing the satisfaction of such charges as may be filed or registered with the relevant authority, if applicable.</p> <p>10. The execution the PGA.</p> <p>11. The execution of an escrow agreement between the Vendor, the Purchaser and an escrow agent to be jointly appointed with respect to the dealings on the security shares as security for the performance of Profit Guarantee.</p> <p>(b) The Parties undertake to procure the fulfilment of the Conditions Precedent that are applicable to them within 9 months from the date of the SSA or such other dates the Parties may mutually agree in writing ("Conditional Period").</p> <p>(c) The Purchaser and the Vendor may by mutual agreement at any time waive in whole or in part and conditionally or unconditionally any of the Conditions Precedent.</p> <p>(ii) Application for approvals</p> <p>Each Party will do all things and provide all necessary information reasonably required by the other Party or the relevant authorities to assist the other Party to apply to the relevant authorities.</p> <p>(iii) Terms of approvals of relevant authorities</p> <p>(a) Subject to subparagraph (iii)(b) as set out below, the Parties agree that any document from any relevant authority stating that it has no objection to the Proposed Acquisition constitute an approval by that relevant authority.</p>
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SALIENT TERMS OF THE DEFINITIVE AGREEMENTS (*Cont'd*)

	<p>(b) If an approval from relevant authority ("Regulatory Approval") contains or is subject to one or more term(s) or condition(s) which adversely affect any party in a material way and is not acceptable to that affected party ("Affected Party"), the Affected Party may within 14 days from the date of its receipt of that term(s) or condition(s), notify the other Party in writing that the term(s) or condition(s) is not acceptable ("Rejection or Appeal Notice"), in which event appeal shall be made to the relevant authority to vary the unacceptable term(s) or condition(s). Such appeal shall be submitted by the Party who made the original application for the said Regulatory Approval (or if more appropriate, the Affected Party). Alternative to the submission of a Rejection or Appeal Notice to the Regulatory Approval, the Parties may in good faith renegotiate and vary, supplement or amend the terms and conditions of the SSA by way of mutual agreement subject always to the approval of the relevant authority.</p> <p>(c) If no Rejection or Appeal Notice is given as per set out in subparagraph (iii)(b) above, an approval will be deemed to have been obtained.</p> <p>(d) If a Rejection or Appeal Notice is given by any Party under subparagraph (iii)(b) above, that Regulatory Approval will not be deemed to be obtained for the purpose of the paragraphs as set out in this row titled "Conditions Precedents" as set out in the SSA, until the relevant authority accedes to the request for variation or a Notice of Withdrawal & Acceptance (hereinafter defined) is served by the Affected Party. In the event the relevant authority does not accede to the request for variation, the relevant Condition Precedent shall be deemed not to be met and/or fulfilled unless the Affected Party, within 5 Business Days of the receipt of the decision of the relevant authority, by notice in writing to the other Party withdraw Rejection or Appeal Notice of and accept the term(s) or condition(s) concerned ("Notice of Withdrawal & Acceptance"), whereupon the corresponding Condition Precedent shall be deemed to have been met and fulfilled on the date of the Notice of Withdrawal & Acceptance.</p> <p>(e) If a Regulatory Approval is subject to the approval or consent of another relevant authority, the provisions of this paragraph (iii) above shall mutatis mutandis apply to the obtaining of such further approval or consent.</p> <p>(iv) Non-fulfilment of the Conditions Precedent</p> <p>Subject to the terms of the SSA, unless specifically waived by the Purchaser and Vendor, if any of the Conditions Precedent are not fulfilled and/or waived before the expiry of the Conditional Period, the SSA shall cease and determine, no party shall have any claims against the other for costs, damages, compensations or otherwise, save for any antecedent breach of any representation, undertaking and/or any of the terms of the SSA.</p> <p>(v) SSA becomes unconditional</p> <p>When all the Conditions Precedent are fulfilled and/or waived, the Proposed Acquisition will become unconditional.</p>
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SALIENT TERMS OF THE DEFINITIVE AGREEMENTS (Cont'd)

Purchaser's and Vendor's obligations on Completion	<p>(i) Completion of the SSA ("Completion") will take place 2 months from the SSA Unconditional Date or such other date as may be mutually agreed in writing by the Parties ("SSA Completion Date").</p> <p>"SSA Unconditional Date" refers to the date on which the last of the Conditions Precedent under the SSA is fulfilled or waived in accordance with the SSA.</p> <p>(ii) On the SSA Completion Date, the Vendor must deliver to the Purchaser or the Purchaser's solicitors the following documents ("Completion Documents"):</p> <ul style="list-style-type: none"> • share certificates for the Sale Shares; • transfer forms in respect of the Sale Shares which are duly executed by the relevant Vendor as transferor; • undated board of directors' resolution of the Target Company approving the registration of the transfer in respect of the Sale Shares and the issuance of new share certificates in favour of the Purchaser; • undated board of directors' resolution of the Purchaser for the appointment of such persons as the Vendor may nominate as directors of the Purchaser; and • undated resignation letters of all the directors of the Purchaser stating amongst others the relinquishment of their directorships and other official positions in the Purchaser (as the case may be), the handover of full control of the board of the Purchaser to the Vendor and there shall be no claim and/or demand on such relinquishment and handover of such control. <p>(iii) Upon the Vendor completing their obligations under paragraph (ii) above, the Purchaser in exchange of the Completion Documents must on the SSA Completion Date, allot and issue the Consideration Shares to the Vendor and credit the relevant Consideration Shares into the Vendor's CDS Account.</p> <p>"Central Depository" means Bursa Malaysia Depository Sdn Bhd or such other depository as may be approved by the relevant authorities to be a central depository under the Securities Industry (Central Depositories) Act 1991.</p> <p>"CDS Account" means a securities account established by the Central Depository for a depositor pursuant to the Securities Industry (Central Depositories) Act 1991 and the rules and regulations of the Central Depository for recording of deposits of securities and dealing in such securities by the depositor.</p>
Termination	<p>Vendor's remedies prior to Completion</p> <p>In the event:</p> <p>(i) the Purchaser fails to complete the purchase of the Sale Shares; or</p> <p>(ii) if prior to completion it shall be found that the Purchaser has breached any term of the SSA and which if capable of being remedied is not remedied within 30 days from the Purchaser's receipt of a written notice from the Vendor,</p> <p>without prejudice to the Vendor's right to seek specific performance against the Purchaser, the Vendor shall be entitled to by notice in writing to the Purchaser to terminate the SSA.</p>

SALIENT TERMS OF THE DEFINITIVE AGREEMENTS (*Cont'd*)

	<p>Purchaser's remedies prior to Completion</p> <p>In the event:</p> <ul style="list-style-type: none"> (i) the Vendor failing to complete the sale of the Sale Shares; or (ii) if prior to completion it shall be found that the Vendor has breached any term of the SSA and which if capable of being remedied is not remedied within 30 days from the Vendor's receipt of a written notice from the Purchaser, and such breach results in a Material Adverse Effect, <p>without prejudice to the Purchaser's right to seek specific performance against the Vendor, the Purchaser shall be entitled to by notice in writing to the Vendor to terminate the SSA.</p> <p>"Material Adverse Effect" means, in relation any event, occurrence, or circumstances:</p> <ul style="list-style-type: none"> (a) a material adverse effect on the assets, business, liabilities (actual or contingent), operations or condition (financial or otherwise), of Southern Score which is not remediable or rectifiable before Completion; or (b) an adverse prohibitive effect on the ability of the Vendor or the Purchaser (as applicable) to perform or comply with its obligations under the SSA to effect completion which is not remediable or rectifiable before completion. <p>Purchaser's remedies after Completion</p> <p>Unless otherwise expressly provided in the SSA, the Purchaser acknowledges and agrees that after completion of the Proposed Acquisition, the only remedy they have against the Vendor for any breach of the Vendor's warranties or any breach of its covenants or obligations of the Vendor shall be only the right to claim damages against the Vendor for loss suffered.</p>
Governing law	Laws of Malaysia

SECTION B: PGA

The salient terms of the PGA include *amongst others*, the following:

Parties	<table><tr><td>Purchaser</td><td>:</td><td>G Neptune Berhad</td></tr><tr><td>Vendor</td><td>:</td><td>Super Advantage Property Sdn Bhd</td></tr></table>		Purchaser	:	G Neptune Berhad	Vendor	:	Super Advantage Property Sdn Bhd
	Purchaser	:	G Neptune Berhad					
	Vendor	:	Super Advantage Property Sdn Bhd					
(Purchaser and Vendor are collectively referred to as “Parties”)								
Effective date	The PGA is conditional and shall be effective only upon the completion of the Proposed Acquisition (“Completion”).							
Profit Guarantee	<div>(i) In consideration of the Purchaser agreeing to purchase 1,000,000 Southern Score Shares, representing 100% equity interest in Southern Score (“Sale Shares”) in accordance with the terms of the SSA from the Vendor, the Vendor covenants with and undertakes to the Purchaser that:<div>(a) the Southern Score Group shall achieve a minimum PAT of RM10,000,000 for FYE 31 December 2022 (“FYE 2022 Guaranteed Profit”);</div></div>							

SALIENT TERMS OF THE DEFINITIVE AGREEMENTS (Cont'd)

	<p>(b) the Southern Score Group shall achieve a minimum PAT of RM20,000,000 for FYE 31 December 2023 ("FYE 2023 Guaranteed Profit"); and</p> <p>(c) the Southern Score Group shall achieve a minimum PAT of any shortfall of the profit guarantee for FYE 31 December 2024 ("FYE 2024 Guaranteed Profit"),</p> <p>which shall be equivalent to RM80,000,000 on a cumulative basis for the period of FYE 2022 to FYE 2024 ("Profit Guarantee Period").</p> <p>(collectively the "Profit Guarantee").</p> <p>The PAT shall be based on the accounts as may be verified, approved and certified by the auditors of the Southern Score Group by way of confirmation in writing to the Purchaser ("Certified Accounts") which shall in the absence of manifest error be conclusive, final and binding on the Parties</p> <p>(ii) As security for the performance of Profit Guarantee, the Vendor and the Purchaser agree that the Security Shares which is of value equivalent to the Profit Guarantee as calculated based on the issue price of the Consideration Shares as per the SSA shall be deposited into the CDS Account of the Escrow Agent on Completion and the Escrow Agent shall be duly authorised to deal with the Security Shares in the manner as set out in the paragraphs under the row titled "Release of Security Shares" below and the Escrow Agreement.</p> <p>"Central Depository" means Bursa Malaysia Depository Sdn Bhd or such other depository as may be approved by the relevant authorities to be a central depository under the Securities Industry (Central Depositories) Act 1991.</p> <p>"CDS Account" means a securities account established by the Central Depository for a depositor pursuant to the Securities Industry (Central Depositories) Act 1991 and the rules and regulations of the Central Depository for recording of deposits of securities and dealing in such securities by the depositor.</p> <p>"Consideration Shares" means 1,680,000,000 new ordinary shares of the Purchaser as may be allotted and issued by the Purchaser to the Vendor as satisfaction of the purchase consideration for the Sale Shares in accordance with the terms of the SSA.</p> <p>"Escrow Agent" means an escrow agent as may be jointly appointed by the Vendor and the Purchaser to hold the Security Shares in accordance with the terms of the Escrow Agreement.</p> <p>"Escrow Agreement" means an escrow agreement as may be entered into between the Vendor, the Purchaser and the Escrow Agent with respect to the appointment of the Escrow Agent as custodian for the Security Shares, incorporating the agreed arrangement as set out in this Agreement.</p> <p>"Security Shares" means 533,333,333 of the Consideration Shares which are held by the Escrow Agent as security for the performance of the Profit Guarantee.</p>
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SALIENT TERMS OF THE DEFINITIVE AGREEMENTS (Cont'd)

Release of Security Shares

(i) The Security Shares shall be dealt with in the following manner:

- (a) the PAT of the Group as provided for in the Certified Accounts for FYE 2022 shall accrue towards the Profit Guarantee, and no Security Shares shall be released to the Vendor
- (b) the PAT of the Group as provided in the Certified Accounts for FYE 2023 shall accrue towards the Profit Guarantee. Subject always to the Group achieving a minimum PAT of RM10,000,000 for FYE 2022 and a minimum PAT of RM20,000,000 for FYE 2023:
 - (1) the Escrow Agent shall be duly authorised to release up to 30% of the Security Shares (i.e. up to 160,000,000 Security Shares) ("**Releasable Security Shares**") by crediting the relevant number of Security Shares into the Vendor's CDS Account within 7 Business Days upon the receipt of the Certified Accounts for FYE 2023 provided that value of the remaining 70% of the Security Shares (based on the 5D-VWAP preceding the Observation Date) ("**Retained Security Shares**") is not less than the balance Profit Guarantee to be achieved by the Group as set out in Illustration 1 below; or
 - (2) In the event that the value of the Retained Security Shares is less than the balance Profit Guarantee to be achieved by the Group, the Escrow Agent shall continue to hold such number of Retained Security Shares (the value for which shall be equivalent to the balance Profit Guarantee of RM50,000,000 to be achieved by the Group for FYE 2024 based on the 5D-VWAP preceding the Observation Date) and shall only be authorised to release to the Vendor such number of Releasable Security Shares that are not retained by the Escrow Agent pursuant to this subparagraph (2) as set out in Illustration 2 below.

"**5D-VWAP**" means the 5-day volume weighted average market price of the shares of the Purchaser.

"**Business Day**" means a day on which commercial banks are open for business in Kuala Lumpur, Malaysia (excluding Saturdays, Sundays and public holidays).

"**Observation Date**" means the next Business Day after the receipt by the Purchaser of the Certified Accounts for the relevant FYE 31 December.

Illustration 1:

$$(A \times B) > C$$

A	:	Number of Retained Security Shares
B	:	VWAP preceding the Observation Date
C	:	balance Profit Guarantee to be achieved by the Group

For illustration purposes:

SALIENT TERMS OF THE DEFINITIVE AGREEMENTS (Cont'd)

	<p>Assumptions:</p> <p>(1) The PAT of the Group as provided in the Certified Accounts for FYE 2022 reflects that the PAT for FYE 2022 is RM10,000,000.</p> <p>(2) The PAT of the Group as provided in the Certified Accounts for FYE 2023 reflects that the PAT for FYE 2023 is RM20,000,000.</p> <p>(3) The number of Retained Security Shares is 373,333,333 Security Shares.</p> <p>(4) The VWAP preceding the Observation Date is RM0.15.</p> <p>(5) The balance Profit Guarantee to be achieved by the Group is RM50,000,000.</p> <p>Value of the Retained Security Shares (RM56,000,000) > Value of the balance Profit Guarantee (RM50,000,000)</p> <p>Based on the illustration above, the Escrow Agent shall be duly authorised to release the maximum number of Releasable Security Shares to the Vendor as the value of the Retained Security Shares is greater than the value of the remaining Profit Guarantee to be achieved by the Group for FYE 2024.</p> <p><u>Illustration 2:</u></p> <p>$(D \times E) < F$</p> <table><tr><td>D</td><td>:</td><td>Number of Retained Security Shares</td></tr><tr><td>E</td><td>:</td><td>VWAP preceding the Observation Date</td></tr><tr><td>F</td><td>:</td><td>balance Profit Guarantee to be achieved by the Group</td></tr></table> <p>For illustration purposes:</p> <p>Assumptions:</p> <p>(1) The PAT of the Group as provided in the Certified Accounts for FYE 2022 reflects that the PAT for FYE 2022 is RM10,000,000.</p> <p>(2) The PAT of the Group as provided in the Certified Accounts for FYE 2023 reflects that the PAT for FYE 2023 is RM20,000,000.</p> <p>(3) The number of Retained Security Shares is 373,333,333 Security Shares.</p> <p>(4) The value of the Security Shares based on the VWAP preceding the Observation Date is RM0.10.</p> <p>The balance Profit Guarantee to be achieved by the Group is RM50,000,000.</p>	D	:	Number of Retained Security Shares	E	:	VWAP preceding the Observation Date	F	:	balance Profit Guarantee to be achieved by the Group
D	:	Number of Retained Security Shares								
E	:	VWAP preceding the Observation Date								
F	:	balance Profit Guarantee to be achieved by the Group								

SALIENT TERMS OF THE DEFINITIVE AGREEMENTS (Cont'd)

	<p>Value of the Retained Security Shares (RM37,333,333) < Value of the balance Profit Guarantee (RM50,000,000)</p> <p>Based on the illustration above, the value of the Retained Security Shares is not greater than the value of the balance Profit Guarantee to be achieved by the Group for FYE 2024. As such, the following shall apply:</p> <p>(i) the Escrow Agent shall retain 500,000,000 Security Shares ("Retained Security Shares") (which, based on the VWAP preceding the Observation date, will be equivalent to the balance Profit Guarantee of RM50,000,000 to be achieved by the Group for FYE 2024); and</p> <p>(ii) the Escrow Agent shall therefore be authorised to release only 33,333,333 Releasable Security Shares (being the total number of Security Shares minus the Retained Security Shares) to the Vendor.</p> <p>Upon the expiry of the Profit Guarantee Period, the Escrow Agent shall release the remaining of the Retained Security Shares as may have been retained by the Purchaser subject always to subparagraph (iv) below.</p> <p>(ii) In the event the Certified Accounts for FYE 2022 and/or FYE 2023 (as the case may be) reflects LAT, the Escrow Agent shall immediately issue a written notice to the Vendor on the losses for the relevant FYE and such losses shall be carried forward to the next FYE within the Profit Guarantee Period. For the avoidance of doubt, the Vendor shall not be required to compensate the shortfall for the PAT for FYE 2022 and/or FYE 2023 (as the case may be).</p> <p>"LAT" means the consolidated audited losses after tax of the Group.</p> <p>(iii) In the event the Group's PAT is less than RM80,000,000.00 cumulatively upon the expiry of the Profit Guarantee Period based on the Certified Accounts for FYE 2022, FYE 2023 and FYE 2024 collectively which the Certified Accounts for FYE 2024 shall be submitted to the Escrow Agent by the Vendor no later than 90 days from the conclusion of FYE 2024, the Escrow Agent shall issue a written notice to the Vendor on the shortfall ("Shortfall Notice") and:</p> <p>(a) the Vendor shall have the option to compensate the shortfall in Profit Guarantee in cash by way of payment to the Target Company (whether in full or part thereof) ("Cash Compensation") during a period of 30 days from the date of the Vendor's receipt of the Shortfall Notice ("Cash Compensation Period"). The Vendor shall notify the Escrow Agent of its payment, and the Purchaser shall notify the Escrow Agent on the total Cash Compensation received by the Target Company, of the total Cash Compensation made, no later than 5 Business Days after the expiry of the Cash Compensation Period and the Profit Guarantee shall be deemed to have been achieved by the Group upon the payment of the Cash Compensation and the Vendor shall be entitled to the Security Shares in accordance to paragraph (iv) below; and</p>
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SALIENT TERMS OF THE DEFINITIVE AGREEMENTS (Cont'd)

	<p>(b) if the Vendor does not compensate the shortfall in full pursuant to subparagraph (iii)(a) above within the Cash Compensation Period, the Escrow Agent shall be duly authorised to sell the required number of Security Shares at the prevailing market price of the Security Shares as may be determined by the Escrow Agent upon release of the relevant Security Shares from moratorium pursuant to the Listing Requirements, if applicable ("Authorised Disposal") and utilise the required amount of the proceeds to pay the compensation of (in the event no Cash Compensation is made) the shortfall or (in the event of part Cash Compensation) the balance shortfall of the Profit Guarantee to the Target Company. The balance proceeds after deducting the shortfall in the Profit Guarantee, if any, shall be paid to the Vendor</p> <p>(iv) In the event:</p> <p>(a) the Profit Guarantee is achieved at any time before the expiry of the Profit Guarantee Period based on the Certified Accounts for FYE 2022 and/or FYE 2023 (as the case may be), the Escrow Agent shall within a period of 7 Business Days release all of the Security Shares or the balance Security Shares (as the case may be) by crediting the same into the Vendor's CDS Account and the Vendors shall be discharged and released from the Profit Guarantee obligation for the balance Profit Guarantee Period.</p> <p>(b) the Profit Guarantee for the Profit Guarantee Period is achieved based on the Certified Accounts for FYE 2022, FYE 2023 and FYE 2024 collectively, the Escrow Agent shall within a period of 7 Business Days release the balance Security Shares by crediting the same into the Vendor's CDS Account.</p> <p>(c) the Vendor opts for Cash Compensation of the shortfall of the Profit Guarantee in full under subparagraph (iii)(a) above, the Escrow Agent shall within a period of 7 Business Days from the receipt of notification from the Company on the full compensation of the Profit Guarantee release the balance Security Shares by crediting the same into the Vendor's CDS Account.</p> <p>(d) subparagraph (iii)(b) above applies for the compensation of shortfall or balance shortfall of the Profit Guarantee, the Escrow Agent shall within a period of 7 Business Days from the Authorised Disposal, release the balance Security Shares, if any, by crediting the same into the Vendor's CDS Account.</p> <p>In the event the proceeds from the Authorised Disposal is unable to meet the shortfall requiring compensation under this paragraph (iv) (the deficiency thereof shall hereinafter be referred to as the "Deficiency"), the Escrow Agent shall notify the Vendor in writing on the Deficiency ("Deficiency Notice") after its receipt of the Certified Accounts for FYE 2024 and the Vendor shall within a period of 30 days from their receipt of the Deficiency Notice compensate the balance Deficiency in cash payment to the Target Company.</p>
Monitoring of the Profit Guarantee	<p>The Parties acknowledge that the composition of the board of directors of the Purchaser may be restructured ("Restructured Board") in conjunction with the Proposed Regularisation Plan. The Parties agree that the independent directors of the Restructured Board shall be responsible for monitoring the mechanism of the Profit Guarantee contemplated under the PGA and the dealing of the Security Shares by the Escrow Agent under the Escrow Agreement.</p>

SALIENT TERMS OF THE DEFINITIVE AGREEMENTS (Cont'd)

Moratorium	<p>(i) The Vendor agrees and undertakes to the Purchaser that the Security Shares will be subjected to moratorium during the Moratorium Period and it shall not sell and/or create any encumbrances over the Security Shares during the Moratorium Period.</p> <p>(ii) Any release of the Security Shares by the Escrow Agent shall not be construed as an upliftment of the moratorium imposed on any of the Security Shares during the Moratorium Period.</p> <p>"Moratorium Period" refers to moratorium period as set out in Rule 3.19 of the Listing Requirements.</p>
Governing law	Laws of Malaysia

SECTION C: DEBT SETTLEMENT AGREEMENT

The salient terms of the Debt Settlement Agreement include *amongst others*, the following:

Parties	<table><tr><td>Debtor</td><td>:</td><td>G Neptune Berhad</td></tr><tr><td>Creditor</td><td>:</td><td>CTP</td></tr></table> <p>(Debtor and Creditor are collectively referred to as "Parties")</p>	Debtor	:	G Neptune Berhad	Creditor	:	CTP
Debtor	:	G Neptune Berhad					
Creditor	:	CTP					
Settlement of Debt	<p>(i) The Parties agree that the debt shall be settled by way of allotment and issuance of the Settlement Shares only and no cash payment will be made by the Debtor to the Creditor;</p> <p>(ii) On the Effective Date or such other date as may be agreed between the Parties, the Debtor shall allot and issue the Settlement Shares to the Creditor and credit the Settlement Shares into the Creditor's CDS Account as full and final settlement of the Debt;</p> <p>"Central Depository" means Bursa Malaysia Depository Sdn Bhd or such other depository as may be approved by the relevant authorities to be a central depository under the Securities Industry (Central Depositories) Act 1991.</p> <p>"CDS Account" means a securities account established by the Central Depository for a depositor pursuant to the Securities Industry (Central Depositories) Act 1991 and the rules and regulations of the Central Depository for recording of deposits of securities and dealing in such securities by the depositor.</p> <p>"Debt" means all the Expenses as may be advanced by the Creditor to the Debtor as recorded in the books of the Debtor on the Effective Date.</p> <p>"Effective Date" means the date of completion of the Proposed Regularisation Plan.</p> <p>"Expenses" means the costs and expenses of RM3,100,000 with respect to the Proposed Regularisation Plan including the working capital of the Debtor and its subsidiary pending completion of the Proposed Regularisation Plan.</p>						

SALIENT TERMS OF THE DEFINITIVE AGREEMENTS (Cont'd)

	<p>(iii) Upon the allotment and issuance of the Settlement Shares to the Creditor and crediting of the same into the Creditor's CDS Account, the debt shall be fully paid and settled and there shall be no amount owing by the Debtor to the Creditor and the Debtor shall have no further obligations to the Creditor;</p> <p>(iv) Pending completion of the Proposed Regularisation Plan, the Creditor undertakes to the Debtor that he will not initiate any demand, action or proceedings to enforce his rights to recover or claim the Debt.</p>
Governing Law	Laws of Malaysia

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INFORMATION ON GNB

1. HISTORY AND BUSINESS

GNB was incorporated in Malaysia on 18 July 2003 under the Companies Act, 1965 and deemed registered under the Act as a private limited company under the name of GPRO Technologies Sdn Bhd. GNB was converted into a public limited company on 22 October 2003 and assumed the name of GPRO Technologies Berhad. GNB was then listed on the MESDAQ Market of Bursa Securities (now known as ACE Market of Bursa Securities) on 2 June 2004. GNB subsequently changed its name to G Neptune Berhad on 7 July 2014. GNB was involved in the information technology industry specializing in software for the apparel/ textile industry while its subsidiary was involved in the trading of cosmetics, garments and electronic products. As at the LPD, the Company has ceased all of its business operations.

2. SHARE CAPITAL

As at the LPD, GNB has a share capital of RM9,792,835 comprising 288,750,000 GNB Shares.

3. CONTROLLING SHAREHOLDER

As at the LPD, GNB does not have any controlling shareholder.

Upon completion of the Proposed Regularisation Plan, GNB's substantial shareholder will cease to be substantial shareholder of GNB. Section 11.5 of this Circular contains changes in shareholdings of the existing substantial shareholders in GNB.

Upon completion of the Proposed Share Consolidation and the Proposed Acquisition (before the Proposed Debt Settlement and Proposed Private Placement), on a pro forma basis, Super Advantage, Tan Sri Datuk Seri Gan Yu Chai and Gan Yee Hin ("**Proposed Controlling Shareholders**", collectively) will emerge as the new controlling shareholders of GNB as follows:

Name	After the Proposed Share Consolidation and the Proposed Acquisition			
	Direct		Indirect	
	No. of shares	%	No. of shares	%
Super Advantage	1,680,000,000	98.31	-	-
Tan Sri Datuk Seri Gan Yu Chai	-	-	1,680,000,000 ⁽¹⁾	98.31
Gan Yee Hin	-	-	1,680,000,000 ⁽¹⁾	98.31

Note:

(1) Deemed interested through the direct interests of Super Advantage in the Company.

INFORMATION ON GNB (Cont'd)

The profiles of the Proposed Controlling Shareholders are as follows:

(i) Super Advantage

Super Advantage was incorporated in Malaysia on 30 September 2014 under Companies Act, 1965 and deemed registered under the Act as a private limited company, under its present name.

Super Advantage is principally involved in investment holding.

As at the LPD, Super Advantage has an issued share capital of RM1,000 comprising 1,000 ordinary shares in Super Advantage.

As at the LPD, Tan Sri Datuk Seri Gan Yu Chai, Gan Yee Hin and Puan Sri Datin Seri Elaine Lee Kuan Kiow are the directors of Super Advantage.

The substantial shareholders of Super Advantage and their respective shareholdings as at the LPD are as follows:

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
Tan Sri Datuk Seri Gan Yu Chai	800	80.00	200 ⁽¹⁾	20.00
Gan Yee Hin	200	20.00	-	-

Note:

- (1) Deemed interested through the direct interests of his son's (Gan Yee Hin) shareholding in Super Advantage.

Save for Southern Score, Super Advantage does not have any other subsidiary. The details of Southern Score are as disclosed in Appendix III(A) of the Circular. As at the LPD, Super Advantage does not have any associate company or joint venture.

(ii) Tan Sri Datuk Seri Gan Yu Chai, Malaysian, aged 55

Tan Sri Datuk Seri Gan Yu Chai is the Managing Director of Southern Score. He was appointed to Southern Score's board on 7 June 2012. He is responsible for developing and executing business strategies that contribute to the business growth of Southern Score, and managing its corporate development.

Tan Sri Datuk Seri Gan Yu Chai graduated with a Diploma in Electronic Engineering from the Institute of Further Technical Education, Malaysia in 1989. He has more than 30 years of experience in the property development and construction industries. To date, Tan Sri Datuk Seri Gan Yu Chai has successfully completed over 20 property developments projects in the Klang Valley area, mainly in the vicinity of Kuala Lumpur.

Upon graduation, Tan Sri Datuk Seri Gan Yu Chai began his career as a business partner in Unigreen Hardware Supplies, a building materials trading business co-owned by his family. He was initially tasked to oversee the sales department before taking over the management and operations of this business.

INFORMATION ON GNB (Cont'd)

Between 1994 and 2016, Tan Sri Datuk Seri Gan Yu Chai pursued several business ventures, wherein he was also involved in the management of these companies by way of setting growth targets and sourcing business opportunities that contributed to the growth of these companies, namely:

- (i) In 1999, he was appointed as a director of Inner Glamour Sdn Bhd, a property development company;
- (ii) In 2001, he was appointed a director of Platinum Victory Sdn Bhd, a property development company;
- (iii) In 2004, he was appointed as a director of Platinum Victory Development Sdn Bhd, a property development company;
- (iv) In 2006, he was appointed as a director of Platinum Victory Property Sdn Bhd, a property development company;
- (v) In 2011, he was appointed as a director of MH Platinum Sdn Bhd, a property development company;
- (vi) In 2013, he was appointed as a director of Marques Land Sdn Bhd, a property development company; and
- (vii) In 2016, he was appointed as a director of Weng Wah Developments Sdn Bhd, a property development company.

Notably, his first foray into property development was in relation to the development of Pelangi Condominium in Kuala Lumpur, a project undertaken by Inner Glamour Sdn Bhd. that was completed in 2002. Tan Sri Datuk Seri Gan Yu Chai subsequently completed development projects in Taman Melati Utama and Setapak Lake City, Kuala Lumpur, through Platinum Victory Sdn Bhd and Platinum Victory Development Sdn Bhd, respectively.

In 2010, leveraging on his experience and knowledge in construction and project management skills, Tan Sri Datuk Seri Gan Yu Chai decided to venture downstream into construction. This led to the establishment of Southern Score to pursue opportunities in the provision of construction services mainly for high-rise residential buildings.

Under Tan Sri Datuk Seri Gan Yu Chai's leadership, Southern Score participated in tenders for public and private sector construction projects. Subsequently, in 2015, Southern Score was awarded its first construction services project, namely the PR1MA Jalan Jubilee project by PR1MA Corporation Berhad.

Between 2012 and 2019, Tan Sri Datuk Seri Gan Yu Chai was involved in the following development projects:

- (i) FACE, Platinum Suites (Phase 1), a development project undertaken by Platinum Victory Property Sdn Bhd;
- (ii) MH Platinum Residence, a development project undertaken by MH Platinum Sdn Bhd; and
- (iii) Platinum Teratai Residences, a development project undertaken by Weng Wah Developments Sdn Bhd.

Tan Sri Datuk Seri Gan Yu Chai presently sits on the board of directors of several other private limited companies.

INFORMATION ON GNB (Cont'd)

(iii) **Gan Yee Hin, Malaysian, aged 29**

Gan Yee Hin is the Chief Executive Officer of Southern Score. He is responsible for overseeing the planning and implementation of construction projects undertaken by Southern Score. He was appointed to Southern Score's board on 1 August 2019.

Gan Yee Hin graduated with a Master of Engineering (Civil and Structural) from the University of Sheffield, United Kingdom in 2015.

Upon graduation in 2015, Gan Yee Hin began his career in Platinum Victory Holdings Sdn Bhd as an Executive Director. During his tenure in the company, he set up the company's branding and marketing team and was responsible for implementing and monitoring the implementation of branding, marketing and sales activities. While at Platinum Victory Holdings Sdn Bhd, Gan Yee Hin gained exposure to the property development industry as he was also involved in the property development projects undertaken by the company.

In 2019, Gan Yee Hin was appointed as the Executive Director and Chief Executive Officer of Southern Score. Leveraging on his civil and structural engineering qualifications and experience in property development projects, Gan Yee Hin oversees the planning and implementation of Southern Score's construction and development projects. He is also responsible for formulating business strategies that contribute to Southern Score's business growth.

4. DIRECTORS

The details of the members of the Board of GNB as at the LPD are as follows:

Name	Age	Gender	Designation	Date of appointment
Dato' Haji Mohd Amran Bin Wahid	61	Male	Non-Independent Non-Executive Chairman	18 May 2018
CTP	58	Male	Executive Director	18 May 2018
Cheah Hannon	51	Male	Independent Non-Executive Director	27 April 2018
Peter Ling Sie Wuong	49	Male	Independent Non-Executive Director	27 April 2018

None of GNB's Directors represents any corporate shareholder.

INFORMATION ON GNB (Cont'd)

GNB proposes to appoint the following Proposed Directors to the Board of GNB after the completion of the Proposed Regularisation Plan:

Name	Age	Gender	Proposed designation
Tan Sri Datuk Seri Gan Yu Chai	55	Male	Managing Director
Gan Yee Hin	29	Male	Executive Director and Chief Executive Officer
Datuk Sydney Lim Tau Chin	52	Male	Executive Director
Phe Kheng Peng	52	Female	Independent Non-Executive Director
Too Siew Mooi	53	Female	Independent Non-Executive Director

4.1 Profile of the Directors

The profiles of GNB's Directors are as follows:

- (i) **Dato' Haji Mohd Amran Bin Wahid ("Dato' Amran")**, Malaysian, aged 61, is GNB's Non-Independent Non-Executive Chairman. He is also a member of the Nomination and Remuneration Committee as well as the Audit and Risk Management Committee.

Dato' Amran was appointed to the Board of GNB on 18 May 2018. He graduated with a Master of Science in Mining with Mineral Technology from University Malaysia Pahang and Degree of Law from University of Malaya. Dato' Amran also holds a Diploma in Public Administration from University Technology Mara. He is a lawyer by profession and a partner in a legal firm, Messrs Daing Khatijah & Amran and is also a member of the Malaysian Bar.

Dato' Amran has more than 20 years of experience in businesses related to mining and solar farms. He is currently the Executive Chairman of Lembing Resources Sdn Bhd, a joint venture company with Perbadanan Kemajuan Negeri Pahang.

- (ii) **CTP**, Malaysian, aged 58, is GNB's Executive Director.

CTP was appointed to the Board of GNB on 18 May 2018. CTP graduated with a Diploma in Civil Engineering in 1986 in Malaysia. He is currently the Managing Director of Lembing Resources Sdn Bhd, a private company involved in tin mining business. He is also the Managing Director of Myah Mines Sdn Bhd, a private company and a subsidiary company of Lembing Resources Sdn Bhd. Myah Mines Sdn Bhd is a joint venture company with Perbadanan Kemajuan Negeri Pahang.

- (iii) **Cheah Hannon**, Malaysian, aged 51, GNB's Independent Non-Executive Director. He is also the Chairman of the Audit and Risk Management Committee as well as a member of the Nomination and Remuneration Committee.

Cheah Hannon was appointed to the Board of GNB on 27 April 2018. Cheah Hannon holds a Bachelor of Science Degree in Accounting and Finance from Purdue University, West Lafayette, Indiana, United States of America.

Cheah Hannon has over 20 years of experience in the finance industry where he worked in Hong Kong, Singapore and Malaysia in the fields of equity research and equity institutional sales.

Cheah Hannon is presently an Independent Non-Executive Director of XL Holdings Berhad, a company listed on the Main Market of Bursa Securities.

- (iv) **Peter Ling Sie Wuong (“Peter Ling”)**, Malaysian, aged 49, is GNB’s Independent Non-Executive Director. He is also the Chairman of the Nomination and Remuneration Committee as well as a member of the Audit and Risk Management Committee.

Peter Ling was appointed to the Board of GNB on 27 April 2018. Peter Ling graduated in 1995 from the University of East London, and commenced a career in the legal publishing industry, serving as Managing Editor of LexisNexis Malaysia Sdn Bhd. In 2002, Peter joined one of Malaysia’s largest corporate and commercial law firms, which enabled him to gain exposure to various aspects of the law. In 2005, he moved into active legal practice, joining the partnership of a medium-sized corporate and commercial practice. In 2013, Peter Ling co-founded Peter Ling & Van Geyzel, a legal firm based in Kuala Lumpur.

4.2 Profile of the Proposed Directors

The profiles of GNB’s Proposed Directors, Tan Sri Datuk Seri Gan Yu Chai and Gan Yee Hin who are also GNB’s Proposed Controlling Shareholders are disclosed in Section 3 of this appendix.

The profiles of GNB’s other Proposed Directors are as follows:

- (i) **Datuk Sydney Lim Tau Chin**, Malaysian, aged 52, is the Executive Director of Southern Score. He is responsible for overseeing the corporate planning and corporate finance matters of Southern Score. He was appointed to Southern Score’s board on 2 February 2021.

Datuk Sydney Lim Tau Chin graduated with a Bachelor of Science in Accounting from the California State University, United States of America (“USA”) in 1992. He then completed the Harvard Business School Senior Management Development Program in 2004. In 2006, he obtained a Corporate Finance qualification from the Institute of Chartered Accountants of England and Wales. During the same year, he became a member of the Singapore Institute of Arbitrators. He had also attended the Residential Strategic Leadership Programme at Oxford University, United Kingdom in 2007. He has been a member of the Malaysian Institute of Management since January 2022.

In early 1993, Datuk Sydney Lim Tau Chin returned to Malaysia from the USA and started his career in the Advisory department of Arthur Andersen. Thereafter, he joined the Corporate Finance departments of Amanah Merchant Bank and Utama Merchant Bank in 1994 and 1998 respectively, where he advised and participated in various corporate finance proposals for and advised the clients of Amanah Merchant Bank and Utama Merchant Bank, respectively on matters relating to fundraising. In 1996, he joined Sadec Asia Pacific Sdn Bhd, a boutique advisory firm, as Corporate Finance Manager, and was involved in advising the firm’s clients on corporate advisory and privatisation matters. Subsequently in 1997, he was seconded by Sadec Asia Pacific Sdn Bhd to the board of SCK Group (being a client of Sadec Asia Pacific Sdn Bhd) as well as the boards of the subsidiary companies of Sadec Asia Pacific Sdn Bhd. During this period, he gained exposure and honed his skills in financial modelling. He joined the Corporate Finance department of Utama Merchant Bank in 1998 where he advised and participated in various corporate finance proposals on matters relating to fundraising. His attachment at Utama Merchant Bank further widened his exposure and experience in corporate finance.

INFORMATION ON GNB (Cont'd)

From 2000 to August 2003, Datuk Sydney Lim Tau Chin joined the corporate sector when he was appointed as the Senior General Manager of Corporate Planning for Sitt Tatt Berhad. Subsequently in October 2003, he was appointed as an Executive Director of FBO Berhad (now known as Eastland Equity Berhad). He last held the position of Group Managing Director of FBO Berhad (now known as Eastland Equity Berhad) before his retirement in 2014.

Leveraging on his past experiences, Datuk Sydney Lim Tau Chin founded a private investment holding company with involvement in two Langkawi properties, one of which is the Royal Agate Beach Resort.

In February 2021, Datuk Sydney Lim Tau Chin was appointed as an Executive Director of Southern Score where he oversees the corporate planning and corporate finance matters of the company.

- (ii) **Phe Kheng Peng**, Malaysian, aged 52, is a Proposed Independent Non-Executive Director of GNB.

Phe Kheng Peng graduated with a Bachelor of Commerce majoring in Accounting and Finance from the University of New South Wales in 1994. She has been a Certified Public Accountant since 1994 and fellow member of CPA Australia since February 2022. She has close to 30 years of experience in the financial industry.

Upon returning to Malaysia, she started her career in 1996 with Arab-Malaysian Merchant Bank Berhad (a member of the Arab-Malaysian Banking Group) as a Quantitative Analyst, where she was responsible for developing financial models to analyse pricing, risk and returns of investments. She was promoted to the position of Fund Manager in AMMB Asset Management Sdn Bhd (a member of the Arab-Malaysian Banking Group) in 1999, and Fixed Income Chief Investment Officer in AmInvestment Management Sdn Bhd (a subsidiary of AMMB Holdings Berhad) in 2005. In her last held position as Chief Investment Officer, she was responsible for supervising fund managers to develop short and long-term investment plans, recommended investments and implement strategies to grow the company's assets under management.

She was later tasked to take up a key role in the Treasury and Global Markets division of AmBank Group Berhad and subsequently assumed the position of Co-Head, Treasury & Markets in 2009. In 2010, she assumed the role of Managing Director, Markets Division, where she was tasked to oversee the global markets division, formulate strategies and product innovation for the government, institutional and corporate sectors.

She resigned from AmBank Group Berhad and joined Deutsche Bank Malaysia Berhad in 2013 to head the Institutional Client Group ("ICG"). In 2018, her role was expanded to cover the entire Philippines franchise. In her role, she led Malaysia and Philippines global markets sales for institutional and corporate clients and charted the strategy direction. Her last held position at Deutsche Bank (Malaysia) Berhad was Product Head of Sales, ICG APAC (Managing Director) before she left in November 2021.

In January 2022, Phe Kheng Peng was appointed as an Independent and Non-Executive Director of Pintaras Jaya Berhad, and is the Chairman of the Remuneration and Nomination Committees respectively, as well as a member of the Audit Committee. Further in July 2022, she was appointed as an Independent Non-Executive Director of Public Investment Bank Berhad.

INFORMATION ON GNB (Cont'd)

- (iii) **Too Siew Mooi**, Malaysian, aged 53, is a proposed Independent Non-Executive Director of GNB.

Too Siew Mooi graduated with a Bachelor of Laws from the University of London in 1993. She went on to obtain her a Certificate of Legal Practice in 1994, and was subsequently called to the Bar in 1995. In 2009, she obtained a Post Graduate Diploma in Islamic Law (Islamic Banking) from the International Islamic University Malaysia. She is presently a member of the Disciplinary Committee Panel of the Advocates & Solicitors Disciplinary Board, a position she was elected to since 2016

She joined Messrs Yazid Baba & Partners in 1996 as a Legal Assistant where she was tasked to assist in managing conveyancing files, specifically in relation to real estate sales and purchase transactions. Thereafter, she joined Messrs Azam-Malek & Soh in 1999 as a Legal Assistant where she managed conveyancing cases for clients of the firm. In 2001, she joined Messrs Lachaman Lalchand & Associates as a Partner. As a Partner at Messrs Lachaman Lalchand & Associates, she oversaw both corporate and conveyancing cases for clients of the firm. In 2007, she joined Messrs Shukor Baljit & Partners as a Partner specialising in corporate and conveyancing matters, a position she continues to hold till today.

As a practising lawyer with close to 30 years of legal practice, she has extensive experience in the corporate and conveyancing fields. She had advised both local and overseas clients on various aspects of corporate banking and commercial law matters.

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INFORMATION ON GNB (Cont'd)

4.3 Shareholding of the Directors in GNB

The following table sets forth the direct and indirect shareholdings of each of GNB's Directors and Proposed Directors before and after the Proposed Regularisation Plan in GNB:

Name	As at LPD				(I) After the Proposed Share Consolidation			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
CTP	23,688,000	8.20	6,300,000 ⁽¹⁾	2.18	2,368,800	8.20	630,000 ⁽¹⁾	2.18
Super Advantage	-	-	-	-	-	-	-	-
Tan Sri Datuk Seri Gan Yu Chai	-	-	-	-	-	-	-	-
Gan Yee Hin	-	-	-	-	-	-	-	-
Dato' Haji Mohd Amran Bin Wahid	7,400,000	2.56	-	-	740,000	2.56	-	-
Cheah Hannon	-	-	-	-	-	-	-	-
Peter Ling Sie Wuong	-	-	-	-	-	-	-	-
Datuk Sydney Lim Tau Chin	-	-	-	-	-	-	-	-
Phe Kheng Peng	-	-	-	-	-	-	-	-
Too Siew Mooi	-	-	-	-	-	-	-	-

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INFORMATION ON GNB (Cont'd)

Name	(II) After (I) and the Proposed Acquisition				(III) After (II) and the Proposed Debt Settlement			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
CTP	2,368,800	0.14	630,000 ⁽¹⁾	0.04	23,035,467	1.33	630,000 ⁽¹⁾	0.04
Super Advantage	1,680,000,000	98.31	-	-	1,680,000,000	97.14	-	-
Tan Sri Datuk Seri Gan Yu Chai	-	-	1,680,000,000 ⁽²⁾	98.31	-	-	1,680,000,000 ⁽²⁾	97.14
Gan Yee Hin	-	-	1,680,000,000 ⁽²⁾	98.31	-	-	1,680,000,000 ⁽²⁾	97.14
Dato' Haji Mohd Amran Bin Wahid	740,000	0.04	-	-	740,000	0.04	-	-
Cheah Hannon	-	-	-	-	-	-	-	-
Peter Ling Sie Wuong	-	-	-	-	-	-	-	-
Datuk Sydney Lim Tau Chin	-	-	-	-	-	-	-	-
Phe Kheng Peng	-	-	-	-	-	-	-	-
Too Siew Mooi	-	-	-	-	-	-	-	-

Name	(V) After (III) and the Proposed Private Placement			
	Direct		Indirect	
	No. of shares	%	No. of shares	%
CTP	23,035,467	1.01	630,000 ⁽¹⁾	0.03
Super Advantage	1,680,000,000	73.92	-	-
Tan Sri Datuk Seri Gan Yu Chai	-	-	1,680,000,000 ⁽²⁾	73.92
Gan Yee Hin	-	-	1,680,000,000 ⁽²⁾	73.92
Dato' Haji Mohd Amran Bin Wahid	740,000	0.03	-	-
Cheah Hannon	-	-	-	-
Peter Ling Sie Wuong	-	-	-	-
Datuk Sydney Lim Tau Chin	-	-	-	-
Phe Kheng Peng	-	-	-	-
Too Siew Mooi	-	-	-	-

INFORMATION ON GNB (Cont'd)

Notes:

- (1) Deemed interested through the direct interests of his spouse's (Leong Sau Ching) and son's (Chai Yi Jian) shareholdings in the Company.
- (2) Deemed interested through the direct interest of Super Advantage in the Company.

4.4 Board practice**Directors' term of office**

The Board of GNB assumes responsibility for the effective stewardship and control of the Company towards meeting the Company's objectives and goals. The Board of GNB has the overall responsibility for reviewing and adopting the strategic plans, overseeing the Company's business, reviewing and monitoring systems of risk management and ensuring the adequacy and integrity of the Company's system of internal control. The number of years that GNB's Directors have served in office and date of expiration of their respective term of office are set out below:

(a) Directors

Name	Age	Designation	Date of appointment	Date of expiration of the current term of office	Approximate no. of years in office as at the LPD
Dato' Haji Mohd Amran Bin Wahid	61	Non-Independent Non-Executive Chairman	18 May 2018	Annual general meeting in 2022	Less than 5 years
CTP	58	Executive Director	18 May 2018	Annual general meeting in 2023	Less than 5 years
Cheah Hannon	51	Independent Non-Executive Director	27 April 2018	Annual general meeting in 2024	Less than 5 years
Peter Ling Sie Wuong	49	Independent Non-Executive Director	27 April 2018	Annual general meeting in 2022	Less than 5 years

INFORMATION ON GNB (Cont'd)

(b) Proposed Directors

Name	Age	Proposed Designation	Date of appointment	Date of expiration of the current term of office	Approximate no. of years in office as at the LPD
Tan Sri Datuk Seri Gan Yu Chai	55	Managing Director	To be appointed after the completion of the Proposed Regularisation Plan	Not applicable	Not applicable
Gan Yee Hin	29	Executive Director and Chief Executive Officer			
Datuk Sydney Lim Tau Chin	52	Executive Director			
Phe Kheng Peng	52	Independent Non-Executive Director			
Too Siew Mooi	53	Independent Non-Executive Director			

An election of Directors shall take place each year. At every annual general meeting, one-third of GNB's Directors, or, if their number is not a multiple of 3, then the nearest to one-third shall retire from office and be eligible for re-election provided that all Directors shall retire from office once at least in each 3 years but shall be eligible for re-election. A Director at a meeting shall retain office until the close of the meeting at which he retires. The Directors to retire every year shall, be those who have been longest in office since their last election. For Directors who became or were last re-elected Directors on the same day, the Directors to retire shall, unless they otherwise agree among themselves, be determined by lot. The Directors shall have power at any time, to appoint, any person as a Director, either to fill a casual vacancy or an addition to the Board of GNB, but so that the total number of Directors shall not be increased beyond the maximum number fixed by or in accordance with GNB's Constitution. Any Director so appointed shall hold office only until the next annual general meeting of GNB and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors who are retiring by rotation at the meeting.

INFORMATION ON GNB (Cont'd)

4.4.1 Audit and Risk Management Committee

The composition of GNB's Audit and Risk Management Committee is set out below:

Name	Designation	Directorship
Cheah Hannon	Chairman	Independent Non-Executive Director
Peter Ling Sie Wuong	Member	Independent Non-Executive Director
Dato' Haji Mohd Amran Bin Wahid	Member	Non-Independent Non-Executive Director

The composition of GNB's proposed Audit and Risk Management Committee after the completion of the Proposed Regularisation Plan is set out below:

Name	Designation	Directorship
Cheah Hannon	Chairman	Independent Non-Executive Director
Peter Ling Sie Wuong	Member	Independent Non-Executive Director
Dato' Haji Mohd Amran Bin Wahid	Member	Non-Independent Non-Executive Director

The responsibilities of GNB's Audit and Risk Management Committee include, among other things, the following:

(i) Financial reporting and external audit

- (a) consider the appointment or re-appointment of auditors, the audit fee and any questions of resignation or dismissal or cessation of office or removal, including recommending the nomination of person or persons as auditors to the Board of GNB.
- (b) have policies and procedures to assess the suitability, objectivity and independence of the external auditors;
- (c) review with the external auditors on:
 - the audit plan, its scope and nature.
 - the audit report.
 - the results of their evaluation of the accounting policies and systems of internal controls within the Company.
 - the assistance given by the officers of the Company to them, including any difficulties or disputes with Management encountered during the audit.
 - management letter and/or major findings of internal investigations and Management's response therein.
 - the nature and extent of the non-audit services rendered by the external auditors the appropriateness of the level of fees.

INFORMATION ON GNB (Cont'd)

- (d) review with management:
 - audit reports and management letter issued by the external auditors and the implementation of audit recommendations.
 - interim financial information/report.
 - the assistance given by the officers of GNB to the external auditors.
- (e) discuss with the external auditors before they commence the nature and scope of the audit and ensure coordination where more than one audit firm is involved.

(ii) Internal audit

- (a) discuss problems and reservations arising from interim and final audits, and any matter the internal auditors may wish to discuss (in the absence of Management where necessary).
- (b) review the adequacy of the scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
- (c) review the internal audit plan, processes the internal audit reports, recommendations raised, investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
- (d) oversee the Company's internal control structure to ensure operational effectiveness and efficiency, reduce risk of inaccurate financial reporting, protect the Company's assets from misappropriation and encourage legal and regulatory compliance.
- (e) review any appraisal or assessment of the performance of members of the internal audit function and be satisfied that the internal audit should be carried out objectively and is independent from Management of the Company and the functions which it audits, and report its findings directly to the Audit and Risk Management Committee.
- (f) approve any appointment, termination or change of senior staff members of the internal audit function and take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- (g) approve the appointment of an internal audit firm where the internal audit services are outsourced.

(iii) Internal control

- (a) recommend such measures as to be taken by the Board of GNB on the effectiveness of the system of internal control of the Company.
- (b) evaluate the quality and effectiveness of Company's internal control system and management information systems, including compliance with applicable laws, rules, corporate governance requirements and guidelines.

INFORMATION ON GNB (Cont'd)

- (c) recommend to the Board of GNB the Directors' Statement on Risk Management and Internal Control and any changes to the said Statement.
- (d) assist the Board of GNB in assessing the effectiveness of the internal control systems based on the reports and recommendations from the internal auditors and report to the Board of GNB on its findings.

(iv) Risk management

- (a) oversee and recommend the risk management policies and procedures of the Company.
- (b) review and recommend changes as needed to ensure that the Company has in place at all times a risk management policy which addresses the strategic, operational, financial and compliance risks.
- (c) implement and maintain a sound risk management framework which identifies, assesses, manages and monitors the Company's business risks.
- (d) set reporting guidelines for management to report to the Risk Management Committee on the effectiveness of the Company's management of its business risks.
- (e) review the GNB's Group risk profiles and evaluate the measures to be taken to mitigate the business risks.

(v) Whistleblowing and fraud

- (a) review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; and review the GNB's procedures for detecting fraud.

(vi) Overseeing financial reporting

- (a) review and deliberate the quarterly results and year-end financial statements, before the approval by the Board of GNB, focusing particularly on:
 - any changes in or implementation of accounting policies and practices;
 - significant or material adjustments with financial impact arising from the audit;
 - significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions, and how these matters are addressed;
 - the going concern assumptions;
 - the appropriateness of management's selection of accounting policies and disclosures in compliance with the approved accounting standards and other regulatory requirements; and
 - compliance with applicable financial reporting standards.

INFORMATION ON GNB (*Cont'd*)

- (b) monitor the integrity of the financial statements of the Company.
 - (c) assess whether the financial report represents a true and fair view of the Company's performance and ensure compliance with the regulatory requirements.
 - (d) propose best practices on disclosure in the financial statements and the annual reports of the Company, to be in line with the recommendations set out in the Malaysian Code of Corporate Governance and other applicable rules and regulations.
- (vii) Reviewing conflict of interests situations and related party transactions**
 - (a) review and monitor the related party transactions entered into by the Company or the Company and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Board of GNB reports such transactions annually to the shareholders via the annual report.
 - (b) review conflict of interest situations that may arise within the Company or the Company, including any transaction, procedure or course of conduct that raises questions of Management's integrity.
- (viii) Reporting responsibilities**
 - (a) report formally to the Board of GNB on its proceedings after each meeting on all matters within its duties and responsibilities.
 - (b) make recommendations to the Board of GNB as and when it deems appropriate on any area within its remit where action or improvement is needed.
- (ix) Other matters**
 - (a) report to Bursa Securities, if there is any related party transaction which exceeded the mandate sought from the shareholders on the recurrent related party transactions and provide full reasoning and detailed explanations.

INFORMATION ON GNB (Cont'd)

4.4.2 Nomination and Remuneration Committee

The composition of GNB's Nomination and Remuneration Committee is set out below:

Name	Designation	Directorship
Peter Ling Sie Wuong	Chairman	Independent Non- Executive Director
Cheah Hannon	Member	Independent Non-Executive Director
Dato' Haji Mohd Amran Bin Wahid	Member	Non-Independent Non-Executive Director

The composition of GNB's proposed Nomination and Remuneration Committee after the completion of the Proposed Regularisation Plan is set out below:

Name	Designation	Directorship
Peter Ling Sie Wuong	Chairman	Independent Non- Executive Director
Cheah Hannon	Member	Independent Non-Executive Director
Dato' Haji Mohd Amran Bin Wahid	Member	Non-Independent Non-Executive Director

The responsibilities of GNB's Nomination and Remuneration Committee include:

(i) New appointments

- (a) Consider and recommend to the Board of GNB candidates for directorships, proposed by management, a Director, a shareholder or independent sources, taking into consideration the candidates' skills, knowledge, expertise and experience, time commitment, character, competence, professionalism and integrity. For the position of independent non-executive directors, the Nomination and Remuneration Committee should also evaluate the candidates' ability to discharge such responsibilities as expected from independent non-executive directors.
- (b) When identifying suitable candidates, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge, experience and board diversity (including gender diversity) and the current and future needs and size of the Company. Accordingly, the Nomination and Remuneration Committee may:
 - use sources to identify suitable candidates to facilitate the search from diverse pools;
 - consider candidates from a wide range of backgrounds;
 - consider candidates on merit and against objective criteria with due regard for diversity including gender, ethnicity and age, and appointees time commitment, skill and experience; and
 - request disclosures of any business interests that may result in a conflict of interest.

- (c) Recommend to the Board of GNB candidates to the board committees and Chairman of those committees.
- (d) Consider and recommend to the Board of GNB the candidates for Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), taking into consideration the candidates’ skills, knowledge, expertise and experience, time, commitment, character, professionalism, integrity and management diversity.

(ii) Re-election, re-appointment and resignation/ termination

- (a) Recommend to the Board of GNB, candidates for re-election of directors by shareholders under the annual re-election provisions or retirement, with due consideration of the directors’ expertise, skills, knowledge and experience with those of other Board Members, as well as their roles as Committee Members. Attention should be paid to independent directors who are retained beyond nine (9) years as the Board of GNB has to provide strong justification in exceptional circumstances and seek shareholders’ approval. In obtaining the shareholders’ approval, the Nomination and Remuneration Committee should assess the independent director(s) and recommend to the Board of GNB whether the independent director(s) should remain independent or be re-designated.
- (b) Deal with the matters relating to the continuation in office of any director at any time, including the suspension or termination of service of an executive director as an employee of the Company, subject to the provisions of the law and their service contract.
- (c) Review the re-appointment of any non-executive director at the conclusion of his term of office having given due regard to his performance and ability to continue to contribute to the Board of GNB in terms of knowledge, skills and experience required.

(iii) Specific nominations and succession planning

- (a) Understand the current performance, competencies and potential of those in key positions of senior management in order to identify and develop plans for those key talents.
- (b) Recommend to the Board of GNB, the succession plans for board chairman, directors and key management personnel, particularly for both executive and non-executive directors and the re-appointment of any non-executive director at the conclusion of his or her specified term of office.
- (c) Establish a clear succession plan for board chairman, directors and senior management, considering succession planning in the course of its work, considering the challenges and opportunities facing the Company, and the skills and expertise needed on the Board of Directors and by the Company in future.

In terms of Senior Management, the Nomination and Remuneration Committee may request from time to time detailed views (either in the form of a report or otherwise) and work together with the CEO and/or Senior Management of the Company to:

- identify expected critical position vacancies and determine any future critical positions; and
- identify gaps in current employees and develop individual development plans, coaching and monitoring programmes.

The Board of GNB should work with the Nomination and Remuneration Committee to evaluate potential successors, considering the challenges and opportunities faced by the Company, and the skills and expertise, including diversity, needed on the Board composition of Directors in the future.

(iv) Annual performance assessment of Board, Committees and individual Directors

- (a) Annual review of the required mix of skills, experience, diversity and other qualities, including core competencies and effectiveness of the Board of GNB, as a whole, the Board Committees and the contribution of each individual directors. All evaluations carried out by the Nomination and Remuneration Committee in the discharge of its functions should be properly documented. This process should be coordinated by the Committee, with the assistance of the Secretary, and the findings reported to the Board of GNB at the end of each financial year with an assessment of the Board's performance and areas in which the Board, Board Committees or individual Director could improve.
- (b) Review the time commitment of non-executive and independent directors annually. Performance assessments should be undertaken to assess whether the directors are spending adequate time to fulfil their duties.
- (c) Evaluate and appraise the performance of the Chairman of the Board of GNB.
- (d) Review the independence of the independent director annually and recommend to the Board of GNB whether the independent director(s) who has (have) exceeded the cumulative term of 9 years should remain independent or be re-designated.
- (e) Review the performance of the CEO and CFO annually.
- (f) Annually review the term of office of the Audit and Risk Management Committee ("ARMC") and each of its members to determine whether the ARMC has carried out their duties in accordance with their terms of reference.

(v) Size of Board of GNB and Independent Directors

- (a) Assess the desirable balance in Board of GNB membership by reviewing the size, structure and composition of the Board of GNB.

INFORMATION ON GNB (Cont'd)

- (b) Assess desirable number of independent directors.
- (c) Consider the representation of interest groups as part of boardroom diversity. Factors to consider may include gender, race, religion, nationality, professional background and culture.

In developing its procedures and making recommendations to the Board of GNB, the Nomination and Remuneration Committee will take into account of:

- the provisions of the Company's Memorandum & Articles of Association or Constitution, the Companies Act 2016, ACE Market Listing Requirements and other laws and regulations, if any, in respect of the appointment, and removal of directors;
- the need for the Board of GNB to operate an open and transparent appointment process. This may include engaging independent sources for the appointment process; and
- the overall composition and balance of the Board of GNB.

(vi) Continuous education / development

- (a) Identify suitable orientation, educational and training programmes for continuous development of Directors and ensure all Directors receive appropriate continuous trainings programme in order to keep abreast with developments in the industry and with changes in the relevant statutory and regulatory requirements.
- (b) Assess the Audit and Risk Management Committee members' knowledge on financial literacy.

(vii) Remuneration

- (a) Recommend and advise the Board of GNB on the remuneration and terms of conditions (and where appropriate, severance payments) of the Executive Directors (including the CEO), ensuring that remuneration is set at a competitive level for similar roles within comparable markets to recruit, attract, retain and motivate high caliber individuals and structured so as to align their interest with those of the Company and shareholders.
- (b) Establish a formal and transparent procedure for developing a framework or policy on remuneration packages of individual directors, taking into consideration the following:
 - in case of Executive Directors (including the CEO), the component parts of remuneration should be structured so as to link rewards to corporate and individual performance; and
 - in the case of Non-Executive Directors, the level of remuneration should reflect the experience and level of responsibility undertaken by the Non-Executive Director concerned.

INFORMATION ON GNB (Cont'd)

- (c) Monitor structures and levels of remuneration for other senior executives and make recommendations, if appropriate, to ensure consistency with the Company's remuneration objectives.
- (d) Approve any major changes to employee compensation and benefits arrangements applicable to the Executive Director(s) and senior management.
- (e) Approve incentive plans for the Executive Directors and senior management, and any amendments to such plan.
- (f) Carry out other responsibilities, functions or assignments as may be defined by the Board of Directors from time to time.
- (g) Establish and review the benefits in all its form for the Executive Directors, Non-Executive Directors, CEO and key management positions under the employment within the Group.
- (h) Review and approve annual salary increment and bonuses for the Executive Directors, CEO and key management positions under the employment of the Group.
- (i) Obtain external advice, where necessary, on benefits for the Executive Directors, Non-Executive Directors and key management positions under the employment of the Group.
- (j) Review the performance of, and recommend to the Board of GNB the total annual remuneration package (guaranteed pay, short and long-term incentives and any compensation payable for loss or termination of office or appointment) of individual Executive Directors and Senior Management.

Determination of remuneration packages of directors, should be determined by the Board of GNB as a whole and the individuals directors concerned (whether executive or non-executive) should be abstained from discussing and participating in the decisions of their own remuneration packages.

(viii) Shareholders' meeting

The Chairman of the Committee should attend the shareholders' meeting to answer any questions from the shareholders on the committee's activities, in particular on areas pertaining to proposed resolutions for shareholders to consider on the appointment of re-appointment of directors or the retention of an independent director who has served the Company for more than a cumulative term of nine (9) years.

INFORMATION ON GNB (Cont'd)

4.5 Directors' remuneration and material benefits-in-kind

(a) Directors

The remuneration and material benefits-in-kind paid to GNB's Directors for services rendered in all capacities to the Company for the FYEs 30 June 2021 and 30 June 2022 are as follows:

FYE 30 June 2021	Salaries (RM)	Fees (RM)	Bonus (RM)	Allowances (RM)	Employees Provident Fund and Social Security Organisation (RM)	Benefits-in- kind (RM)	Total (RM)
Dato' Haji Mohd Amran Bin Wahid	-	8,000	-	-	-	-	8,000
CTP	-	8,000	-	-	-	-	8,000
Cheah Hannon	-	8,000	-	-	-	-	8,000
Peter Ling Sie Wuong	-	8,000	-	-	-	-	8,000

FYE 30 June 2022	Salaries (RM)	Fees (RM)	Bonus (RM)	Allowances (RM)	Employees Provident Fund and Social Security Organisation (RM)	Benefits-in- kind (RM)	Total (RM)
Dato' Haji Mohd Amran Bin Wahid	-	8,000	-	-	-	-	8,000
CTP	-	8,000	-	-	-	-	8,000
Cheah Hannon	-	8,000	-	-	-	-	8,000
Peter Ling Sie Wuong	-	8,000	-	-	-	-	8,000

The remuneration of GNB's Directors, which includes Directors' fees, bonus and such other allowances as well as other benefits, must be considered and recommended by GNB's Nomination and Remuneration Committee and subsequent approved by the Board of GNB. GNB's Directors' fees must be further approved/ endorsed by GNB's shareholders at a general meeting to be convened.

INFORMATION ON GNB (Cont'd)

(b) Proposed Directors

The remuneration and material benefits-in-kind paid to GNB's Proposed Directors for services rendered in all capacities to the Enlarged GNB Group for the FYEs 30 June 2021 and 30 June 2022 are as follows:

FYE 30 June 2021	Salaries (RM)	Fees (RM)	Bonus (RM)	Allowances (RM)	Employees Provident Fund and Social Security Organisation (RM)	Benefits-in- kind (RM)	Total (RM)
Tan Sri Datuk Seri Gan Yu Chai	120,000	-	-	-	14,862	-	134,862
Gan Yee Hin	120,000	-	-	-	14,862	-	134,862
Datuk Sydney Lim Tau Chin	120,000	-	-	-	14,862	-	134,862
Phe Kheng Peng ⁽¹⁾	-	-	-	-	-	-	-
Too Siew Mooi ⁽¹⁾	-	-	-	-	-	-	-

FYE 30 June 2022	Salaries (RM)	Fees (RM)	Bonus (RM)	Allowances (RM)	Employees Provident Fund and Social Security Organisation (RM)	Benefits-in- kind (RM)	Total (RM)
Tan Sri Datuk Seri Gan Yu Chai	240,000	-	-	-	29,723	-	269,723
Gan Yee Hin	240,000	-	-	-	29,723	-	269,723
Datuk Sydney Lim Tau Chin	240,000	-	-	-	29,723	-	269,723
Phe Kheng Peng ⁽¹⁾	-	-	-	-	-	-	-
Too Siew Mooi ⁽¹⁾	-	-	-	-	-	-	-

The remuneration of GNB's Proposed Directors, which includes Directors' fees (if any), bonus and such other allowances as well as other benefits, must be considered and recommended by GNB's Nomination and Remuneration Committee and subsequent approved by the Board of GNB. GNB's Proposed Directors' fees (if any) must be further approved/ endorsed by GNB's shareholders at a general meeting to be convened.

INFORMATION ON GNB (Cont'd)

Note:

- (1) As Proposed Director of the Enlarged GNB Group, they are proposed be appointed as Independent Non-Executive Director after the completion of the Proposed Regularisation Plan.

4.6 Service agreements with the Directors which provide for benefits upon termination of employment

There is no existing or proposed service contracts with Company and its Directors / Proposed Directors which provide for benefits upon termination of employment as at the LPD.

4.7 Principal business performed outside the Enlarged GNB Group and principal directorships

Save as disclosed below, none of the GNB's Directors and Proposed Directors has any directorship or business activity performed outside the Enlarged GNB Group at present and in the last 5 years prior to the LPD:

- (i) Dato' Haji Mohd Amran Bin Wahid

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
<u>Present involvement:</u>						
Syabas Jaya Sdn Bhd	Property development and management	Director and shareholder	18 December 2020	-	50.00	-
S.U. Solar Sdn Bhd	Service and generate solar system, electrician and dealers in solar, general trading	Director and shareholder	2 October 2013	-	50.00	-
Lembing Resources Sdn Bhd	Managing mines and mineral lands and other related activities	Director and shareholder	20 July 2007	-	55.00	-
Noble Hills Development Sdn Bhd	Property development	Director and shareholder	13 February 2006	-	51.00	-
Deklarasi Niaga Sdn Bhd	Mining, quarry, plantation & agriculture	Director and shareholder	11 February 2008	-	80.00	-

INFORMATION ON GNB (Cont'd)

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
Outperform Wealth Management Sdn Bhd	Buying, selling, renting and operating of self-owned or leased real estate – non-residential buildings	Director and shareholder	5 May 2017	-	50.00	-
Sediaplas Sdn Bhd	General trading and services; and Green energy technology	Director and shareholder	4 August 2015	-	40.00	-
Gerik Mining Sdn Bhd	Mining of tin ores	Director and shareholder	5 May 2015	-	30.00	-
Nenggiri Resources Sdn Bhd	Mining of tin ores	Director and shareholder	5 May 2015	-	50.00	-
Myah Mines Sdn Bhd	Tin mining and other mining related activities	Director and indirect shareholder	24 April 2013	-	-	75.00 ⁽¹⁾
Tersang Sega Resources Sdn Bhd	Buying, selling, renting and operating of self-owned or leased real estate – non-residential buildings, export and import of gold, mining of gold	Director and shareholder	14 September 2017	-	60.00	-
Sai Resources Sdn Bhd	Dissolved ⁽²⁾	Director and Shareholder	4 April 2007	13 November 2020	-	-
<u>Past involvement:</u>						
Special Universal Sdn Bhd	Investment in photovoltaic power plant and trading in green energy saving products	Director	14 November 2011	2 December 2019	-	-

Notes:

(1) Deemed interested through the direct interest of Lembing Resources Sdn Bhd.

(2) Sai Resources Sdn Bhd was dissolved on 13 November 2020.

INFORMATION ON GNB (Cont'd)

(ii) CTP

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
<u>Present involvement:</u>						
Syabas Jaya Sdn Bhd	Property development and management	Director and shareholder	18 December 2020	-	50.00	-
Sands Corporate Sdn Bhd	Wholesale of a variety of goods without any particular specialisation not elsewhere classified; and Quarrying of sand	Director and shareholder	17 September 2020	-	80.00	20.00 ⁽¹⁾
Pintas Wangsa Sdn Bhd	Developer of housing projects	Director and shareholder	7 June 2016	-	65.00	35.00 ⁽²⁾
Tropical Eden Development Sdn Bhd	Buying, selling, renting and operating of self-owned or leased real estate – residential buildings	Director and shareholder	8 June 2012	-	70.00	20.00 ⁽³⁾
Original Blossom Sdn Bhd	Mixed farming	Director and shareholder	5 August 2011	-	40.00	60.00 ⁽⁴⁾
Lembing Resources Sdn Bhd	Managing mines and mineral lands and other related activities	Director and shareholder	10 August 2011	-	40.00	5.00 ⁽⁵⁾
CMC Enterprise Sdn Bhd	Investment holding	Director and shareholder	23 May 1995	-	33.33	-
Outperform Wealth Management Sdn Bhd	Buying, selling, renting and operating of self-owned or leased real estate – non-residential buildings	Director and shareholder	5 May 2017	-	50.00	-
Sediaplas Sdn Bhd	General trading and services; and Green energy technology.	Director and shareholder	18 August 2016	-	30.00	-
Gerik Mining Sdn Bhd	Mining of tin ores	Director and shareholder	5 May 2015	-	30.00	-

INFORMATION ON GNB (Cont'd)

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
Nenggiri Resources Sdn Bhd	Mining of tin ores	Director and shareholder	5 May 2015	-	50.00	-
Myah Mines Sdn Bhd	Tin mining and other mining related activities	Director and indirect shareholder	24 April 2013	-	-	75.00 ⁽⁶⁾
SD Farm Village Sdn Bhd	Mining	Director and shareholder	13 July 2018	-	50.00	-
Legenda Duta Pintas Wangsa JV Sdn Bhd	Wholesale of a variety of goods without any particular specialisation not elsewhere classified; and Quarrying, rough trimming and sawing of monumental and building stone such as marble, granite (dimension stone), sandstone	Director and shareholder	2 January 2020	-	80.00	-
Baiduri Ulung Sdn Bhd	Dormant	Director and shareholder	4 March 2018	-	30.00	-
U & Us Agro Sdn Bhd	Other management consultancy activities not elsewhere classified Wholesale of a variety of goods without any particular specialisation not elsewhere classified Mixed farming	Director and shareholder	10 June 2022	-	50.00	-

INFORMATION ON GNB (Cont'd)

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
<u>Past involvement:</u>						
Lembing Kapital Sdn Bhd	Dissolved ⁽⁸⁾	Director	21 May 2012	29 November 2017	-	-
LHO Holdings Berhad	Dissolved ⁽⁷⁾	Director	9 December 2019	18 August 2021	-	-

Notes:

- (1) Deemed interested through the direct interest of his child in Sands Corporate Sdn Bhd.
- (2) Deemed interested through the direct interest of his spouse in Pintas Wangsa Sdn Bhd.
- (3) Deemed interested through the direct interest of his spouse in Tropical Eden Development Sdn Bhd.
- (4) Deemed interested through the direct interest of his spouse and children in Original Blossom Sdn Bhd.
- (5) Deemed interested through the direct interest of his spouse in Lembing Resources Sdn Bhd.
- (6) Deemed interested through the direct interest of Lembing Resources Sdn Bhd.
- (7) LHO Holdings Berhad was dissolved on 18 August 2021.
- (8) Lembing Kapital Sdn Bhd was dissolved on 29 November 2017.

INFORMATION ON GNB (Cont'd)

(iii) Cheah Hannon

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
<u>Present involvement:</u>						
PRG Management Services Sdn Bhd	Provide management consultancy services, accounting, office administration and general support functions	Director	22 August 2017	-	-	-
Premier Construction (International) Sdn Bhd	To tender and/or undertake local/overseas property development and construction activities and projects and other related activities and to carry on the business and/or activities advantageous to the company	Director	31 December 2018	-	-	-
P2Plus Sdn Bhd	Dormant	Director and shareholder	27 June 2016	-	27.50	-
Cremorne Capital (Msia) Sdn Bhd	Financial consultancy services; Business management consultancy services; and Investment advisory services	Director and shareholder	11 April 2019	-	50.00	-
Ting Seafood and Machinery Sdn Bhd	Wholesale of other machinery for use in industry, trade and navigation and other services not elsewhere classified; Retail sale of fish, other seafood and products thereof; and Other services not elsewhere classified	Director and shareholder	20 June 2019	-	100.00	-
XL Holdings Berhad	Investment holding and provision of management services	Director	11 January 2021	-	-	-
PRG Land Sdn Bhd	Trading and retail of clothing, footwear and ancillary products	Director	16 March 2018	-	-	-

INFORMATION ON GNB (Cont'd)

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
Premier Construction Sdn Bhd	Contractor for civil and building construction works, rental of machinery, equipment and etc	Director	31 December 2018	-	-	-
Premier Electrify Sdn Bhd	Property development, construction and related activities	Director	19 September 2016	-	-	-
Premier International Marketing Sdn Bhd	To market, promote and export agriculture, forestry and plantation related products	Director	13 April 2017	-	-	-
PRG Healthcare Sdn Bhd	Investment holding	Director	19 June 2016	-	-	-
PRG Asset Sdn Bhd	Investment holding	Director	6 June 2017	-	-	-
PRG Construction Sdn Bhd	Investment holding	Director	31 December 2018	-	-	-
PRG Active Sdn Bhd	Business on medical consultation and cardiovascular services	Director	7 April 2020	-	-	-
Premier PMC Sdn Bhd	Property development and related activities	Director	6 June 2018	-	-	-
PRG Agro Sdn Bhd	To undertake agriculture, plantation, logging, forestry, and all activities related to the foregoing	Director	22 May 2017	-	-	-
PRG Asset Holdings Sdn Bhd	Trading and retail sale of clothing, footwear and ancillary products	Director	9 March 2018	-	-	-
Premier Food Processing Sdn Bhd	Manufacture and processing of food products	Director	14 June 2017	-	-	-
Cremorne Capital Fund Management Limited ⁽¹⁾	Business of providing fund management and corporate advisory services	Director and Shareholder	5 June 2018	-	60.00	-
<u>Past involvement:</u>						
Minetech Resources Berhad	Investment holding and provision of managerial services	Director	21 January 2020	4 June 2020	-	-

INFORMATION ON GNB (Cont'd)

Note:

- (1) The principal activities of Cremorne Capital Fund Management Limited (“**Cremorne**”) were extracted from Cremorne’s audited accounts for FYE 31 December 2020, whereas the information on Cheah Hannon’s directorship and shareholdings were extracted from the register of directors and register of members of Cremorne, both dated 11 January 2022, in view that the company information for Labuan entities are not publicly available.

- (iv) Peter Ling Sie Wuong

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
<u>Present involvement:</u>						
Dexcom (Malaysia) Sdn Bhd	Manufacture of medical and dental instruments and supplies; Wholesale of a variety of goods without any particular specialisation not elsewhere classified; and Activities of holding companies	Director	12 March 2020	-	-	-
Virtusa Malaysia Sdn Bhd	Information, communication, and technology services	Director	24 December 2012	-	-	-
BWX Brands Malaysia Sdn Bhd	Developer, manufacturer, distribution and marketer of beauty (skin and hair care) products	Director	31 May 2017	-	-	-
GGTM Sdn Bhd	Exploration, mining and production of dimension granites for sale as well as architectural stone and interior fit-out	Director	30 July 2015	-	-	-
Nova Equity Sdn Bhd	Activities of holding companies	Director	13 October 2021	-	100.00	-
<u>Past involvement:</u>						
Minetech Resources Berhad	Investment holding and provision of managerial services	Director	8 January 2015	24 August 2017	-	-

INFORMATION ON GNB (Cont'd)

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
Brooks Brothers Malaysia Sdn Bhd	Retail business of accessories and footwear products	Director	4 January 2016	1 October 2018	-	-
EH Management Sdn Bhd	Dissolved ⁽¹⁾	Director	20 October 2016	22 March 2020	-	-
Zavata Sdn Bhd	Dissolved ⁽²⁾	Director	26 February 2020	29 June 2022	-	-

Notes:

(1) EH Management Sdn Bhd was dissolved on 22 March 2020.

(2) Zavata Sdn Bhd was dissolved on 29 June 2022.

INFORMATION ON GNB (Cont'd)

(v) Tan Sri Datuk Seri Gan Yu Chai

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
<u>Present involvement:</u>						
Raven Development Sdn Bhd	Activities of holding companies	Director and shareholder	15 July 2021	-	100.00	-
Cahaya Cendana Sdn Bhd	Export and import of a variety of goods without any particular specialisation not elsewhere classified; Buying, selling, renting and operating of self-owned or leased real estate – residential buildings; and Activities of holding companies	Director and shareholder	1 July 2021	-	100.00	-
Platinum Victory Marketing Sdn Bhd	Dealer or agent for the supply and trading in building materials	Director and shareholder	19 March 2015	-	50.00	50.00 ⁽¹⁾
Platinum Victory Property Sdn Bhd	Property development	Director and shareholder	8 May 2006	-	19.17	22.50 ⁽²⁾
Jayyid Land Sdn Bhd	Property developer	Director	10 October 2016	-	-	90.00 ⁽²⁵⁾
Meridian Maxim Sdn Bhd	Property development	Director and shareholder	15 October 2010	-	40.00	-
Maxim Holdings Sdn Bhd	Investment holdings and property development	Alternate Director	22 April 2016	-	-	-
Kaisar Maxim Sdn Bhd	Investment holdings and property development	Director	12 November 2015	-	-	-
Trillion Maxim Sdn Bhd	Investment holdings and property development	Director and shareholder	19 September 2011	-	33.33	-

INFORMATION ON GNB (Cont'd)

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
Fountain Energy Sdn Bhd	General trading	Director and indirect shareholder	29 January 2021	-	-	100.00 ⁽³⁾
Castle Innovations Sdn Bhd	Involved in property leasing and property management activities	Director and indirect shareholder	1 April 2013	-	-	100.00 ⁽⁴⁾
Inner Glamour Sdn Bhd	Property developers	Director and shareholder	12 November 1999	-	50.00	-
Weng Wah Developments Sdn Bhd	Property development and investment holding	Director and shareholder	3 December 2012	-	50.00	50.00 ⁽³⁰⁾
Richmont Technology Sdn Bhd	Property development	Director and shareholder	26 July 2018	-	33.33	-
MHP3 Sdn Bhd (formerly known as Platinum MH Sdn Bhd)	Wholesale and retail of new motor vehicles; and Property developer	Director and indirect shareholder	20 December 2019	-	-	100.00 ⁽²⁶⁾
Citajaya Kuasa Sdn Bhd	Activities of holding companies	Director and shareholder	1 August 2018	-	49.00	-
The Face Hotels & Resorts Sdn Bhd	Hotels and hotel resorts	Director and shareholder	21 December 2017	-	50.00	-
Metro Universal Development Sdn Bhd	Property developer	Director and shareholder	10 August 2018	-	33.33	-
Pembinaan Serta Hebat Sdn Bhd	Property developer	Director and indirect shareholder	18 January 2016	-	-	25.50 ⁽⁵⁾
Platinum Victory (WM) Sdn Bhd	Property developers	Director and shareholder	11 November 2014	-	50.00	49.00 ⁽⁶⁾

INFORMATION ON GNB (Cont'd)

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
Palette Danau Kota Sdn Bhd	Buying, selling, renting and operating of self-owned or leased real estate – land; Wholesale of a variety of goods without any particular specialisation not elsewhere classified; and Other management consultancy activities not elsewhere classified	Director and shareholder	10 November 2014	-	50.00	50.00 ⁽²⁸⁾
Novaview Realty Sdn Bhd	Real estate	Director and shareholder	20 November 2014	-	33.33	-
Super Advantage Property Sdn Bhd	Activities of holding companies	Director and shareholder	11 November 2014	-	80.00	20.00 ⁽⁷⁾
MH Platinum Sdn Bhd	Property development	Director and shareholder	16 August 2011	-	50.00	-
Platinum Victory Holdings Sdn Bhd	Investment holding company	Director and shareholder	8 December 2009	-	59.00	35.70 ⁽⁸⁾
Pembangunan Hakikat Emas Sdn Bhd	Property leasing and property management activities	Director and shareholder	9 September 2011	-	7.50	90.00 ⁽⁹⁾
Platinum Victory Resorts Sdn Bhd	Acquiring, managing, operating and/or own hotel, motel, clubs, restaurant, resorts and places of amusement	Director and shareholder	28 March 2012	-	50.00	-
Platinum Victory Development Sdn Bhd	Property developer	Director and shareholder	28 September 2004	-	66.00	24.00 ⁽²⁹⁾
Chong Hwa Holdings Sdn Bhd	Activities of holding companies	Director and shareholder	13 July 2020	-	4.00	-

INFORMATION ON GNB (Cont'd)

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
Yayasan SJKC Wangsa Maju	To promote, provide scholarships, gift whether moveable or pecuniary, donations, grants, loans, legacy, subscriptions and improve educational facilities in Malaysian schools, particularly Chinese schools in the rural areas	Director	15 November 2018	-	-	-
PV Credit & Leasing Sdn Bhd	Leasing and moneylending business	Director	28 October 2015	-	-	-
Pavilion Simfoni Sdn Bhd	Investment holding ⁽¹⁰⁾	Director and shareholder	20 August 2013	-	0.01	0.01 ⁽¹¹⁾
IT Media Sdn Bhd	Letting of properties and investments holding	Director and shareholder	21 November 1994	-	20.00	-
Unigreen Hardware Supplies	Trading in hardware	Partnership	15 March 1987	-	25.00	-
Gandingan Jakel Sdn Bhd	Activities of holding companies	Director and indirect shareholder	12 July 2021	-	-	50.00 ⁽¹²⁾
Juara Maksima Sdn Bhd	Buying, selling, renting and operating of self-owned or leased real estate – residential buildings; Export and import of a variety of goods without any particular specialisation not elsewhere classified; Activities of holding companies	Director and indirect shareholder	16 November 2020	-	-	100.00 ⁽⁴⁾
Selama Bayu Sdn Bhd	Property development	Director and indirect shareholder	1 July 2021	-	-	100.00 ⁽⁴⁾
Smart Advance Resources Sdn Bhd	Investment holding and general trading	Director and shareholder	1 August 2018	-	40.00	-

INFORMATION ON GNB (Cont'd)

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
Sri Pertiwi Resources (M) Sdn Bhd	Real estate activities with own or leased property not elsewhere classified; Buying, selling, renting and operating of self-owned or leased real estate – land	Director and indirect shareholder	30 January 2020	-	-	50.10 ⁽¹³⁾
Wangsa Binajaya Sdn Bhd	Activities of holding companies	Director and shareholder	1 July 2020	-	100.00	-
Cengal Rasa Sdn Bhd	Investment holding Agricultural plantation and related activities Tourism and related business	Director and shareholder	23 June 2021	-	20.00	-
Contras Build Sdn Bhd	Property developer	Director and indirect shareholder	5 October 2018	-	-	80.00 ⁽¹⁴⁾
Nurix Oil Sdn Bhd	Other business support services not elsewhere classified	Director and indirect shareholder	31 May 2021	-	-	100.00 ⁽⁴⁾
Golden Seeds Realty Sdn Bhd	Investment holding	Director and indirect shareholder	4 May 2021	-	-	100.00 ⁽⁴⁾
Alfa Sutramas Sdn Bhd	Activities of holding companies	Director and shareholder	3 May 2021	-	100.00	-
Forest Heritage Sdn Bhd	Property development	Director and indirect shareholder	1 April 2021	-	-	100.00 ⁽¹⁵⁾
Intra Abadi Sdn Bhd	Activities of holding companies	Director and indirect shareholder	11 March 2021	-	-	100.00 ⁽⁴⁾

INFORMATION ON GNB (Cont'd)

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
Minor Five Sdn Bhd	Property developer	Director and indirect shareholder	7 March 2021	-	-	35.00 ⁽¹⁶⁾
JP Wangsa Maju Sdn Bhd	Residential buildings	Director and indirect shareholder	10 September 2020	-	-	50.00 ⁽¹³⁾
Dupion Development Sdn Bhd	Dormant	Director and indirect shareholder	24 June 2020	-	-	50.00 ⁽¹⁷⁾
Multi Access Assets Sdn Bhd	Buying, selling, renting and operating of self-owned or leased real estate – land; Real estate activities with own or leased property not elsewhere classified	Director and indirect shareholder	17 November 2020	-	-	50.00 ⁽¹³⁾
PV M6 Sdn Bhd	Property developer ⁽¹⁸⁾	Director and indirect shareholder	30 October 2020	-	-	35.00 ⁽¹⁶⁾
Platinum Victory Facestyle Sdn Bhd	Hotels and hotel resorts	Director and shareholder	22 November 2019	-	25.00	-
Jejak Kembang Sdn Bhd	Investment holding	Director and shareholder	20 November 2014	-	80.00	18.00 ⁽¹⁹⁾
Mesti Mulia Holdings Sdn Bhd	Investment holding company	Director and indirect shareholder	8 July 2013	-	-	100.00 ⁽⁴⁾
Platinum Victory Land Sdn Bhd	Property developer	Director and shareholder	8 December 2009	-	50.00	-
Platinum Victory (Setapak) Sdn Bhd	Property development	Director and shareholder	3 September 2007	-	21.43	75.00 ⁽⁹⁾

INFORMATION ON GNB (Cont'd)

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
Platinum Victory Sdn Bhd	Property developer	Director and shareholder	15 October 2001	-	50.00	-
Fitrah E Visa Service Sdn Bhd (formerly known as PV Technical Services Sdn Bhd)	Investment company; Visa applications and informative services; Merchants, general traders, commission agents, and carrier ⁽²⁰⁾	Director and shareholder	22 July 2016	-	20.00	20.00 ⁽²¹⁾
First Hallmark Sdn Bhd	Residential buildings	Director and shareholder	18 November 2015	-	25.00	25.00 ⁽²²⁾
Chong Hwa KL Foundation	To receive, administer and augment funds or in kinds for charitable purposes in the advancement of education to needy and deserving members of the public irrespective of race, religion or creed To receive any donations in cash or in kind and to invest and/or apply the same for the objects of the foundation	Director	24 May 2021	-	-	-
Empayar Estet Sdn Bhd	Activities of holding companies	Director	12 August 2021	-	-	100.00 ⁽²⁵⁾
JV Management Sdn Bhd	Other management consultancy activities not elsewhere classified	Director	16 August 2021	-	-	100.00 ⁽²⁵⁾
MHP5 Sdn Bhd	Residential buildings	Director and indirect shareholder	7 September 2021	-	-	100.00 ⁽²⁶⁾
MHP7 Sdn Bhd	Residential buildings	Director and indirect shareholder	21 April 2022	-	-	100.00 ⁽²⁶⁾

INFORMATION ON GNB (Cont'd)

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
Sebayu Dimensi Sdn Bhd	Activities of holding companies	Director and indirect shareholder	6 September 2021	-	-	100.00 ⁽¹²⁾
Sutera Syabas Sdn Bhd	Activities of holding companies	Director and indirect shareholder	6 September 2021	-	-	100.00 ⁽¹²⁾
Tenaga Prospek Sdn Bhd	Export and import of a variety of goods without any particular specialisation not elsewhere classified; Buying, selling, renting and operating of self-owned or leased real estate – residential buildings; Activities of holding companies	Director	28 September 2021	-	-	100.00 ⁽⁴⁾
<u>Past involvement:</u>						
Luxury Fantasy Sdn Bhd	Dissolved ⁽²⁷⁾	Shareholder	-	-	-	-
Pavilion Integrity Sdn Bhd	Property development	Director	8 August 2017	1 June 2021	-	-
Omega Edisi Sdn Bhd	Business of merchants and general traders Import and export and trading in goods, produce, articles and merchandise Business of advisors and consultants on matters relating to head office operations, management and activities including the development and improvement of corporations operating systems and expansion of business Investment company	Director	20 August 2013	3 March 2021	-	-

INFORMATION ON GNB (Cont'd)

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
Rasa Wangi Development Sdn Bhd	Residential buildings	Director	3 November 2015	23 February 2021	-	-
Sterling Example Sdn Bhd	Investment holding	Director	18 January 2016	13 November 2020	-	-
Montanica Development Sdn Bhd	Property development	Director	16 October 2015	8 June 2021	-	-
Ambanang Development Sdn Bhd	Property development	Director	11 November 2014	8 June 2021	-	-
Total Solid Holdings Sdn Bhd	Property developer	Director	23 August 2012	24 February 2021	-	-
Constant Premium Sdn Bhd	Property developer	Director	27 May 2014	1 June 2021	-	-
Vistarena Development Sdn Bhd	Property developer	Director	8 February 2011	4 June 2021	-	-
Idaman Sejiwa (Ampang) Sdn Bhd	Property developer	Director	13 June 2011	8 June 2021	-	-
Monisprings Development Sdn Bhd	Property development, investment, and letting of properties	Director	25 June 2015	5 February 2021	-	-
Inner Glamour Properties Management Sdn Bhd	Investment holding	Director	7 November 2000	13 November 2020	-	-
Fitrah Resources Sdn Bhd	Property development	Director	21 August 2019	1 June 2021	-	-
PVG Property Management Sdn Bhd	Property management	Director	9 May 2019	10 June 2019	-	-
Bumi Triangle Sdn Bhd	Residential buildings	Director	2 July 2018	22 June 2020	-	-

INFORMATION ON GNB (Cont'd)

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
Platinum Hebat Sdn Bhd	Property developer	Director	17 November 2014	17 July 2020	-	-
P V Property Management Sdn Bhd	Property management; To enter into any contracts in relation to property management; and To carry on any trade or business	Director	29 September 2004	20 June 2019	-	-
HZS Holiday Sdn Bhd	Property management	Director	10 September 2007	10 December 2019	-	-
Solid Winner Development Sdn Bhd	Property developer	Director	4 November 2015	2 March 2018	-	-
Dataran Pertiwi Holdings Sdn Bhd	To carry on business of housing developers, land developers, builders and general contractors of all kinds of works and buildings	Director	12 October 2015	12 April 2021	-	-
Marques Land Sdn Bhd	Property development	Director and indirect shareholder	29 April 2013	26 August 2021	-	100.00 ⁽⁴⁾

Notes:

- (1) Deemed interested through the indirect interest of his son in Platinum Victory Marketing Sdn Bhd.
- (2) Deemed interested through the direct interest of his son in Platinum Victory Property Sdn Bhd.
- (3) Deemed interested through the direct interest of Tenaga Prospek Sdn Bhd.
- (4) Deemed interested through the direct interest of Platinum Victory Holdings Sdn Bhd.
- (5) Deemed interested through the direct interest of Platinum Victory Development Sdn Bhd.
- (6) Deemed interested through the direct interest of his son in Platinum Victory (WM) Sdn Bhd.

INFORMATION ON GNB (Cont'd)

- (7) Deemed interested through the direct interest of his son in Super Advantage.
- (8) Deemed interested through the direct interest of his spouse and son in Platinum Victory Holdings Sdn Bhd.
- (9) Deemed interested through the direct interest of Mesti Mulia Holdings Sdn Bhd.
- (10) Pavilion Simfoni Sdn Bhd has filed the relevant documentation with the Companies Commission of Malaysia to change its principal activities to “investment holding”.
- (11) Deemed interested through the direct interest of his son in Pavilion Simfoni Sdn Bhd.
- (12) Deemed interested through the direct interest of Alfa Sutramas Sdn Bhd.
- (13) Deemed interested through the direct interest of Jejak Kembang Sdn Bhd.
- (14) Deemed interested through the direct interest of Citajaya Kuasa Sdn Bhd.
- (15) Deemed interested through the direct interest of Juara Maksima Sdn Bhd.
- (16) Deemed interested through the direct interest of Wangsa Binajaya Sdn Bhd.
- (17) Deemed interested through the direct interest of Platinum Victory (WM) Sdn Bhd.
- (18) PV M6 Sdn Bhd has filed the relevant documentation with the Companies Commission of Malaysia to change its principal activities to “property developer”.
- (19) Deemed interested through the direct interest of his son in Jejak Kembang Sdn Bhd.
- (20) Fitrah E Visa Service Sdn Bhd (formerly known as PV Technical Services Sdn Bhd) has filed the relevant documentation with the Companies Commission of Malaysia to change its principal activities to “investment company, visa applications and informative services, and merchants general traders, commission agents and carrier”.
- (21) Deemed interested through the direct interest of his son in Fitrah E Visa Service Sdn Bhd (formerly known as PV Technical Services Sdn Bhd).
- (22) Deemed interested through the direct interest of his son in First Hallmark Sdn Bhd.
- (23) Deemed interested through the direct interest of Cahaya Cendana Sdn Bhd.
- (24) Deemed interested through the direct interest of Golden Seeds Realty Sdn Bhd.
- (25) Deemed interested through the direct interest of Gandingan Jakel Sdn Bhd.

INFORMATION ON GNB (Cont'd)

(26) Deemed interested through the direct interest of MH Platinum Sdn Bhd.

(27) Luxury Fantasy Sdn Bhd was dissolved on 8 June 2018.

(28) Deemed interested through the direct interest of his son in Palette Danau Kota Sdn Bhd.

(29) Deemed interested through the direct interest of his son in Platinum Victory Development Sdn Bhd.

(vi) Gan Yee Hin

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
<u>Present involvement:</u>						
Castle Innovations Sdn Bhd	Involved in property leasing and property management activities	Director and indirect shareholder	26 July 2021	-	-	100.00 ⁽¹⁾
Pembangunan Hakikat Emas Sdn Bhd	Engaged in property leasing and property management activities	Director and indirect shareholder	26 July 2021	-	-	90.00 ⁽²⁾
Platinum Victory (WM) Sdn Bhd	Property developers	Director and shareholder	9 August 2021	-	49.00	-
Novaview Realty Sdn Bhd	Real estate	Alternate Director	16 July 2021	-	-	-
Palette Danau Kota Sdn Bhd	Buying, selling, renting and operating of self-owned or leased real estate – land; Wholesale of a variety of goods without any particular specialisation not elsewhere classified; and Other management consultancy activities not elsewhere classified	Director	15 July 2021	-	50.00	-

INFORMATION ON GNB (Cont'd)

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
Weng Wah Developments Sdn Bhd	Property development and investment holding	Director	23 June 2021	-	50.00	-
Cahaya Cendana Sdn Bhd	Export and import of a variety of goods without any particular specialisation not elsewhere classified; Buying, selling, renting and operating of self-owned or leased real estate – residential buildings; and Activities of holding companies	Director	23 January 2020	-	-	-
Platinum Victory Marketing Sdn Bhd	Dealer or agent for the supply and trading in building materials	Director and shareholder	18 June 2021	-	50.00	-
Platinum Victory Property Sdn Bhd	Property development	Director and shareholder	30 June 2021	-	22.50	-
Jayyid Land Sdn Bhd	Property developer	Director	5 June 2020	-	-	-
Pribumi Ehsan Sdn Bhd	General trading and investment holding	Director	14 October 2016	-	-	-
Bigboy Maxim Sdn Bhd	Property development and investment holdings	Director	14 October 2016	-	-	-
Midcity Maxim Sdn Bhd	Property development and investment holding	Director	14 October 2016	-	-	-
Sovereign Maxim Sdn Bhd	Money lending business	Director	14 October 2016	-	-	-

INFORMATION ON GNB (Cont'd)

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
Benar Bangga Development Sdn Bhd	Real property and housing development; Investment holdings; and General trading	Director	2 February 2018	-	-	-
Butirjaya Maxim Development Sdn Bhd	Property developer, investment holdings, and general trading	Director	14 October 2016	-	-	-
Citajaya Kuasa Sdn Bhd	Activities of holding companies	Director	17 June 2021	-	-	-
Pembinaan Serta Hebat Sdn Bhd	Property developers	Director	16 June 2021	-	-	-
Fitrah E Visa Service Sdn Bhd (formerly known as PV Technical Services Sdn Bhd)	Investment company; Visa applications and informative services; Merchants, general traders, commission agents, and carrier	Director and shareholder	12 April 2021	-	20.00	-
Fountain Energy Sdn Bhd	General trading	Director	29 January 2021	-	-	100.00 ⁽⁹⁾
Platinum Victory Facestyle Sdn Bhd	Hotels and hotel resorts	Director	17 September 2021	-	-	-
Super Advantage Property Sdn Bhd	Activities of holding companies	Director and shareholder	20 June 2019	-	20.00	-
Raven Development Sdn Bhd	Activities of holding companies	Director	22 January 2020	-	-	-
Metro Universal Development Sdn Bhd	Property developer	Alternate Director	10 August 2018	-	-	-

INFORMATION ON GNB (Cont'd)

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
Platinum Victory (Setapak) Sdn Bhd	Property development	Director and indirect shareholder	24 November 2016	-	-	75.00 ⁽²⁾
Tambun Kekal Sdn Bhd	Activities of holding companies	Director	28 January 2020	-	-	-
Richmont Technology Sdn Bhd	Property development	Alternate Director	26 July 2018	-	-	-
Pavilion Simfoni Sdn Bhd	Investment holding ⁽³⁾	Director and shareholder	2 February 2018	-	0.01	-
Forest Heritage Sdn Bhd	Property development	Director and indirect shareholder	1 April 2021	-	-	100.00 ⁽⁴⁾
Jejak Kembang Sdn Bhd	Investment holding	Director and shareholder	22 July 2021	-	18.00	-
Mesti Mulia Holdings Sdn Bhd	Investment holding company	Director and indirect shareholder	9 August 2021	-	-	100.00 ⁽¹⁾
Gandingan Jakel Sdn Bhd	Activities of holding companies	Director	12 July 2021	-	-	-
Juara Maksima Sdn Bhd	Buying, selling, renting and operating of self-owned or leased real estate – residential buildings; Export and import of a variety of goods without any particular specialisation not elsewhere classified;	Director and indirect shareholder	16 November 2020	-	-	100.00 ⁽¹⁾
Selama Bayu Sdn Bhd	Activities of holding companies Property development	Director and indirect shareholder	1 July 2021	-	-	100.00 ⁽¹⁾

INFORMATION ON GNB (Cont'd)

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
Smart Advance Resources Sdn Bhd	Investment holding and general trading	Director	1 July 2021	-	-	-
Contras Build Sdn Bhd	Property developer	Director	16 June 2021	-	-	-
Nurix Oil Sdn Bhd	Other business support services not elsewhere classified	Director and indirect shareholder	31 May 2021	-	-	100.00 ⁽⁵⁾
Golden Seeds Realty Sdn Bhd	Investment holding	Director and indirect shareholder	4 May 2021	-	-	100.00 ⁽⁶⁾
Alfa Sutramas Sdn Bhd	Activities of holding companies	Director	3 May 2021	-	-	-
Intra Abadi Sdn Bhd	Activities of holding companies	Director and indirect shareholder	11 March 2021	-	-	100.00 ⁽¹⁾
JP Wangsa Maju Sdn Bhd	Residential buildings	Director and indirect shareholder	10 September 2020	-	-	50.00 ⁽⁷⁾
Dupion Development Sdn Bhd	Real estate activities with own or leased property not elsewhere classified; and Buying, selling, renting and operating of self-owned or leased real estate land	Director and indirect shareholder	24 June 2020	-	-	50.00 ⁽⁸⁾
Konsep Juara Sdn Bhd	General trading; Investment holding; and Property developer	Director	7 February 2020	-	-	-
JV Management Sdn Bhd	Other management consultancy activities not elsewhere classified	Director	16 August 2021	-	-	-

INFORMATION ON GNB (Cont'd)

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
Tenaga Prospek Sdn Bhd	Export and import of a variety of goods without any particular specialisation not elsewhere classified; Buying, selling, renting and operating of self-owned or leased real estate – residential buildings; Activities of holding companies	Director	28 September 2021	-	-	100.00 ⁽¹⁾
Platinum Victory Holdings Sdn Bhd	Investment holding company	Director and shareholder	8 November 2021	-	25.70	-
Multi Access Assets Sdn Bhd	Buying, selling, renting and operating of self-owned or leased real estate – land Real estate activities with own or leased property not elsewhere classified	Director	27 August 2021	-	-	50.00 ⁽⁷⁾
Sebayu Dimensi Sdn Bhd	Activities of holding companies	Director	6 September 2021	-	-	-
Sutera Syabas Sdn Bhd	Activities of holding companies	Director	6 September 2021	-	-	-
Empayar Estet Sdn Bhd	Activities of holding companies	Director	12 August 2021	-	-	-
Sri Pertiwi Resources (M) Sdn Bhd	Real estate activities with own or leased property not elsewhere classified; Buying, selling, renting and operating of self-owned or leased real estate – land	Director	16 December 2021	-	-	50.10 ⁽⁷⁾
Platinum Victory Development Sdn Bhd	Property developer	Director	22 December 2021	-	24.00	-

INFORMATION ON GNB (Cont'd)

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
Property Hero Sdn Bhd	Activities of real estate agents and brokers for buying, selling and renting of real estate	Director	8 March 2022	-	100.00	-
	Other management consultancy services not elsewhere classified					
MHP3 Sdn Bhd (formerly known as Platinum MH Sdn Bhd)	Wholesale and retail of new motor vehicles; and Property developer	Director	18 September 2021	-	-	-
MHP5 Sdn Bhd	Residential buildings	Director	7 September 2021	-	-	-
MHP7 Sdn Bhd	Residential buildings	Director	21 April 2022	-	-	-
D Merveilleux Suites Sdn Bhd	Hotels and resort hotels; Bed and breakfast units; Other short term accommodation activities not elsewhere classified	Director	28 April 2022	-	100.00	-
<u>Past involvement:</u>						
Contras Build Sdn Bhd	Property developer	Alternate Director	5 October 2018	16 June 2021	-	-
Fitrah Resources Sdn Bhd	Property development	Director	21 August 2019	1 June 2021	-	-
Smart Advance Resources Sdn Bhd	Investment holding and general trading	Alternate Director	1 August 2018	1 July 2021	-	-
Idaman Sejiwa (Ampang) Sdn Bhd	Property developer	Director	7 January 2021	8 June 2021	-	-
Constant Premium Sdn Bhd	Property developer	Director	11 February 2020	1 June 2021	-	-

INFORMATION ON GNB (Cont'd)

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
Blue Ocean Maxim Sdn Bhd	Property development	Director	14 October 2016	11 November 2020	-	-
Bendera Juara Maxim Sdn Bhd	Property development	Director	14 October 2016	21 May 2020	-	-
Sterling Example Sdn Bhd	Investment holding	Director	18 January 2016	13 November 2020	-	-
Jayyid Land Sdn Bhd	Property developer	Alternate Director	14 June 2017	5 June 2020	-	-
Montanica Development Sdn Bhd	Property development	Director	16 October 2015	8 June 2021	-	-
Rasa Wangi Development Sdn Bhd	Residential buildings	Director	3 November 2015	23 February 2021	-	-
Radium Development Berhad (formerly known as Idaman Sejiwa Development Sdn Bhd)	Investment holding company	Director	29 January 2016	18 February 2021	-	-
Vistarena Development Sdn Bhd	Property developer	Director	19 December 2017	4 June 2021	-	-
Citajaya Kuasa Sdn Bhd	Activities of holding companies	Alternate Director	4 October 2018	16 June 2021	-	-
Dataran Pertiwi Holdings Sdn Bhd	To carry on business of housing developers, land developers, buildings and general contractors of all kinds of works and buildings	Director	12 October 2015	12 April 2021	-	-
Solid Winner Development Sdn Bhd	Property developer	Director	4 November 2015	2 March 2018	-	-
Majestic Maxim Sdn Bhd	Property developer, general trading, and investment holdings	Director	14 October 2016	26 June 2019	-	-

INFORMATION ON GNB (Cont'd)

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
Pavilion Integrity Sdn Bhd	Property development	Director	8 August 2017	1 June 2021	-	-
Platinum Victory Facestyle Sdn Bhd	Hotels and hotel resorts	Alternate Director	6 May 2020	17 September 2021	-	-

Notes:

- (1) Deemed interested through the direct interest of Platinum Victory Holdings Sdn Bhd.
- (2) Deemed interested through the direct interest of Mesti Mulia Holdings Sdn Bhd.
- (3) Pavilion Simfoni Sdn Bhd has filed the relevant documentation with the Companies Commission of Malaysia to change its principal activities to "investment holding".
- (4) Deemed interested through the direct interest of Juara Maksima Sdn Bhd.
- (5) Deemed interested through the direct interest of Intra Abadi Sdn Bhd.
- (6) Deemed interested through the direct interest of Selama Bayu Sdn Bhd.
- (7) Deemed interested through the direct interest of Jejak Kembang Sdn Bhd.
- (8) Deemed interested through the direct interest of Platinum Victory (WM) Sdn Bhd.
- (9) Deemed interested through the direct interest of Tenaga Prospek Sdn Bhd.

INFORMATION ON GNB (Cont'd)

(vii) Datuk Sydney Lim Tau Chin

Directorships	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
<u>Present involvement:</u>						
Radium Development Berhad (formerly known as Idaman Sejiwa Development Sdn Bhd)	Investment holding company	Director	17 February 2021	-	-	-
The Peninsula Properties Sdn Bhd	Development of building projects for own operation, i.e. for renting of space in these buildings	Director	19 July 2016	-	-	-
Greenwood Residence Sdn Bhd	Development of building projects for own operation i.e. for renting of space in these buildings;	Director and shareholder	23 October 2018	-	15.00	-
	Real estate activities with own or leased property not elsewhere classified; and					
	Buying, selling, renting and operating of self-owned or leased real estate – residential buildings					
Adil Capital Sdn Bhd	Real estate activities with own or leased property not elsewhere classified;	Director and shareholder	22 January 2020	-	100.00	-
	Financial consultancy services; and					
	Export and import of a variety of goods without any particular specialisation.					

INFORMATION ON GNB (Cont'd)

Directorships	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
Adil Solutions Sdn Bhd	Manufacture of medicinal active substances to be used for their pharmacological properties in the manufacture of medicaments; Wholesale of pharmaceutical and medical goods; and Export and import of a variety of goods without any particular specialisation not elsewhere classified	Director and shareholder	4 September 2020	-	50.00	-
ZSpace Systems Sdn Bhd	Export and import of a variety of goods without any particular specialisation not elsewhere classified	Director and shareholder	10 November 2004	-	50.00	-
Adil Industries Sdn Bhd ⁽¹⁾	Has yet to commence business.	Director and shareholder	4 May 2011	-	50.00	-
Farmington Holdings Sdn Bhd ⁽²⁾	To carry on the business of an investment holding company; To export, import, distributors of all aquaculture, agriculture, farm and livestock and dairy product; and To carry on the business of marketing or distributing goods or merchandise	Director and shareholder	12 April 2010	-	50.00	-
Sabrina Properties Sdn Bhd	Housing developer	Director	3 September 2008	-	-	-
Arif Dinasti Sdn Bhd	Housing developer	Director	15 March 2005	-	-	-
Colipact Resources Sdn Bhd	Investment holding	Director	5 February 2004	-	-	-

INFORMATION ON GNB (Cont'd)

Directorships	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
Authentic Conglomerate Sdn Bhd	Investment holding	Director	5 February 2004	-	-	-
<u>Past involvement:</u>						
VA Blu International Sdn Bhd	General trading	Director	21 October 2013	3 April 2018	-	-
A Next Star Production Sdn Bhd	Film production	Director	29 July 2013	3 April 2018	-	-
Maylex Ventures Sdn Bhd	Investment holding company	Director	1 August 2005	14 May 2018	-	-
Pangaea Hospitality Sdn Bhd	Dissolved ⁽³⁾	Director and shareholder	6 June 2018	17 October 2019	-	-
Tibania Sdn Bhd	Dissolved ⁽⁴⁾	Director and shareholder	15 July 2004	8 June 2018	-	-
Trenasia Corporation Sdn Bhd	Dissolved ⁽⁵⁾	Director and shareholder	21 August 2003	8 June 2018	-	-
Sakura Fisheries Sdn Bhd	Dissolved ⁽⁶⁾	Director and shareholder	31 March 2010	23 November 2018	-	-

Notes:

- (1) This company has yet to commence business operations from the date of its incorporation based on its latest audited accounts.
- (2) This company is in the midst of being struck off.
- (3) Pangaea Hospitality Sdn Bhd was dissolved on 17 October 2019.
- (4) Tibania Sdn Bhd was dissolved on 8 June 2018.
- (5) Trenasia Corporation Sdn Bhd was dissolved on 8 June 2018.

INFORMATION ON GNB (Cont'd)

(6) Sakura Fisheries Sdn Bhd was dissolved on 23 November 2018.

(viii) Phe Kheng Peng

Directorships	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
<u>Present involvement:</u>						
Public Investment Bank Berhad	Stockbroking, investment banking and related financial services	Director	1 July 2022	-	-	-
Pintaras Jaya Berhad	Undertaking of piling contracts, civil engineering and building construction works	Director	3 January 2022	-	-	-
	Investment holding					
	Rental of plant and machinery					
Yu Cai Foundation	To advance, uplift, and benefit the underserved communities of Malaysia and promote the learning of vernacular languages of Malaysia	Director	17 June 2022	-	-	-
Yayasan Kasih Hospis	To provide community services including hospice service to people with advanced illnesses and their families	Director	29 January 2021	-	-	-
	To educate the local communities on health education and practical skills to assist, support and improve the quality of life of hospice patients					
	To create public awareness and interest in self-healing, self-education and providing skilful community service through training and development					
Tampias Plantation Sdn Bhd	Cultivation of oil palm	Shareholder	-	-	30.00	-

INFORMATION ON GNB (Cont'd)

Directorships	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
Positive Famous Berhad	Investment holding	Shareholder	-	-	5.00	-
Chuan Hong Hang Trading Sdn Bhd	General merchants and investment holding	Shareholder	-	-	30.00	-

(ix) Too Siew Mooi

Directorships	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
<u>Present involvement:</u>						
Red Pages (Malaysia) Sdn Bhd	Dormant	Shareholder	-	-	10.00	-

The involvement of Tan Sri Datuk Seri Gan Yu Chai, being the Managing Director as well as Gan Yee Hin, Datuk Sydney Lim Tau Chin and CTP being the Executive Directors in other business activities outside the Enlarged GNB Group is not expected to require a significant amount of their time or attention. This is because they are not involved in the management and day-to-day operations of those businesses, other than attending meetings of the board of directors on which they serve, if required. As such, their involvement in those business activities outside the Enlarged GNB Group will not affect their ability to perform their roles and responsibilities as well as their contributions to the Enlarged GNB Group.

Dato' Haji Mohd Amran Bin Wahid being the Non-Independent Non-Executive Chairman as well as Cheah Hannon and Peter Ling Sie Wuong both being the Independent Non-Executive Director are not involved in the day-to-day operations of the Enlarged GNB Group.

Phe Kheng Peng and Too Siew Mooi both being the Proposed Independent Non-Executive Director will not be involved in the day-to-day operations of the Enlarged GNB Group.

INFORMATION ON GNB (Cont'd)

5. KEY SENIOR MANAGEMENT

As at the LPD, GNB does not have any key senior management.

Upon completion of the Proposed Regularisation Plan, the following proposed key senior management will be responsible for the day-to-day management and operations of the Enlarged GNB Group. The members of the Enlarged GNB Group's proposed key senior management team are as follows:

Name	Age	Nationality	Proposed designation
Tan Sri Datuk Seri Gan Yu Chai	55	Malaysian	Managing Director
Gan Yee Hin	29	Malaysian	Executive Director and Chief Executive Officer
Datuk Sydney Lim Tau Chin	52	Malaysian	Executive Director
Lee Chen Nee	42	Malaysian	Chief Financial Officer
Ong Beng Hoe	54	Malaysian	Director, Development and Projects
Puan Sri Datin Seri Elaine Lee Kuan Kiow	54	Malaysian	Director, Human Resource and Administration
Pang Cheng Wei	43	Malaysian	Head, Legal and Corporate Communication

5.1 Profile of key senior management

The profiles of the Enlarged GNB Group's proposed key senior management are as follows:

(i) Tan Sri Datuk Seri Gan Yu Chai

His profile is set out in Section 3 of this appendix.

(ii) Gan Yee Hin

His profile is set out in Section 3 of this appendix.

(iii) Datuk Sydney Lim Tau Chin

His profile is set out in Section 4.2 of this appendix.

(iv) Lee Chen Nee

Lee Chen Nee, Malaysian, aged 42, is the Chief Financial Officer of Southern Score. She is responsible for the overall accounting and finance functions of Southern Score.

Lee Chen Nee graduated with a Bachelor of Management (Accounting) from the University of Technology Malaysia in 2003. She is also a member of the Malaysia Institute of Accountants since 2006.

INFORMATION ON GNB (Cont'd)

Upon graduation in 2003, Lee Chen Nee began her career with Ernst and Young Consulting Sdn Bhd (formerly known as Ernst & Young Advisory Services Sdn Bhd) as an Audit Associate, where she participated in statutory audit assignments for clients of the firm. In 2005, she was subsequently promoted to the position of Senior Audit Associate. Her last held position in the firm was Audit Assistant Manager, a position she was appointed to in 2008 before leaving the firm.

In 2008, Lee Chen Nee joined KPMG Guangzhou as an Audit Manager where she was based in China. She was tasked to lead a team of auditors to undertake audit assignments for foreign investment entities based in China as part of the statutory reporting requirements.

Upon her return from Guangzhou, China in 2009, she joined Platinum Victory Development Sdn Bhd as a Finance Manager in 2010. As Finance Manager, she was responsible for overseeing the company's accounting reporting and long-term investments. She was subsequently promoted to Senior Finance Manager in 2013, where her responsibilities were then expanded to manage all accounting matters, tax matters, company secretarial matters of the property development subsidiaries of the company. During her tenure with Platinum Victory Development Sdn Bhd, she was also tasked to liaise with bankers on project financing related matters relating to the property development projects undertaken by the company.

In June 2019, Lee Chen Nee left Platinum Victory Development Sdn Bhd to join Southern Score as Chief Financial Officer, where she is responsible for overseeing all accounting and finance functions of the company.

(v) Ong Beng Hoe

Ong Beng Hoe, Malaysian, aged 54, is the Director of Development and Projects of Southern Score. He is responsible for overseeing and managing the construction projects undertaken by Southern Score.

Ong Beng Hoe graduated with a Bachelor of Engineering (Civil) from the University of Malaya, Malaysia in 1993. He is registered as a Professional Engineer with the Board of Engineers, Malaysia and is also a member of the Institution of Engineers Malaysia.

Upon graduation, Ong Beng Hoe started his career in 1994 as a Design Engineer with Perunding PWK Sdn Bhd, an engineering consultancy firm. While attached to the firm, he supported the firm's engineering team in providing engineering consultancy services relating to the planning, designing and coordination of construction projects.

In 1996, Ong Beng Hoe left Perunding PWK Sdn Bhd to join Perunding L&W Sdn Bhd as a Resident Engineer. As a Resident Engineer, he was tasked to provide civil and structural engineering consultancy services to customers undertaking building construction projects.

In 1997, Ong Beng Hoe left Perunding L&W Sdn Bhd and joined Nusareka Jurutera Konsultant Sdn Bhd as a Resident Engineer. While at the firm, he was responsible for supervising construction activities, managing contractors and construction progress reporting of construction projects secured by the firm.

INFORMATION ON GNB (Cont'd)

In 1999, Ong Beng Hoe left Nusareka Jurutera Konsultant Sdn Bhd to join Labur Bina Sdn Bhd as a Resident Engineer. He was subsequently promoted to Project Manager in 2000. During his tenure with the firm, he worked with engineers and architects to develop building plans, and was tasked to oversee construction activities of construction projects undertaken by the firm.

In 2005, Ong Beng Hoe resigned from Labur Bina Sdn Bhd to join Platinum Victory Development Sdn Bhd as a Project Manager. He was tasked to oversee the planning and delivery of construction projects undertaken by the company as well as to ensure that construction works were completed within the estimated budget. He was subsequently promoted to the role of Senior Project Manager and General Manager in 2008 and 2013 respectively.

In 2019, Ong Beng Hoe left Platinum Victory Development Sdn Bhd and joined Southern Score as a Project General Manager. He was subsequently promoted to the role of Project Director in 2021. As Project Director, he is responsible for overseeing and managing the construction projects undertaken by Southern Score.

(vi) Puan Sri Datin Seri Elaine Lee Kuan Kiow

Puan Sri Datin Seri Elaine Lee Kuan Kiow, Malaysian, aged 54, is the Director of Human Resource and Administration of Southern Score. She is responsible for managing the overall human resources and administrative matters of Southern Score.

Puan Sri Datin Seri Elaine Lee Kuan Kiow completed her Malaysian Certificate of Education/ Sijil Pelajaran Malaysia from Sekolah Menengah Bukit Gambir, Muar, Johor in 1986.

Thereafter, she began her career in 1987 as a teacher in SJK(C) Chung Hwa, Muar, Johor. In 1990, Puan Sri Datin Seri Elaine Lee Kuan Kiow joined D&C Bank (now known as RHB Bank Berhad) as an Administrative Clerk where she was tasked to perform administrative tasks to support the business operations of the Credit department of the bank. During her tenure with the bank, she was promoted and transferred to the Secretariat and Directorate office before her resignation in 2005.

Puan Sri Datin Seri Elaine Lee Kuan Kiow left D&C Bank and joined Platinum Victory Development Sdn Bhd in 2006 as a Human Resource and Administration Manager. As Human Resource and Administration Manager, she supported the recruitment, employee retention, compensation as well as employee welfare matters of the company. She was subsequently promoted to the position of Human Resource and Administration Senior Manager in 2017, to oversee and manage the overall human resources and administrative matters of the company.

In 2019, Puan Sri Datin Seri Elaine Lee Kuan Kiow left Platinum Victory Development Sdn Bhd to join Southern Score as Human Resource and Administration Manager. She was subsequently promoted to Director of Human Resource and Administration in 2021. As Director of Human Resource and Administration, she is responsible for managing the overall human resources and administrative matters of Southern Score.

(vii) Pang Cheng Wei

Pang Cheng Wei, Malaysian, aged 43, is the Head of Legal and Corporate Communications of Southern Score. He is responsible for managing the legal and corporate communication matters of Southern Score.

Pang Cheng Wei graduated with a Bachelor of Law from the University of West England, United Kingdom in 2002. He subsequently furthered his studies and obtained a Master in Law from the University of Derby, United Kingdom in 2006.

In 2005, Pang Cheng Wei started his career with Zelan Holdings (M) Sdn. Bhd., a subsidiary of Zelan Berhad as a Legal Executive where he was tasked to assist in legal matters relating to the company's property development projects. He left Zelan Holdings (M) Sdn Bhd as a Senior Legal Executive in 2009.

In 2009, Pang Cheng Wei joined Sheng Lee Law Office Advocates & Solicitors (formerly known as Sheng & Co Advocates & Solicitors) as a Legal Manager. As Legal Manager, he was tasked to provide legal advice for the firm's clients in relation to corporate, commercial and conveyancing matters.

In 2013, Pang Cheng Wei left Sheng Lee Law Office Advocates & Solicitors to join Platinum Victory Development Sdn Bhd as Head of Group Legal. During his tenure at this company, he was responsible for managing legal matters as well as advising the senior management and board of directors on corporate and contract matters.

Pang Cheng Wei left Platinum Victory Development Sdn Bhd to join Southern Score as Head of Legal and Corporate Communications in June 2019. As Head of Legal and Corporate Communications, he was tasked to manage the legal and corporate communication matters of the company.

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INFORMATION ON GNB (Cont'd)

5.2 Shareholdings of the key senior management in Enlarged GNB Group

The following table sets forth the direct and indirect shareholdings of each of the Enlarged GNB Group's proposed key senior management before and after the Proposed Regularisation Plan in the Enlarged GNB Group as at the LPD:

Name	As at LPD				(I) After the Proposed Share Consolidation			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Tan Sri Datuk Seri Gan Yu Chai	-	-	-	-	-	-	-	-
Gan Yee Hin	-	-	-	-	-	-	-	-
Datuk Sydney Lim Tau Chin	-	-	-	-	-	-	-	-
Lee Chen Nee	-	-	-	-	-	-	-	-
Ong Beng Hoe	-	-	-	-	-	-	-	-
Puan Sri Datin Seri Elaine Lee Kuan Kiow	-	-	-	-	-	-	-	-
Pang Cheng Wei	-	-	-	-	-	-	-	-

Name	(II) After (I) and the Proposed Acquisition				(III) After (II) and the Proposed Debt Settlement			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Tan Sri Datuk Seri Gan Yu Chai	-	-	1,680,000,000 ⁽¹⁾	98.31	-	-	1,680,000,000 ⁽¹⁾	97.14
Gan Yee Hin	-	-	1,680,000,000 ⁽¹⁾	98.31	-	-	1,680,000,000 ⁽¹⁾	97.14
Datuk Sydney Lim Tau Chin	-	-	-	-	-	-	-	-
Lee Chen Nee	-	-	-	-	-	-	-	-
Ong Beng Hoe	-	-	-	-	-	-	-	-
Puan Sri Datin Seri Elaine Lee Kuan Kiow	-	-	-	-	-	-	-	-
Pang Cheng Wei	-	-	-	-	-	-	-	-

INFORMATION ON GNB (Cont'd)

Name	(V) After (III) and the Proposed Private Placement			
	Direct		Indirect	
	No. of shares	%	No. shares	%
Tan Sri Datuk Seri Gan Yu Chai	-	-	1,680,000,000 ⁽¹⁾	73.92
Gan Yee Hin	-	-	1,680,000,000 ⁽¹⁾	73.92
Datuk Sydney Lim Tau Chin	-	-	-	-
Lee Chen Nee	-	-	-	-
Ong Beng Hoe	-	-	-	-
Puan Sri Datin Seri Elaine Lee Kuan Kiow	-	-	-	-
Pang Cheng Wei	-	-	-	-

Note:

(1) Deemed interested through the direct interest of Super Advantage.

5.3 Principal business performed outside the Enlarged GNB Group and principal directorships

Tan Sri Datuk Seri Gan Yu Chai, Gan Yee Hin and Datuk Sydney Lim Tau Chin directorships or business activity performed outside the Enlarged GNB Group at present and in the last 5 years prior to the LPD are set out in Section 4.7 of this appendix.

Save as disclosed below, none of the Enlarged GNB Group's proposed key senior management has any directorship or business activity performed outside the Enlarged GNB Group's at present and in the last 5 years prior to the LPD:

INFORMATION ON GNB (Cont'd)

(i) Ong Beng Hoe

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
<u>Present involvement:</u>						
Gita Bumi Sdn Bhd	Activities of holding companies	Director and shareholder	24 February 2021	-	100.00	-
O & G Property Sdn Bhd	Investment holding and letting of properties	Director and shareholder	5 October 2012	-	50.00	-

(ii) Puan Sri Datin Seri Elaine Lee Kuan Kiow

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
<u>Present involvement:</u>						
Castle Innovations Sdn Bhd	Involved in property leasing and property management activities	Director and indirect shareholder	26 July 2021	-	-	10.00 ⁽¹⁾
Pembangunan Hakikat Emas Sdn Bhd	Engaged in property leasing and property management activities	Director and indirect shareholder	26 July 2021	-	-	9.00 ⁽²⁾
Platinum Victory (WM) Sdn Bhd	Property developers	Director	22 July 2021	-	-	-
Jejak Kembang Sdn Bhd	Investment holding	Director	22 July 2021	-	-	-
Mesti Mulia Holdings Sdn Bhd	Investment holding company	Director and indirect shareholder	15 July 2021	-	-	10.00 ⁽¹⁾

INFORMATION ON GNB (Cont'd)

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
Palette Danau Kota Sdn Bhd	Buying, selling, renting and operating of self-owned or leased real estate – land; Wholesale of a variety of goods without any particular specialisation not elsewhere classified; and Other management consultancy activities not elsewhere classified.	Director	15 July 2021	-	-	-
Tambun Kekal Sdn Bhd	Activities of holding companies	Director	15 July 2021	-	-	-
Raven Development Sdn Bhd	Activities of holding companies	Director	15 July 2021	-	-	-
Fountain Energy Sdn Bhd	General trading	Director and indirect shareholder	15 July 2021	-	-	10.00 ⁽³⁾
Konsep Juara Sdn Bhd	General trading; Investment holding; and Property developer.	Director	15 July 2021	-	-	-
Weng Wah Developments Sdn Bhd	Property development and investment holding	Director	23 June 2021	-	-	-
Platinum Victory Holdings Sdn Bhd	Investment holding company	Director and shareholder	9 December 2013	-	10.00	-
Platinum Victory Marketing Sdn Bhd	Dealer or agent for the supply and trading in building materials	Director	18 June 2021	-	-	-

INFORMATION ON GNB (Cont'd)

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
Cahaya Cendana Sdn Bhd	Export and import of a variety of goods without any particular specialisation not elsewhere classified; Buying, selling, renting and operating of self-owned or leased real estate – residential buildings; and Activities of holding companies.	Director	1 July 2021	-	-	-
JP Wangsa Maju Sdn Bhd	Residential buildings	Director	9 August 2021	-	-	-
Jejak Kembang Sdn Bhd	Investment holding	Director	22 July 2021	-	-	-
Gandingan Jakel Sdn Bhd	Activities of holding companies	Director	12 July 2021	-	-	-
Intra Abadi Sdn Bhd	Activities of holding companies	Director and indirect shareholder	11 March 2021	-	-	100.00 ⁽¹⁾
Forest Heritage Sdn Bhd	Property development	Director and indirect shareholder	1 April 2021	-	-	100.00 ⁽⁴⁾
Golden Seeds Realty Sdn Bhd	Investment holding	Director and indirect shareholder	4 May 2021	-	-	100.00 ⁽⁵⁾
Nurix Oil Sdn Bhd	Other business support services not elsewhere classified	Director and indirect shareholder	31 May 2021	-	-	100.00 ⁽⁶⁾
Selama Bayu Sdn Bhd	Property development	Director and indirect shareholder	1 July 2021	-	-	100.00 ⁽¹⁾

INFORMATION ON GNB (Cont'd)

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
Juara Maksima Sdn Bhd	Buying, selling, renting and operating of self-owned or leased real estate – residential buildings; Export and import of a variety of goods without any particular specialisation not elsewhere classified; Activities of holding companies	Director and indirect shareholder	1 July 2021	-	-	100.00 ⁽¹⁾
Tenaga Prospek Sdn Bhd	Export and import of a variety of goods without any particular specialisation not elsewhere classified; Buying, selling, renting and operating of self-owned or leased real estate – residential buildings; Activities of holding companies	Director	28 September 2021	-	-	100.00 ⁽¹⁾
Platinum Victory Development Sdn Bhd	Property developer	Director	22 December 2021	-	-	-
Platinum Victory (Setapak) Sdn Bhd	Property development	Director	9 September 2021	-	-	75.00 ⁽²⁾
Super Advantage Property Sdn Bhd	Activities of holding companies	Director	26 August 2021	-	-	-
Jayyid Land Sdn Bhd	Property developer	Director	15 November 2021	-	-	-
Dupion Development Sdn Bhd	Real estate activities with own or leased property not elsewhere classified Buying, selling, renting and operating of self-owned or leased real estate – land	Director	14 September 2021	-	-	-

INFORMATION ON GNB (Cont'd)

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest as at the LPD (%)	
					Direct	Indirect
Multi Access Assets Sdn Bhd	Buying, selling, renting and operating of self-owned or leased real estate – land Real estate activities with own or leased property not elsewhere classified	Director	27 August 2021	-	-	-
Sebayu Dimensi Sdn Bhd	Activities of holding companies	Director	6 September 2021	-	-	-
Sutera Syabas Sdn Bhd	Activities of holding companies	Director	6 September 2021	-	-	-
Empayar Estet Sdn Bhd	Activities of holding companies	Director	12 August 2021	-	-	-
Sri Pertiwi Resources (M) Sdn Bhd	Real estate activities with own or leased property not elsewhere classified; Buying, selling, renting and operating of self-owned or leased real estate – land	Director	16 December 2021	-	-	-
JV Management Sdn Bhd	Other management consultancy activities not elsewhere classified	Director	16 August 2021	-	-	-
<u>Past involvement:</u>						
Vistarena Development Sdn Bhd	Property developer	Director	8 February 2011	4 June 2021	-	-
Marques Land Sdn Bhd	Property development	Director	9 August 2021	26 August 2021	-	100.00 ⁽¹⁾

Notes:

- (1) Deemed interested through the direct interest of Platinum Victory Holdings Sdn Bhd.
- (2) Deemed interested through the direct interest of Mesti Mulia Holding Sdn Bhd.
- (3) Deemed interested through the direct interest of Tenaga Prospek Sdn Bhd.

INFORMATION ON GNB (Cont'd)

- (4) Deemed interested through the direct interest of Juara Maksima Sdn Bhd.
- (5) Deemed interested through the direct interest of Selama Bayu Sdn Bhd.
- (6) Deemed interested through the direct interest of Intra Abadi Sdn Bhd.

The involvement of the proposed key senior management in other business activities outside the Enlarged GNB Group is not expected to require a significant amount of their time or attention as they are not involved in the management and day-to-day operations of those businesses as those businesses are managed by their respective management teams. As such, their involvement in those business activities outside the Enlarged GNB Group will not affect their ability to perform their roles and responsibilities as well as their contributions to the Enlarged GNB Group.

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INFORMATION ON GNB (Cont'd)

5.4 Proposed key senior management's remuneration and material benefits-in-kind

Tan Sri Datuk Seri Gan Yu Chai, Gan Yee Hin and Datuk Sydney Lim Tau Chin in remuneration and material benefits-in-kind paid in the FYE 30 June 2021 and FYE 30 June 2022 are set out in Section 4.5 of this appendix.

The remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid to the Enlarged GNB Group's proposed key senior management for services rendered in all capacities to the Enlarged GNB Group for the FYEs 30 June 2021 and 30 June 2022 are as follows:

Key senior management	Remuneration band	
	FYE 30 June 2021	FYE 30 June 2022
	(RM'000)	(RM'000)
Lee Chen Nee	400-450	450-500
Ong Beng Hoe	550-600	550-600
Puan Sri Datin Seri Elaine Lee Kuan Kiow	250-300	250-300
Pang Cheng Wei	400-450	400-450

There is no existing or proposed service contracts with the Enlarged GNB Group and its proposed key senior management which provide for benefits upon termination of employment as at the LPD.

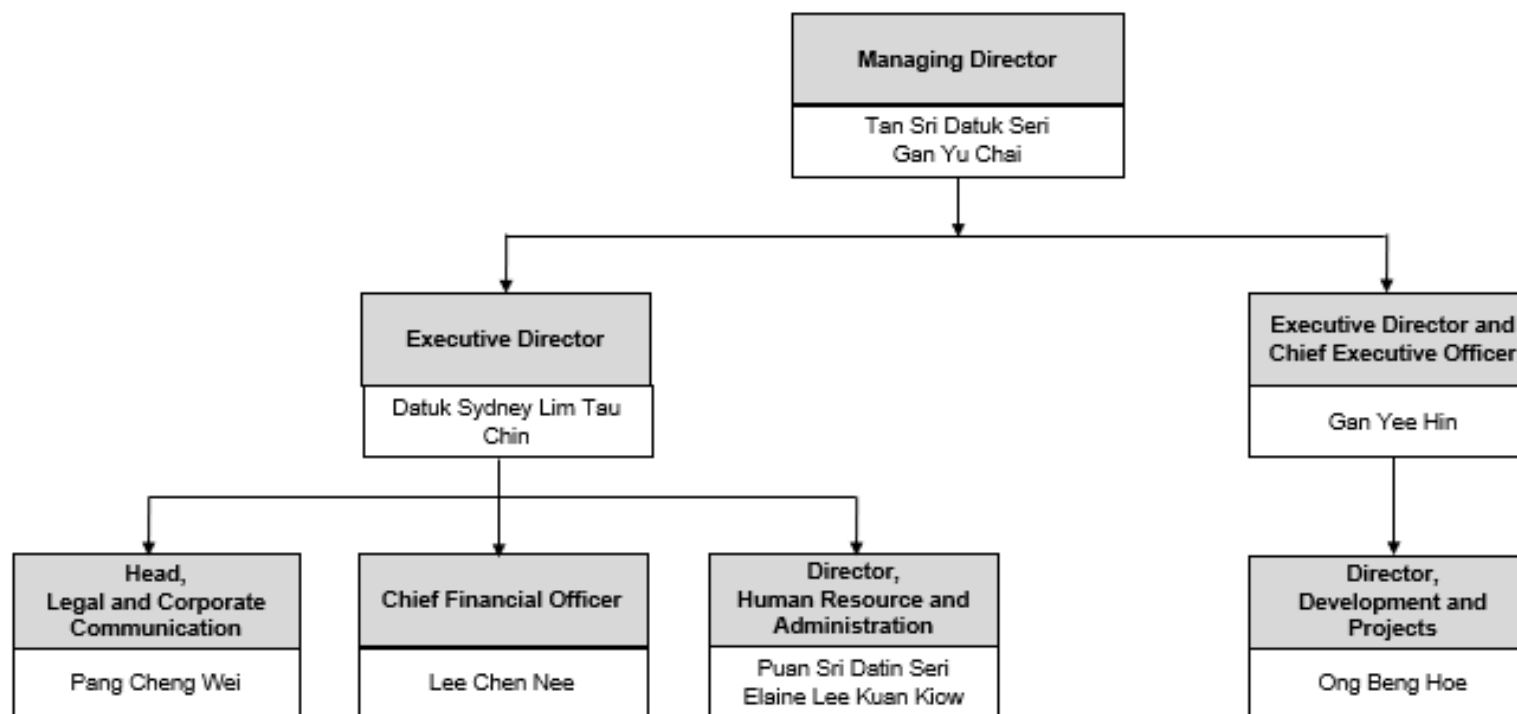
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INFORMATION ON GNB (Cont'd)

6. MANAGEMENT REPORTING STRUCTURE

As at the LPD, the Company has ceased all its business operations.

Upon completion of the Proposed Regularisation Plan, the management reporting structure of Enlarged GNB Group will be as follows:



INFORMATION ON GNB (*Cont'd*)**7. MATERIAL INVESTMENT AND DIVESTITURES****7.1 Material investment**

GNB has not undertaken any material capital expenditure during the FYEs 31 December 2018, 31 December 2019, 31 December 2020 and 31 December 2021 and up to the LPD.

7.2 Material divestitures

GNB has not undertaken any material divestitures during the FYEs 31 December 2018, 31 December 2019, 31 December 2020 and 31 December 2021 and up to the LPD.

8. ASSOCIATIONS OR FAMILY RELATIONSHIP BETWEEN SUBSTANTIAL SHAREHOLDERS, DIRECTORS, PROPOSED DIRECTORS AND PROPOSED KEY SENIOR MANAGEMENT OF GNB

Save as disclosed below, there are no associations or family relationships between the substantial shareholders, Directors, Proposed Directors and proposed key senior management of GNB:

- (i) Tan Sri Datuk Seri Gan Yu Chai, a Proposed Director, proposed key senior management and Proposed Controlling Shareholder, is;
 - (a) a director and shareholder of Super Advantage;
 - (b) a Director and key senior management of Southern Score Group; and
 - (c) the spouse of Puan Sri Datin Seri Elaine Lee Kuan Kiow and father of Gan Yee Hin.
- (ii) Gan Yee Hin, a Proposed Director, proposed key senior management and Proposed Controlling Shareholder, is;
 - (a) a director and shareholder of Super Advantage;
 - (b) a Director and key senior management of Southern Score Group; and
 - (c) the son of Tan Sri Datuk Seri Gan Yu Chai and Puan Sri Datin Seri Elaine Lee Kuan Kiow.
- (iii) Puan Sri Datin Seri Elaine Lee Kuan Kiow, proposed key senior management, is;
 - (a) a director of Super Advantage;
 - (b) a key senior management of Southern Score Group; and
 - (c) the spouse of Tan Sri Datuk Seri Gan Yu Chai and mother of Gan Yee Hin.
- (iv) Ong Beng Hoe, proposed key senior management, is;
 - (a) a key senior management of Southern Score Group; and
 - (b) the spouse of Tan Sri Datuk Seri Gan Yu Chai's sibling.

INFORMATION ON GNB (Cont'd)**9. DECLARATION BY THE DIRECTORS, THE PROPOSED DIRECTORS AND THE PROPOSED KEY SENIOR MANAGEMENT OF GNB**

As at the LPD, none of the Directors, the Proposed Directors and the proposed key senior management of GNB is or has been involved in any of the following events (whether within or outside Malaysia):

- (i) in the last 10 years, a petition under any bankruptcy or insolvency laws filed (and not struck out) against him or any partnership in which he was a partner or any corporation of which he was a director or key senior management;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) in the last 10 years, charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) in the last 10 years, any judgment was entered against him, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) in the last 10 years, being the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;
- (vi) being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;
- (vii) in the last 10 years, has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and
- (viii) has an unsatisfied judgment against him.

10. EXTRACT OF GNB'S CONSTITUTION

The following is extracted from GNB's Constitution and is qualified in its entirety by the remainder of the provisions of GNB's Constitution and by applicable law.

(i) Remuneration, voting and borrowing powers of Directors

"102 Remuneration of Director. The Directors shall be paid for their services as follows:

- (a) Directors who hold no executive office in the Company shall be paid fees by a fixed sum and not by a commission on or percentage of profits or turnover.
- (b) Fees and benefits payable to Directors shall be subject to annual shareholders' approval at a meeting of Members. Such fees may be divided among the Directors in such proportions and manner as the Directors shall determine.
- (c) Any fee paid to an Alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration paid to the latter.
- (d) Salaries payable to Directors who hold an executive office in the Company may not include a commission on or percentage of turnover but may include a commission on or percentage of profits."

INFORMATION ON GNB (Cont'd)

- “103 Reimbursement of expenses
- (a) The Directors shall be paid all their travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or meeting of Members or which they may otherwise incur in connection with the business of the Company.
- (b) If any Director being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company, he shall be entitled to receive such sum as the Directors may think fit either as a fixed sum by way of salary, allowances or as percentage of profits or otherwise but not a commission on or percentage of turnover and such remuneration may, as the Directors shall determine, be either in addition to or in substitution for any other remuneration he may be entitled to receive, and the same shall be charged as part of the ordinary working expenses of the Company.”
- “98 Director not to participate or vote in contracts where he has an interest but shall be counted to make quorum
- No Director shall participate in any discussion nor vote in respect of any contract or arrangement or proposed contract or arrangement in which he is directly or indirectly interested (unless the interest is one that need not be disclosed under Section 221 of the Act), and if he should do so, his vote shall not be counted although notwithstanding his interest, he shall be counted only to make the quorum at the meeting of the Board.”
- “113 Directors' borrowing powers
- (i) The Directors may exercise all the powers of the Company whatsoever to borrow money, raise funds, accept credit facilities and to mortgage or charge its undertaking, property (both present and future) and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or any company as may be thought fit.
- (ii) The Directors may borrow or raise any such money as aforesaid, upon such terms and conditions in all respects as the Directors may think fit, upon or by the issue or sale of any bonds, debentures, debenture stocks or securities. The Company may in meeting of Members grant a right for the holders of bonds, debentures, debenture stocks or securities to exchange the same for shares in the Company or any class authorised to be issued. The Directors may secure or provide for the payment of any moneys to be borrowed or raised by a mortgage or a charge upon all or any part of the undertaking or property of the Company, both present and future and upon any capital remaining unpaid upon the shares of the Company, whether called up or not or by any other security and the Directors may confer upon any mortgages or persons in whom any debentures, debenture stock or security is vested, such rights and powers as they think necessary or expedient; and they may vest any property of the Company in trustees for the purpose of securing any moneys so borrowed or so raised and confer upon the trustees or any receiver to be appointed by them or by any debenture holder, such rights and powers as the Directors may think necessary or expedient in relation to the undertaking or property of the Company, or the management or the realisation thereof, or the making, receiving or enforcing of calls upon the Members in respect of unpaid capital and otherwise, and may make and issue debentures to trustees for the purpose of further security, and any such trustees may be remunerated.”

INFORMATION ON GNB (*Cont'd*)(ii) **Changes to capital**

“55 Alteration of Share Capital

The Company may alter its share capital in any one or more of the following ways by passing an ordinary resolution to-

- (a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived;
- (b) convert all or any of its paid-up shares into stock and may reconvert that stock into paid-up shares; or
- (c) subdivide its shares or any of the shares, whatever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived.”

“56 Power to reduce capital

The Company may by special resolution or as provided by the Act reduce its share capital, in any manner and with, and subject to, any authorization, and consent required by law.”

“57 Power to increase capital

The Company may from time to time by Ordinary Resolution whether all the shares for the time being issued have been fully called up or not, increase its capital by the creation and issue of new shares, with such aggregate increase to be of such amount and to be divided into shares of such respective amounts as the Company in such meeting of Members directs and such new shares or any of them may have such preference or priority over the then existing shares of the Company and that such rights and privileges be different from those of such existing shares as the Directors may think fit.”

“58 Offer of new shares

Subject to any direction to the contrary that may be given by the Company in a meeting of Members, any new shares or other convertible securities shall before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of meetings of Members in proportion, as nearly as the circumstances admit, to the amount of the existing shares or other convertible securities to which they are entitled. The offer shall be made by notice specifying the number of shares or other convertible securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or other convertible securities offered, the Directors may dispose of those shares or other convertible securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares or other convertible securities bear to shares or other convertible securities which (by reason of the ratio which the new shares or other convertible securities bear to shares or other convertible securities held by persons entitled to an offer of new shares or other convertible securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.”

INFORMATION ON GNB (Cont'd)

"59 New capital to be considered as part of the present share capital

Except so far as otherwise provided by the conditions of issue, or by the provisions of this Constitution, any share capital raised by the creation of new shares shall be considered as part of the share capital of the Company after such creation, and such new shares shall rank *pari passu* with shares issued prior to such creation."

(iii) **Transfer of securities**

"25. Transfer of securities

The transfer of any listed Securities or class of listed Securities of the Company which have been deposited with the Depository shall be by way of book entry by the Depository in accordance with the Rules and notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such Securities."

"26 Suspension of Registration

Subject to the provisions of the Act, the Depositories Act, the Rules and the Listing Requirements, the registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine PROVIDED ALWAYS that such registration shall not be suspended for more than thirty (30) days in the aggregate in any year. At least ten (10) clear Market Days' notice (or such other period as may from time to time be prescribed by Bursa Securities) prior to such closure shall be published in a daily newspaper circulating in Malaysia and shall also be given to Bursa Securities. The said notice shall state the period and purpose or purposes of such closure. The Company shall give notice in accordance with the requirements of the Rules to the Depository to prepare the appropriate Record of Depositors."

"27 Refusal to register transfer

The Depository may refuse to register any transfer of Deposited Security that does not comply with the Depositories Act and the Rules."

"28 Indemnity

Subject to any law in Malaysia for the time being in force, neither the Company nor the Directors nor any of its officers shall incur any liability for the act of the Depository in registering or acting upon a transfer of securities apparently made by a Member or any person entitled to the securities by reason of death, bankruptcy or insanity of a Member although the same may by reason of any fraud or other causes not known to the Company or the Directors or the Depository or other officers be legally inoperative or insufficient to pass the property in the securities proposed or professed to be transferred, and although the transfer may, as between the transferor Member and the transferee be liable to be set aside and notwithstanding that the Depository or the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor Member in the blank as to the name of the transferee, of the particulars of the securities transferred or otherwise in defective manner."

INFORMATION ON GNB (Cont'd)

"29 Renunciation

Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any security by the allottee thereof in favour of some other person."

(iv) **Rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights**

"7 Class of shares

The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividend, capital, voting or otherwise."

"8 Issue of Shares

The Directors may allot or otherwise dispose of the same to such persons and on such terms and conditions with such preferred, deferred or other special rights or such restrictions whether in regard to dividend, voting, return of capital and at such time or times and for such consideration as the Directors may think fit, provided always that:

- (a) no shares shall be issued including any issue from convertible securities which shall have the effect of transferring a controlling interest in the Company without prior approval of Members in meeting of Members;
- (b) in the case of shares, other than ordinary shares, no special rights shall be attached until the same have been expressed in this Constitution or in the terms of issue of such shares including such of those shares arising from convertible securities;
- (c) except in the case of an issue of shares on a pro-rata basis to all Members, every issue of shares to employees, Directors, Major Shareholders, Chief Executive or persons connected with any Director, Major Shareholder or Chief Executive of the Company shall be approved in accordance with the requirements of the Act and/or other applicable laws and regulations."

"14 Issuance of Preference Shares

Subject to the Act, any preference share may with the sanction of an ordinary resolution of shareholders in a meeting of Members, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed, and the Company shall not without the consent of the existing preference shareholders at a class meeting issue further preference shares ranking in priority above preference shares already issued, but may issue preference shares ranking equally therewith."

INFORMATION ON GNB (Cont'd)

"18 Modification of class rights

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of not less than seventy-five per centum (75%) of the total voting rights of the holders of the shares in the class, or with the sanction of a special resolution passed by shareholders of that class sanctioning the variation. To every such separate meeting of Members, the provisions of the Constitution relating to meeting of Members shall *mutatis mutandis* apply, but so that the necessary quorum shall be two (2) persons holding at least or representing by proxy, one-third of the number of issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution, the provisions of Section 292 of the Act shall with such adaptations as are necessary, apply."

"19 Alteration of rights by issuance of new shares

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards to participation in the profits or assets of the Company in some or in all respects *pari passu* therewith."

"81 Vote of Member of unsound mind

A Member who is of unsound mind or whose person or estate is liable to be dealt with under the law relating to mental disorder may vote by his committee or by such other person who properly has the management of his estate and any such committee or other person may vote in person or by proxy or attorney."

"87 Member barred from voting while call unpaid

No Member shall be entitled to be present or to vote at any general meeting or to exercise any privilege as a Member nor be counted as one (1) of the quorum unless all calls or other sums immediately payable by him in respect of shares in the Company have been paid."

"93 Objection to qualification of voter

No objection shall be raised on the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive."

INFORMATION ON GNB (Cont'd)

“160 Distribution of assets

If the Company is wound up the liquidator may, with the sanction of a special resolution of the Company, divide amongst the Members in kind the whole or any part of the assets of the Company (whether they consist of property of the same kind or not) and may for that purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how the division shall be carried out as between the Members or different classes of Members. The liquidators may, with the like sanction, vest the whole or any part of any such assets in trustees upon such trusts for the benefit of the contributor as the liquidator, with the like sanction, think fit, but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability.”

“161 Sharing of loss and excess

Save that this Clause shall be without prejudice to the rights of holders of shares issued upon special terms and conditions, the following provisions shall apply:

- (a) if the Company shall be wound up and the assets available for distribution among the Members as such, shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up at the commencement of the winding-up, on the shares held by them respectively; and
- (b) if in a winding-up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding-up, the excess shall be distributed among the Members in proportion to the capital paid up, or which ought to have been paid up at the commencement of the winding-up, on the shares held by them respectively.”

“162 Rights of preference shareholders upon winding up

In the event the Company is wound up and its assets distributed, the holders of preference shares shall be entitled to return of capital in preference to holders of ordinary shares.”

There is no limitation on the right to own shares, including limitations on non-resident or foreign shareholders' right to hold or exercise voting rights imposed by GNB's Constitution.

11. RISK MANAGEMENT AND INTERNAL CONTROL REVIEW RESULTS AND ACTIONS PLANS TO ADDRESS THE WEAKNESSES IDENTIFIED

GNB has appointed alphaOne Governance Sdn Bhd (“**AOGSB**”) to conduct internal audit of business operations, internal controls and administration process of GNB. The weaknesses as identified by AOGSB were not significant as the Company had ceased operations since July 2017 and GNB's key emphasis is focused on the regularisation plan to regularise its financial condition.

FINANCIAL COMMENTARIES ON THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE GNB GROUP

1. HISTORICAL FINANCIAL INFORMATION

	Audited						Unaudited	
	FYE 31 December 2015 (Restated)	18M-FPE 30 June 2017 ⁽¹⁾⁽²⁾ (Restated)	FYE 30 June 2018	FYE 30 June 2019	FYE 30 June 2020	FYE 30 June 2021	9M-FPE 31 March 2021	9M-FPE 31 March 2022 ⁽⁷⁾
	RM	RM	RM	RM	RM	RM	RM	RM
Revenue	480,000	1,785,001	-	-	-	-	-	-
Cost of sales	-	(1,706,155)	-	-	-	-	-	-
Gross profit	480,000	78,846	-	-	-	-	-	-
Other operating income	1,387,410	123	85,115	-	-	81,125	-	2,279,986
Administrative expenses	(874,369)	(1,244,794)	(444,543)	(812,173)	(1,886,361)	(1,838,423)	(1,384,785)	(418,052)
Other operating expenses	(263,378)	(7,244,119)	-	(13,379)	(10,830)	(39,607)	(39,607)	-
Finance costs	(119,062)	(275,445)	(161,764)	(176,716)	(198,242)	(194,950)	(146,359)	-
Profit/(loss) before taxation	610,601	(8,685,389)	(521,192)	(1,002,268)	(2,095,433)	(1,991,855)	(1,570,751)	1,861,934
Income tax expense	-	-	-	-	-	-	-	-
Net profit/(loss) for the financial year/period	610,601	(8,685,389)	(521,192)	(1,002,268)	(2,095,433)	(1,991,855)	(1,570,751)	1,861,934
Other comprehensive income/(loss) <u>Items that may be reclassified</u> <u>subsequently to profit or loss</u>								
- Exchange differences on translation of the financial statements of foreign subsidiary company	(151,426)	(625,852)	163,823	(77,388)	(125,386)	97,238	103,146	(740,895)
Total comprehensive income/(loss) for the financial year/period	459,175	(9,311,241)	(357,369)	(1,079,656)	(2,220,819)	(1,894,617)	(1,467,605)	1,121,039
Profit/(loss) attributable to the owners of the Company:	610,601	(8,685,389)	(521,192)	(1,002,268)	(2,095,433)	(1,991,855)	(1,570,751)	1,861,934
Total comprehensive income/(loss) attributable to the owners of the Company:	459,175	(9,311,241)	(357,369)	(1,079,656)	(2,220,819)	(1,894,617)	(1,467,605)	1,121,039

FINANCIAL COMMENTARIES ON THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE GNB GROUP (Cont'd)

	Audited						Unaudited	
	FYE 31 December 2015 (Restated)	18M-FPE 30 June 2017 ⁽¹⁾⁽²⁾ (Restated)	FYE 30 June 2018	FYE 30 June 2019	FYE 30 June 2020	FYE 30 June 2021	9M-FPE 31 March 2021	9M-FPE 31 March 2022 ⁽⁷⁾
	RM	RM	RM	RM	RM	RM	RM	RM
Weighted average number of ordinary shares in issue	288,750,000	288,750,000	288,750,000	288,750,000	288,750,000	288,750,000	288,750,000	288,750,000
No. of ordinary shares in issue	288,750,000	288,750,000	288,750,000	288,750,000	288,750,000	288,750,000	288,750,000	288,750,000
EPS/(LPS)	0.21	(3.01)	(0.18)	(0.35)	(0.73)	(0.69)	(0.54)	0.64
Net EPS /(LPS) (sen) ⁽³⁾	0.21	(3.01)	(0.18)	(0.35)	(0.73)	(0.69)	(0.54)	0.64
NA/(Net liabilities ("NL"))	6,617,951	(2,693,290)	(3,050,659)	(4,130,315)	(6,351,134)	(8,245,751)	(7,818,739)	(5,642,922)
NA/(NL) per share (sen) ⁽⁴⁾	2.29	(0.93)	(1.06)	(1.43)	(2.20)	(2.86)	(2.71)	(1.95)
Gross profit margin (%) ⁽⁵⁾	100.00	4.42	-	-	-	-	-	-
Net profit/(loss) margin (%) ⁽⁶⁾	127.21	(486.58)	-	-	-	-	-	-
Total interest-bearing borrowings	667,074	1,136,001	1,061,199	1,092,357	1,141,521	1,104,331	1,102,152	-
Gearing (times)	0.10	(0.42)	(0.35)	(0.26)	(0.18)	(0.13)	(0.14)	-
Net current assets / (liabilities)	6,617,951	(2,693,290)	(3,050,659)	(4,130,315)	(6,351,134)	(8,245,751)	(7,818,739)	(5,642,922)
Current ratio (times)	5.84	0.03	0.02	0.01	0.01	⁻⁽⁸⁾	⁻⁽⁸⁾	⁻⁽⁸⁾

FINANCIAL COMMENTARIES ON THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE GNB GROUP (Cont'd)

Notes:

- (1) On 23 February 2017, GNB announced the change of its financial year end from 31 December to 30 June.
- (2) Annualised statement of profit or loss and other comprehensive income for 18M-FPE 30 June 2017 is as follows:

Annualised	RM
Revenue	1,190,001
Cost of sales	(1,137,437)
Gross profit	52,564
Other operating income	82
Selling and distribution costs	-
Administrative expenses	(829,863)
Other operating expenses	(4,829,413)
Finance costs	(183,630)
Loss before tax	(5,790,259)
Income tax expense	-
Net loss for the financial year	(5,790,259)

- (3) As extracted from the annual report for the respective financial years/periods under review, net EPS/(LPS) is computed based on profit/(loss) attributable to owners of the company divided by weighted average number of GNB Shares in issue for the respective financial years/periods under review.
- (4) Based on NA attributable to owners of the company divided by number of GNB Shares in issue.
- (5) Based on gross profit divided by revenue.
- (6) Based on the (loss)/profit attributable to the owners of the company divided by revenue for the respective financial years/periods under review.
- (7) On 8 October 2021, GNB's wholly-owned subsidiary, Geranium was dissolved by the Companies Registry (Hong Kong).
- (8) Negligible.

FINANCIAL COMMENTARIES ON THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE GNB GROUP (Cont'd)

1.1 Commentaries

18M-FPE 30 June 2017 vs FYE 31 December 2015

Revenue

GNB Group's revenue increased by 271.88% or RM1.31 million from RM0.48 million in FYE 31 December 2015 to RM1.79 million in 18M-FPE 30 June 2017 (annualised revenue for the 18M-FPE 30 June 2017 was RM1.19 million, representing 147.92% increase in revenue on an annualised basis). The increase in revenue was mainly attributable to the trading of electronic parts arising from Geranium, a wholly-owned subsidiary of GNB in 18M-FPE 30 June 2017.

Cost of sales

GNB Group's cost of sales for the 18M-FPE 30 June 2017 was RM1.71 million (the annualised cost of sales for the 18M-FPE 30 June 2017 was approximately RM1.14 million), as a direct cost in relation to the trading of electronic parts by Geranium during the period.

Gross profit

As the result of the foregoing, the gross profit of GNB Group decreased by 83.57% or RM0.40 million from RM0.48 million in FYE 31 December 2015 to RM0.08 million in 18M-FPE 30 June 2017 (annualised gross profit for the 18M-FPE 30 June 2017 was RM0.05 million, representing 89.05% decrease in gross profit on an annualised basis).

Other operating income

GNB Group's other operating income decreased by 99.99% or RM1.39 million from RM1.39 million in FYE 31 December 2015 to RM123 in 18M-FPE 30 June 2017 (annualised other operating income for 18M-FPE 30 June 2017 was approximately RM82, representing 99.99% decrease in other operating income on an annualised basis). The decrease of the other operating income was mainly due to a large unrealised gain on foreign exchange of RM1.13 million in FYE 31 December 2015 as compared to unrealised gain on foreign exchange of RM122 recognised in 18M-FPE 30 June 2017.

Administrative expenses

GNB Group's administrative expenses increased by 42.36% or RM0.37 million from RM0.87 million in FYE 31 December 2015 to RM1.24 million in 18M-FPE 30 June 2017 (annualised administrative expenses for 18M-FPE 30 June 2017 was RM0.83 million, representing a 5.09% decrease in administrative expenses on an annualised basis). The increase in the administrative expenses was mainly due to increase of legal and professional fees, audit fees and staff salary.

Other operating expenses

GNB Group's other operating expenses increased by 2,650% or RM6.98 million from RM0.26 million in FYE 31 December 2015 to RM7.24 million in the 18M-FPE 30 June 2017 (annualised other operating expenses for 18M-FPE 30 June 2017 was RM4.83 million, representing a 1,734% increase in other operating expenses on an annualised basis). The increase in other operating expenses was mainly due to the deposits written off of RM7.24 million in the 18M-FPE 30 June 2017.

**FINANCIAL COMMENTARIES ON THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS
OF THE GNB GROUP (Cont'd)**

Finance cost

GNB Group's finance cost increased by 131.35% or RM0.16 million from RM0.12 million in FYE 31 December 2015 to RM0.28 million incurred in 18M-FPE 30 June 2017 (annualised finance cost for 18M-FPE 30 June 2017 was RM0.18 million, representing a 54.23% increase in finance cost on an annualised basis). The increase in finance cost was mainly due to the further drawdown of loan facility by Geranium of approximately HKD0.96 million in the 18M-FPE 30 June 2017 whereby the loans bear interest rate ranging from 8.6% to 10.0% per annum.

Loss after tax

As a result of the foregoing, GNB Group registered a loss after tax of RM8.69 million in 18M-FPE 30 June 2017 as opposed to profit after tax of RM0.61 million in FYE 31 December 2015 (annualised loss after tax of RM5.79 million for 18M-FPE 30 June 2017).

FYE 30 June 2018 vs 18M-FPE 30 June 2017
Revenue

GNB Group did not generate revenue in FYE 30 June 2018 as compared to RM1.79 million revenue generated in 18M-FPE 30 June 2017 (annualised revenue of RM1.19 million) as GNB Group had ceased operations since 1 July 2017.

Cost of sales

GNB Group's cost of sales in FYE 30 June 2018 was nil as compared to RM1.71 million in 18M-FPE 30 June 2017 (annualised cost of sales of RM1.14 million) as GNB Group did not carry out any business activities in FYE 30 June 2018.

Gross profit

As the result of the foregoing, GNB Group's gross profit in FYE 30 June 2018 was nil as compared to RM0.08 million in 18M-FPE 30 June 2017 (annualised gross profit of RM0.05 million).

Other operating income

GNB Group's other operating income increased by more than 100% or RM0.09 million from RM123 in 18M-FPE 30 June 2017 (annualised other operating income of RM82) to RM0.09 million in FYE 30 June 2018. The increase was mainly due to recovery of deposit amounting to RM0.09 million.

Administrative expenses

GNB Group's administrative expenses decreased by 64.29% or RM0.80 million from RM1.24 million in 18M-FPE 30 June 2017 (annualised administrative expenses of RM0.83 million) to RM0.44 million in FYE 30 June 2018. The decrease in the administrative expenses was mainly due to decrease of directors' fee, legal and professional fees, staff salaries as well as travelling and entertainment expenses.

Other operating expenses

GNB Group did not incur any other operating expenses in FYE 30 June 2018 as compared to RM7.24 million in 18M-FPE 30 June 2017 as GNB Group did not carry out any business activities in FYE 30 June 2018.

**FINANCIAL COMMENTARIES ON THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS
OF THE GNB GROUP (Cont'd)**

Finance cost

The finance cost of GNB Group decreased by 41.27% or RM0.12 million from RM0.28 million in 18M-FPE 30 June 2017 to RM0.16 million in FYE 30 June 2018 due to lower outstanding loan amount in FYE 30 June 2018 as compared to 18M-FPE 30 June 2017.

Loss after tax

As the result of the foregoing, the loss after tax of GNB Group decreased by 94.00% or RM8.16 million from RM8.69 million in 18M-FPE 30 June 2017 (annualised loss after tax of RM5.79 million) to loss after tax of RM0.53 million in FYE 30 June 2018.

FYE 30 June 2019 vs FYE 30 June 2018
Revenue

GNB Group did not generate revenue in FYE 30 June 2019 as GNB Group had ceased operations since 1 July 2017.

Cost of sales

GNB Group's cost of sales in FYE 30 June 2019 was nil as GNB Group did not carry out any business activities in FYE 30 June 2019.

Gross profit

As the result of the foregoing, GNB Group's gross profit in FYE 30 June 2019 was nil.

Other operating income

GNB Group's other operating income in FYE 30 June 2019 is nil as compared to the other operating income generated by GNB Group amounting to RM0.09 million in FYE 30 June 2018 arising from the recovery of deposits.

Administrative expenses

GNB Group's administrative expenses increased by 82.70% or RM0.37 million from RM0.44 million in FYE 30 June 2018 to RM0.81 million in FYE 30 June 2019. The increase in the administrative expenses was mainly due to increase in secretarial fees, professional fees in relation to the proposed regularisation plan as well as director fee.

Other operating expenses

GNB Group's other operating expenses in FYE 30 June 2019 is RM0.01 million which mainly arises from the write off of the deposits as well as the goods and services tax receivables during the FYE 30 June 2019. GNB Group did not incur any other operating expense in FYE 30 June 2018.

Finance costs

The finance cost of GNB Group increased by 9.24% or RM0.01 million from RM0.16 million in FYE 30 June 2018 to RM0.17 million in FYE 30 June 2019 due to the increase in interest expenses incurred resulting from the continuous accrual of interest expenses on the defaulted loans by Geranium.

**FINANCIAL COMMENTARIES ON THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS
OF THE GNB GROUP (Cont'd)**

Loss after tax

As the result of the foregoing, the loss after tax of GNB Group increased by 92.30% or RM0.48 million from RM0.52 million in FYE 30 June 2018 to loss after tax of RM1.00 million in FYE 30 June 2019.

FYE 30 June 2020 vs FYE 30 June 2019
Revenue

GNB Group did not generate revenue in FYE 30 June 2020 as GNB Group had ceased operations since 1 July 2017.

Cost of sales

GNB Group's cost of sales in FYE 30 June 2020 was nil as GNB Group did not carry out any business activities in FYE 30 June 2020.

Gross profit

As the result of the foregoing, GNB Group's gross profit in FYE 30 June 2020 was nil.

Other operating income

GNB Group's other operating income in FYE 30 June 2020 is nil.

Administrative expenses

GNB Group's administrative expenses increased by 132.26% or RM1.07 million from RM0.81 million in FYE 30 June 2019 to RM1.88 million in FYE 30 June 2020. The increase in the administrative expenses was mainly due to increase in secretarial fees and professional fees in relation to the proposed regularisation plan.

Other operating expenses

The other operating expenses of GNB Group decreased by 19.05% or RM2,549 from RM13,379 in FYE 30 June 2019 to RM10,830 in FYE 30 June 2020, whereby, the other operating expenses incurred by GNB Group in FYE 30 June 2020 is mainly arising from the impairment on GST amounting to RM10,830.

Finance costs

The finance cost of GNB Group increased by 12.18% or RM0.02 million from RM0.18 million in FYE 30 June 2019 to RM0.20 million in FYE 30 June 2020 due to the increase in interest expenses incurred resulting from the continuous accrual of interest expenses on the defaulted loans by Geranium.

Loss after tax

As the result of the foregoing, the loss after tax of GNB Group increased by 109.07% or RM1.09 million from RM1.00 million in FYE 30 June 2019 to loss after tax of RM2.09 million in FYE 30 June 2020.

**FINANCIAL COMMENTARIES ON THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS
OF THE GNB GROUP (Cont'd)**

FYE 30 June 2021 vs FYE 30 June 2020
Revenue

GNB Group did not generate revenue in FYE 30 June 2021 as GNB Group had ceased operations since 1 July 2017.

Cost of sales

GNB Group's cost of sales in FYE 30 June 2021 was nil as GNB Group did not carry out any business activities in FYE 30 June 2021.

Gross profit

As the result of the foregoing, GNB Group's gross profit in FYE 30 June 2021 was nil.

Other operating income

GNB Group's other operating income in FYE 30 June 2021 recorded RM0.08 million arising from the waiver of fees owing to the accountant. GNB Group's other operating income in FYE 30 June 2020 was nil.

Administrative expenses

GNB Group's administrative expenses decreased by 2.13% or RM0.04 million from RM1.88 million in FYE 30 June 2020 to RM1.84 million in FYE 30 June 2021. The decrease in the administrative expenses was mainly due to decrease in professional fees in relation to the proposed regularisation plan.

Other operating expenses

The other operating expenses of GNB Group increased by 265.72% or RM28,777 from RM10,830 in FYE 30 June 2020 to RM39,607 in FYE 30 June 2021, as the Group wrote off a tax recoverable amount of RM39,607.

Finance costs

The finance cost of GNB Group decreased marginally by 1.66% or RM3,292 from RM198,242 in FYE 30 June 2020 to RM194,950 in FYE 30 June 2021 due to a slight decrease in interest expenses incurred arising from the continuous accrual of interest on the defaulted loans by Geranium.

Loss after tax

As the result of the foregoing, the loss after tax of GNB Group decreased by 4.78% or RM0.10 million from RM2.09 million in FYE 30 June 2020 to loss after tax of RM1.99 million in FYE 30 June 2021.

**FINANCIAL COMMENTARIES ON THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS
OF THE GNB GROUP (Cont'd)**

Unaudited 9-months FPE 31 March 2022 vs unaudited 9-months FPE 31 March 2021
Revenue

GNB did not generate revenue in the 9-months FPE 31 March 2022 as GNB had ceased operations since 1 July 2017.

Cost of sales

GNB's cost of sales in the 9-months FPE 31 March 2022 was nil as GNB did not carry out any business activities during the period.

Gross profit

As the result of the foregoing, GNB's gross profit in the 9-months FPE 31 March 2022 was nil.

Other operating income

GNB's other operating income for the 9-months FPE 31 March 2022 recorded a gain of RM2.28 million as a result of the gain from the dissolution of Geranium, a wholly-owned subsidiary of GNB. There was no other operating income recorded for the 9-months FPE 31 March 2022.

Administrative expenses

GNB's administrative expenses decreased by 69.8% or RM0.96 million from RM1.38 million in the 9-months FPE 31 March 2021 to RM0.42 million in the 9 months to FPE 31 March 2022. The decrease in the administrative expenses was mainly due to decrease in professional fees in relation to the proposed regularisation plan which were charged based on the progressive milestones and finance cost incurred.

Other operating expenses

There were no other operating expenses in GNB for the 9-months FPE 31 March 2022. This is compared to other operating expenses of RM0.04 million for the 9-months FPE 31 March 2021 arising from the write-off of a tax recoverable amount.

Finance costs

There were no finance costs incurred by GNB for the 9-months FPE 31 March 2022 as a result of the dissolution of Geranium. This is compared to RM0.15 million in finance cost incurred for the 9-months FPE 31 March 2021 arising from the continuous accrual of interest on the defaulted loans by Geranium.

Profit after tax

As the result of the gains arising from dissolution of Geranium, for the 9-months FPE 31 March 2022, GNB recorded a net profit of RM1.86 million which is a RM3.43 million increase or 218% increase over the 9-months FPE 31 March 2021.

FINANCIAL COMMENTARIES ON THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE GNB GROUP (Cont'd)

1.2 NA/(NL) and gearing

NA/(NL)

The NA of GNB Group increased by RM0.46 million to RM6.62 million as at 31 December 2015 from RM6.16 million as at 31 December 2014. The increase of the NA was mainly due to the profit after taxation for the FYE 31 December 2015 of RM0.61 million and the foreign currency translation differences for foreign operation for the FYE 31 December 2015 of RM0.15 million.

The NA of GNB Group reduced by RM9.31 million to net liability of RM2.69 million as at 30 June 2017 from NA of RM6.62 million due to the loss after tax as at 30 June 2017 of RM8.69 million and the foreign currency translation differences for foreign operation for the 18M-FPE 30 June 2017 of RM0.62 million.

The NA of GNB Group reduced by RM0.36 million to a NL of RM3.05 million as at 30 June 2018 from RM2.69 million as at 30 June 2017 due to loss after tax for the FYE 30 June 2018 of RM0.52 million and foreign currency translation differences for foreign operation for the FYE 30 June 2018 of RM0.16 million.

The NA of GNB Group reduced by RM1.08 million to a NL of RM4.13 million as at 30 June 2019 from RM3.05 million as at 30 June 2018 due to loss after tax for the FYE 30 June 2019 of RM1.00 million and foreign currency translation differences for foreign operation for the FYE 30 June 2019 of RM0.08 million.

The NA of GNB Group reduced by RM2.23 million to a NL of RM6.35 million as at 30 June 2020 from RM4.13 million as at 30 June 2019 due to loss after tax for the FYE 30 June 2020 of RM2.10 million and foreign currency translation differences for foreign operation for the FYE 30 June 2020 of RM0.13 million.

The NA of GNB Group reduced by RM1.91 million to a NL of RM8.26 million as at 30 June 2021 from RM6.35 million as at FYE 30 June 2020 due to loss after tax for the FYE 30 June 2021 of RM1.99 million and foreign currency translation differences for foreign operation for the FYE 30 June 2021 of RM0.10 million.

The NA of GNB Group improved by RM2.60 million to a NL of RM5.64 million as at the 9-months FPE 31 March 2022 from RM8.25 million as at FYE 30 June 2021 due to the gain of RM2.28 million recognised from the dissolution of Geranium on 8 October 2021.

Gearing

The total outstanding loan for the FYE 31 December 2014 arises from the unsecured amount due to a third party amounting to RM0.45 million. GNB Group's shareholders' equity was reported at RM6.16 million as at 31 December 2014.

For the FYE 31 December 2015, the total outstanding loan increase to RM0.67 million arising from the increase in unsecured amount due to third party by RM0.22 million. GNB Group's shareholders' equity was reported at RM6.62 million as at 31 December 2015.

For the 18M-FPE 30 June 2017, the total outstanding loans increased to RM1.14 million due to drawdown of loan by the subsidiary, Geranium. Due to the write down in its deposits, GNB Group's shareholders' equity was reported at negative RM2.69 million as at 30 June 2017.

For the FYE 30 June 2018, the total outstanding loans decreased to RM1.06 million. GNB Group's shareholders' equity was reported at negative RM3.05 million as at 30 June 2018.

For the FYE 30 June 2019, the total outstanding loans increased to RM1.09 million. GNB Group's shareholders' equity was reported at negative RM4.13 million as at 30 June 2019.

**FINANCIAL COMMENTARIES ON THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS
OF THE GNB GROUP (Cont'd)**

For the FYE 30 June 2020, the total outstanding loans increased to RM1.14 million. GNB Group's shareholders' equity was reported at negative RM6.35 million as at 30 June 2020.

For the FYE 30 June 2021, the total outstanding loans decreased to RM1.10 million. GNB Group's shareholders' equity was reported at negative RM8.26 million as at 30 June 2021.

For the 9-months FPE 31 March 2022, the total outstanding loans is NIL due to the dissolution of Geranium. GNB's shareholders' equity was reported at negative RM5.64 million as at FPE 31 March 2022.

1.3 Liquidity and capital resources

GNB Group's cashflow requirements for FYE 30 June 2018 to unaudited 9-months FPE 31 March 2022 is funded via director's advances.

Cash Flow	Audited						Unaudited
	FYE 31 December 2015	18M-FPE 30 June 2017	FYE 30 June 2018	FYE 30 June 2019	FYE 30 June 2020	FYE 30 June 2021	9M-FPE 31 March 2022
	RM	RM	RM	RM	RM	RM	RM
Net cash used in operating activities	(393,275)	(137,713)	(189,076)	(800,897)	(737,911)	(1,075,705)	(1,732,793)
Net cash used in investing activities	-	-	-	-	-	-	-
Net cash from financing activities	-	154,482	166,190	804,229	737,988	1,075,705	1,729,720
Net (decrease)/increase in cash and cash equivalents	(393,275)	16,769	(22,886)	3,332	77	-	(3,073)
Cash and cash equivalents at the beginning of the period	561,850	17,149	33,617	9,883	9,982	10,137	10,019
Effect of foreign translation differences	(151,426)	(301)	(848)	(3,233)	78	(118)	(416)
Cash and cash equivalents at the end of the period	17,149	33,617	9,883	9,982	10,137	10,019	6,530

Commentaries
(i) Net cash used in operating activities
FYE 31 December 2015

GNB had a net cash outflow from operating activities of RM0.39 million for the FYE 31 December 2015 after accounting for, amongst others, the following:

- Net cash inflow before changes in working capital of RM0.51 million after adjusting its PBT of RM0.61 million for, amongst others, property, plant and equipment written off amounting to RM6,562 as well as unrealised gain on foreign exchange of RM1.13 million;
- Increase in payables of RM0.54 million; and

**FINANCIAL COMMENTARIES ON THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS
OF THE GNB GROUP (Cont'd)**

- Increase in receivables of RM0.43 million was due to deposits made for the purchase of inventories for Geranium's garment trading business.

18M-FPE 30 June 2017

GNB had a net cash outflow from operating activities of RM0.14 million for the 18M-FPE 30 June 2017 after accounting for, amongst others, the following:

- Net cash outflow before changes in working capital of RM1.17 million after adjusting its LBT of RM8.69 million for, amongst others, deposits and prepayments written off of RM7.24 million;
- Increase in payables of RM0.34 million was due to increase in interest payable arising from the loans; and
- Decrease in receivables of RM0.69 million due to the refund of HKD1,000,000 by the supplier in relation to the garment trading business.

FYE 30 June 2018

GNB had a net cash outflow from operating activities of RM0.19 million for the FYE 30 June 2018 after accounting for, amongst others, the following:

- Net cash outflow before changes in working capital of RM0.36 million after adjusting its LBT of RM0.52 million for, amongst others, interest expense of RM0.16 million;
- Increase in payables of RM0.17 million arising from amount due to director as payments were made by the director on behalf of GNB and
- Decrease in receivables of RM4,523.

FYE 30 June 2019

GNB had a net cash outflow from operating activities of RM0.80 million for the FYE 30 June 2019 after accounting for, amongst others, the net cash outflow before changes in working capital of RM0.80 million after adjusting its LBT of RM1.00 million for, amongst others, interest expense of RM0.18 million and, other receivables written off amounting to RM0.01 million.

FYE 30 June 2020

GNB had a net cash outflow from operating activities of RM0.74 million for the FYE 30 June 2020 after accounting for, amongst others, the net cash outflow before changes in working capital of RM1.89 million after adjusting its LBT of RM2.10 million for, amongst others, interest expense of RM0.20 million and, other receivables written off amounting to RM0.01 million.

FYE 30 June 2021

GNB had a net cash outflow from operating activities of RM1.08 million for the FYE 30 June 2021 after accounting for, amongst others, the net cash outflow before changes in working capital of RM1.76 million after adjusting its LBT of RM1.99 million for, amongst others, interest expense of RM0.19 million and, tax recoverable written off amounting to RM0.04 million.

**FINANCIAL COMMENTARIES ON THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS
OF THE GNB GROUP (Cont'd)**

Unaudited 9-months FPE 31 March 2022

GNB had a net cash outflow from operating activities of RM1.73 million for the 9-months FPE 31 March 2022 after accounting for, amongst others, the net cash outflow before changes in working capital of RM0.42 million after adjusting for a gain on the dissolution of Geranium of RM2.28 million and changes in working capital of RM1.31 million.

(ii) Net cash used in investing activities

For the FYE 31 December 2015 to unaudited FPE 31 March 2022, GNB Group did not have any investing activities.

(iii) Net cash from financing activities
FYE 31 December 2015

For the FYE 31 December 2015, GNB Group did not have any financing activities.

18M-FPE 30 June 2017

For the 18M-FPE 30 June 2017, there was cash generated arising from the advances from a previous Director of RM0.15 million for working capital purposes of GNB.

FYE 30 June 2018

For the FYE 30 June 2018, there was cash generated arising from advances from a Director of RM0.17 million for working capital purposes of GNB and also for the professional fees incurred by GNB in relation to the proposed regularisation plan.

FYE 30 June 2019

For the FYE 30 June 2019, there was cash generated arising from advances from the Directors of RM0.80 million for working capital purposes of GNB and also for the professional fees incurred by GNB in relation to the proposed regularisation plan.

FYE 30 June 2020

For the FYE 30 June 2020, there was cash generated arising from advances from the Directors of RM0.74 million for working capital purposes of GNB and also for the professional fees incurred by GNB in relation to the proposed regularisation plan.

FYE 30 June 2021

For the FYE 30 June 2021, there was cash generated arising from advances from the Directors of RM1.08 million for working capital purposes of GNB and also for the professional fees incurred by GNB in relation to the proposed regularisation plan.

Unaudited 9-months FPE 31 March 2022

For the 9-months FPE 31 March 2022, there was cash generated arising from advances from the Directors of RM1.73 million for working capital purposes of GNB, specifically the professional fees incurred by GNB in relation to the proposed regularisation plan.

**FINANCIAL COMMENTARIES ON THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS
OF THE GNB GROUP (Cont'd)**
1.4 Other financial ratios

	Audited						Unaudited
	FYE 31 December 2015	18M-FPE 30 June 2017	FYE 30 June 2018	FYE 30 June 2019	FYE 30 June 2020	FYE 30 June 2021	9M-FPE 31 March 2022
Trade receivables turnover period (days) ⁽¹⁾	-	-	-	-	-	-	-
Trade payables turnover period (days) ⁽²⁾	-	-	-	-	-	-	-
Inventories turnover period (days) ⁽³⁾	-	-	-	-	-	-	-
Current ratio (times) ⁽⁴⁾	5.84	0.03	0.02	0.01	0.01	_(6)	_(6)
Gearing ratio (times) ⁽⁵⁾	0.10	(0.42)	(0.35)	(0.26)	(0.18)	(0.13)	-

Notes:

- (1) Computed based on trade receivables balances as at the dates of the respective consolidated statement of financial position over GNB's total revenue for the respective financial year/period, multiplied by 547 days for 18M-FPE 30 June 2017 and 365 days for FYE 31 December 2015, FYE 30 June 2018, FYE 30 June 2019, FYE 30 June 2020 and FYE 30 June 2021. During FYE 31 December 2015, GNB Group had provided for impairment of trade receivables in full. As at 30 June 2017, 30 June 2018, 30 June 2019, 30 June 2020, 30 June 2021 and unaudited 9-months FPE 31 March 2022, GNB Group did not have any trade receivables.
- (2) Computed based on trade payables balances as at the dates of the respective consolidated statement of financial position over GNB's cost of sales for the respective financial year/period, multiplied by 547 days for 18M-FPE 30 June 2017 and 365 days for FYE 31 December 2015, FYE 30 June 2018, FYE 30 June 2019, FYE 30 June 2020 and FYE 30 June 2021. As at 31 December 2015, 30 June 2017, 30 June 2018, 30 June 2019, 30 June 2020, 30 June 2021 and unaudited 9-months FPE 31 March 2022, GNB Group did not have any trade payables.
- (3) Computed based on inventories balances as at the dates of the respective consolidated statement of financial position over GNB's total cost of sales for the respective financial year/period, multiplied by 547 days for 18M-FPE 30 June 2017 and 365 days for FYE 31 December 2015, FYE 30 June 2018, FYE 30 June 2019, FYE 30 June 2020 and FYE 30 June 2021. As at 31 December 2015, 30 June 2017, 30 June 2018, 30 June 2019, 30 June 2020, 30 June 2021 and unaudited 9-months FPE 31 March 2022, GNB Group did not have any inventories.
- (4) Computed based on current assets over current liabilities as at the dates of the respective consolidated statement of financial position.
- (5) Computed based on loans and borrowings over total equity as at the dates of the respective consolidated statement of financial position.
- (6) Negligible.

FINANCIAL COMMENTARIES ON THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE GNB GROUP (Cont'd)

1.4.1 Trade receivables turnover period

The normal credit term of trade receivables granted by GNB Group is 30 days.

During FYE 31 December 2015, GNB Group had provided for impairment of trade receivables amounting to RM0.26 million. During 18M-FPE 30 June 2017, GNB Group did not have any trade receivables as the trade receivables have been fully collected.

From FYE 30 June 2018 to the unaudited 9-months FPE 31 March 2022, GNB Group did not have any trade receivables as it had ceased operation since 1 July 2017.

1.4.2 Trade payables turnover period

As at 31 December 2015, 30 June 2017, 30 June 2018, 30 June 2019, 30 June 2020, 30 June 2021 and unaudited 9-months FPE 31 March 2022, GNB Group did not have any trade payables.

1.4.3 Inventories turnover period

GNB Group did not record any inventories as at 31 December 2015, 30 June 2017, 30 June 2018, 30 June 2019, 30 June 2020, 30 June 2021 and unaudited 9-months FPE 31 March 2022.

1.4.4 Current ratio

The current ratio of GNB Group as at 31 December 2015 is 5.84 times (31 December 2014: 8.47 times). The decrease of current ratio to 5.84 times is mainly due to increase in the non-trade payables arising from the amount due to a third party.

The current ratio of GNB Group as at 30 June 2017 is 0.03 times (31 December 2015: 5.84 times). The significant decrease of current ratio to 0.03 times is mainly due to the deposits and prepayments amounting to RM7.24 million and RM1.81 million being written off during the year.

The current ratio of GNB Group as at 30 June 2018 is 0.02 times (30 June 2017: 0.03 times). The decrease of current ratio to 0.02 times as at 30 June 2018 is mainly due to decrease in deposits and prepayment, as well as cash and bank balances. Besides, there was an increase in other payables and accruals to RM2.79 million as at 30 June 2018 from RM2.62 million as at 30 June 2017.

The current ratio of GNB Group as at 30 June 2019 is 0.01 times (30 June 2018: 0.02 times). The decrease of current ratio to 0.01 times as at 30 June 2019 is mainly due to decrease in deposits and prepayments. Besides, there was an increase in amount due to director to RM1.12 million as at 30 June 2019 from RM0.31 million as at 30 June 2018.

The current ratio of GNB Group as at 30 June 2020 is 0.01 times (30 June 2019: 0.01 times). The current ratio as at 30 June 2020 is consistent with the current ratio as at 30 June 2019.

The current ratio of GNB Group as at 30 June 2021 is negligible (30 June 2020: 0.01 times).

The current ratio of GNB as at 31 March 2022 is negligible which is consistent with the current ratio as at 30 June 2021.

FINANCIAL COMMENTARIES ON THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE GNB GROUP (Cont'd)

1.4.5 Gearing ratio

The total borrowings as at FYE 31 December 2015 were RM0.67 million and the gearing ratio was 0.10 times. The increase in gearing ratio was due to increase in the amount due to a third party by RM0.22 million. The total shareholders fund attributable to the owners of the company was RM6.62 million.

The total borrowings as at 30 June 2017 were RM1.14 million and the gearing ratio was negative 0.42 times. The total borrowings comprised the borrowings drawdown by Geranium from Daily Loyal Limited amounting to RM0.83 million, Giant Master Limited amounting to RM0.28 million and Premium Energy International Limited amounting to RM0.03 million. The shareholders fund was drastically reduced by the deposits written off amounting to due to the non-recoverability of the deposits paid for the purchases of inventories for Geranium's garment trading business. The total shareholders fund attributable to the owners of the company as at 30 June 2017 was negative RM2.69 million.

The total borrowings as at 30 June 2018 were RM1.06 million and the gearing ratio was negative 0.35 times. The improvement in the gearing ratio was mainly due to the decrease in the total borrowings by RM0.07 million. The total shareholders fund attributable to the owners of the company as at 30 June 2018 was negative RM3.05 million.

The total borrowings as at 30 June 2019 were RM1.09 million and the gearing ratio was negative 0.26 times. The decrease in the gearing ratio is mainly due to the decrease of the shareholders' fund which was mainly attributable by the increase in the administration and other expenses arising from the professional fees incurred in relation to the proposed regularisation plan during the year. The shareholders fund attributable to the owners of the company as at 30 June 2019 was negative RM4.13 million.

The total borrowings as at 30 June 2020 were RM1.14 million and the gearing ratio was negative 0.18 times. The decrease in the gearing ratio is mainly due to the decrease of the shareholders' fund which was mainly attributable by the increase in the administration and other expenses arising from the professional fees incurred in relation to the proposed regularisation plan during the year. The shareholders fund attributable to the owners of the company as at 30 June 2020 was negative RM6.35 million.

The total borrowings as at 30 June 2021 were RM1.10 million and the gearing ratio was negative 0.13 times. The decrease in the gearing ratio is mainly due to the decrease of the shareholders' fund which was mainly attributable by the increase in the administration and other expenses arising from the professional fees incurred in relation to the proposed regularisation plan during the year. The shareholders fund attributable to the owners of the company as at 30 June 2021 was negative RM8.26 million.

The total borrowings as at 31 March 2022 is NIL and hence the gearing ratio is also NIL. The decrease in the borrowings was mainly due to the dissolution of Geranium. There were 3 third party loans taken by Geranium; 1 loan since 2014 and 2 loans in 2018. Geranium was struck off by the Companies Registry (Hong Kong) on 8 October 2021 and with this dissolution, the 3 loans and accompany default interest accruals have been written off. The dissolution of Geranium resulted in a gain and this resulted in the unaudited 9-months FPE 31 March 2022 shareholders fund attributable to the owners improving to negative RM5.64 million compared to negative RM8.24 million as at 30 June 2021.

FINANCIAL COMMENTARIES ON THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE GNB GROUP (Cont'd)

1.5 Working Capital

As disclosed in Section 1 of Appendix (II)A of this Circular, the GNB Group had ceased all its business operations since July 2017. Subsequent to the cessation of its operations, the GNB Group's main source of liquidity comes from the advances from CTP which is used to fund the GNB Group's working capital and expenses in relation to the regularisation of its financial condition. As at 30 June 2021, the GNB Group's current assets stood at RM10,019 comprising only cash and bank balance and the GNB Group's current liabilities stood at RM8,255,770, comprising mainly amount due to directors and other payables and accruals.

Upon completion of the Proposed Regularisation Plan, the Enlarged GNB Group's principal activity will be provision of construction management services mainly for high-rise residential buildings.

Assuming the completion of the Proposed Regularisation Plan, the Enlarged GNB Group's pro forma current assets will be RM208.86 million while pro forma current liabilities will be RM86.82 million. Pro forma cash and bank balances will be RM105.83 million.

The Directors and proposed Directors of GNB are of the opinion that, after taking into consideration the above, the funds to be generated from the Enlarged GNB Group's business in construction management services, the Enlarged GNB Group's banking facilities as well as the proceeds to be raised from the Proposed Private Placement, the Enlarged GNB Group will have sufficient working capital for a period of 12 months from the date of this Circular.

2. Dividend policy

(a) GNB

GNB presently does not have a fixed dividend policy. The declaration of interim dividend and the recommendation of final dividend are subject to the approval of GNB's shareholders.

GNB's ability to pay dividend or make other distributions to their shareholders is subject to various factors such as having profits and excess funds not required to be retained to fund their working capital requirements.

(b) Enlarged GNB Group

The Enlarged GNB Group has not formulated a dividend policy or pay-out ratio. The Enlarged GNB Group may do so in the future. It is the intention of the Enlarged GNB Group to pay dividends in the future while retaining adequate reserves for the Enlarged GNB Group's future growth. However, such payments will depend various factors such as operating results, profits recorded and excess of funds not required to be retained for working capital of the business. The actual dividend that Southern Score's Directors may recommend or declare in any particular financial year or period will take into consideration the following factors or any other factors deemed relevant by Southern Score's Directors:

- (i) The working capital needs and availability of cash;
- (ii) Southern Score's financial performance and condition;
- (iii) Southern Score's anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans; and
- (iv) the general economic and business conditions.

**FINANCIAL COMMENTARIES ON THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS
OF THE GNB GROUP (Cont'd)**

The level of dividends should also not be treated as an indication of Southern Score's future profitability or ability to pay dividend. There can be no assurance that dividends will be paid out in the future or on the timing of any dividends that are to be paid in the future.

3. Exchange control

There are no governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and remittance of profit by or to GNB.

4. Taxation

All corporations in Malaysia are required to adopt single-tier dividend. All dividends distributed by Malaysian resident companies under a single tier dividend are not taxable. Further, the Government does not levy withholding tax on dividends payment. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian companies. There is no capital gains tax arising from the disposal of listed shares in Malaysia.

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**FINANCIAL COMMENTARIES ON THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS
OF THE GNB GROUP (Cont'd)**
5. Capitalisation and indebtedness

The following table sets out the pro forma combined cash and bank balances, capitalisation and indebtedness as at 30 June 2022, and adjusted to show the effects of the Proposed Regularisation Plan and utilisation of proceeds.

	As at 30 June 2022			After the Proposed Regularisation Plan and utilisation of proceeds
	GNB	Southern Score Group	Enlarged GNB Group	
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	6	3,644	3,650	3,650
Fixed deposits with licensed banks	-	-	-	-
Indebtedness				
Short-term indebtedness:				
<i>Secured</i>				
Lease liability	-	34	34	34
<i>Unsecured and guaranteed</i>	-	-	-	-
<i>Unsecured and unguaranteed</i>	-	-	-	-
Long-term indebtedness:				
<i>Secured</i>				
Lease liability	-	109	109	109
<i>Unsecured and guaranteed</i>	-	-	-	-
Total indebtedness	-	143	143	3,793
Capitalisation				
Total shareholders' equity attributable to owners of the company	(6,408)	26,711	20,303	122,901
Total capitalisation	(6,408)	26,711	20,303	122,901
Total capitalisation and indebtedness	(6,402)	26,854	24,096	126,694
Gearing ratio⁽¹⁾ (times)	-	_(2)	_(2)	_(2)

Notes:

(1) Total indebtedness (total lease liability) divided by total capitalisation.

(2) Negligible.

6. Material capital commitment

As at the LPD, GNB does not have any material commitment for capital expenditure.

INFORMATION ON THE SOUTHERN SCORE GROUP**1. SHARE CAPITAL**

As at the LPD, Southern Score's issued share capital is RM1,000,000 comprising 1,000,000 shares. There were no changes to the issued share capital of Southern Score during the period for the historical financial information as disclosed in the Circular (i.e. FYEs 31 December 2018, 31 December 2019, 31 December 2020, 31 December 2021 and FPEs 30 April 2021 and 30 April 2022).

Details on the transfer of the Southern Score's shares during the period for the historical financial information as disclosed in the Circular are as follows:

Date of transfer	Transferor	Transferee	No. of shares in Southern Score being transferred
4 July 2019	Tan Sri Datuk Seri Gan Yu Chai	Super Advantage	80,000
4 July 2019	Gan Kah Siong	Super Advantage	20,000
4 July 2019	Idaman Sejiwa Development Sdn Bhd	Super Advantage	900,000

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Southern Score.

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INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

2. SUBSTANTIAL SHAREHOLDERS OF SOUTHERN SCORE

The Substantial Shareholders of Southern Score prior to the implementation of the Proposed Regularisation Plan until the completion of the Proposed Regularisation Plan are set out below:

Name	As at 3 July 2019 ⁽¹⁾				As at LPD			
	Direct		Indirect		Direct		Indirect	
	No. of shares	% ⁽²⁾	No. of shares	% ⁽²⁾	No. of shares	% ⁽²⁾	No. of shares	% ⁽²⁾
Gan Kah Siong	20,000	2.00	900,000 ⁽³⁾	90.00	-	-	-	-
Platinum Victory Holdings Sdn. Bhd.	-	-	900,000 ⁽³⁾	90.00	-	-	-	-
Idaman Sejiwa Development Sdn Bhd	900,000	90.00	-	-	-	-	-	-
Super Advantage	-	-	-	-	1,000,000	100.00	-	-
Tan Sri Datuk Seri Gan Yu Chai	80,000	8.00	900,000 ⁽³⁾	90.00	-	-	1,000,000 ⁽⁴⁾	100.00
Gan Yee Hin	-	-	900,000 ⁽³⁾	90.00	-	-	1,000,000 ⁽⁴⁾	100.00
GNB	-	-	-	-	-	-	-	-

Name	After the Proposed Regularisation Plan			
	Direct		Indirect	
	No. of shares	% ⁽²⁾	No. of shares	% ⁽²⁾
Gan Kah Siong	-	-	-	-
Platinum Victory Holdings Sdn. Bhd.	-	-	-	-
Idaman Sejiwa Development Sdn Bhd	-	-	-	-
Super Advantage	-	-	1,000,000 ⁽⁵⁾	100.00
Tan Sri Datuk Seri Gan Yu Chai	-	-	1,000,000 ⁽⁵⁾	100.00
Gan Yee Hin	-	-	1,000,000 ⁽⁵⁾	100.00
GNB	1,000,000	100.00	-	-

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)**Notes:**

- (1) The shareholdings of Southern Score as at 3 July 2019, being the day prior to the effective date of transfer of the shares by Tan Sri Datuk Seri Gan Yu Chai, Gan Kah Siong and Radium Development Berhad (formerly known as Idaman Sejiwa Development Sdn Bhd) in Southern Score to Super Advantage (i.e. 4 July 2019).
- (2) Based on the issued share capital of 1,000,000 Southern Score Shares.
- (3) Deemed interested through the direct interest of Radium Development Berhad (formerly known as Idaman Sejiwa Development Sdn Bhd).
- (4) Deemed interested through the direct interest of Super Advantage.
- (5) Deemed interested through the direct interest of GNB.

2.1 Changes in shareholdings in Southern Score for the past 3 years

Save as disclosed in Section 1 of this Appendix, there are no other changes in the shareholdings in Southern Score for the past 3 years up to the LPD.

3. DIRECTORS OF SOUTHERN SCORE

The Directors of Southern Score and their respective shareholdings in Southern Score as at the LPD are as follows:

Name / Designation	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Tan Sri Datuk Seri Gan Yu Chai (Managing Director)	Malaysian	-	-	1,000,000 ⁽¹⁾	100.00
Gan Yee Hin (Executive Director and Chief Executive Officer)	Malaysian	-	-	1,000,000 ⁽¹⁾	100.00
Datuk Sydney Lim Tau Chin (Executive Director)	Malaysian	-	-	-	-

Note:

- (1) Deemed interested through the direct interest of Super Advantage.

4. VENDOR OF SOUTHERN SCORE

The profile of the Vendor (i.e. Super Advantage) including information on its Directors and substantial shareholders are set out in Section 3(i) of Appendix II(A) of this Circular.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

5. OVERVIEW AND HISTORY OF THE SOUTHERN SCORE GROUP

Southern Score was incorporated in Malaysia as a private limited company on 20 December 2010 under the Companies Act, 1965 (deemed registered under the Act) under the name of Pembinaan Lebar Waras Sdn Bhd. On 29 March 2011, Pembinaan Lebar Waras Sdn Bhd changed its name to Southern Score Sdn Bhd. Southern Score is principally involved in the provision of construction management services mainly for high-rise residential buildings.

Tan Sri Datuk Seri Gan Yu Chai has been actively involved in the construction and property development industries for more than 30 years. He was first involved in Southern Score when he and his brother, Gan Kah Siong directly acquired 80% and 20% equity interest respectively in Southern Score from 2 unrelated third party individuals. Under his leadership, Southern Score ventured into construction services, where he saw potential growth opportunities for such specialised project management services which contribute to improved resource allocation, cost efficiencies and project profitability.

Southern Score began operations in 2012, under the leadership of Tan Sri Datuk Seri Gan Yu Chai, undertaking business development activities by way of approaching landbank owners and property developers to initiate property development projects. Between 2012 and 2015, the management of Southern Score approached several public and private landbank owners and property developers to initiate residential development projects.

In 2015, Southern Score successfully secured its first project from PR1MA Corporation Malaysia for the development of PR1MA Jalan Jubilee, an affordable housing project in Kuala Lumpur. In respect of this project, Southern Score acted as the turnkey contractor to PR1MA Corporation Malaysia.

In 2016, Southern Score was registered as a Grade 7 contractor under CIDB for the categories of Building (B), Civil Engineering (CE) and Mechanical Engineering (ME). The CIDB Grade 7 registration allows Southern Score to tender for construction projects that are of unlimited value and undertake construction activities throughout Malaysia.

In 2018, Southern Score secured a project from Weng Wah Developments Sdn Bhd for the development of Platinum Teratai Residences. In respect of this project, Southern Score acted as a specialty contractor to Weng Wah Developments Sdn Bhd for main external road works and associated works.

In 2019, Southern Score secured several projects, namely Vista Sentul Residences from Constant Premium Sdn Bhd, Platinum Arena Residences from Marques Land Sdn Bhd, Vista Wirajaya 1 @ PV 9 Residences from Ambanang Development Sdn Bhd and PV 18 Residences from Binastra Construction (M) Sdn Bhd. In respect of the abovementioned projects, Southern Score acted as the main contractor for piling works and main building works and specialty contractor for main external road works and associated works, as stipulated in its contracts with the respective awarding parties.

In 2020, Southern Score secured a project for the development of Vista Sentul Residences, where Southern Score was engaged as the main contractor to Constant Premium Sdn Bhd for main building works.

In 2021, Southern Score was registered with the Ministry of Finance for Government procurement under the supply of provision of services in the sectors as set out in the registration. Please refer to Section 7.14 of this Appendix for further details on this registration. During the same year, TSPC was incorporated on 5 April 2021 with TCS Group Holdings Berhad holding 65% equity interest and Southern Score holding the remaining 35% equity interest. Southern Score intends to venture into the manufacture of IBS products via TSPC. Please refer to Section 7.23 of this Appendix for further details on Southern Score's future plans and business strategies. In the same year, Southern Score further secured a project from Klasik Ikhtiar Sdn Bhd, where Southern Score was appointed as the turnkey contractor for the development of Vista Harmoni Residences.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

In early 2022, Southern Score secured projects in the capacity as turnkey contractor, namely Berlian Setapak 2 Residences from Monisprings Development Sdn Bhd and a residential development project from Magna Sutera Development Sdn Bhd.

5.1 Southern Score's subsidiary, joint venture and associate company

As at the LPD, Southern Score does not have any subsidiary or joint venture.

The details of Southern Score's associate company are as follows:

Name	Date and country of incorporation	Share capital	Southern Score's effective equity interest %	Principal activities
TSPC	5 April 2021, incorporated in Malaysia	RM750,000, comprising 750,000 shares	35.00	To carry on the business of construction, builders, contractors, sub-contractors for all kinds of buildings and to carry on all types of construction activities, and act as consultants, advisors, technical consultants, collaborators, designers, architects, wholesalers and retailers for all kinds of construction activities and materials and to undertake all civil, mechanical, electrical works, all types of infrastructure facilities and to provide other services or products which in the opinion of the board of directors, be advantageously carried on by the company in connection with or ancillary to the aforementioned business in Malaysia and overseas.

Save as disclosed above, Southern Score does not have any other associate company as at the LPD.

5.1.1 Details on TSPC**(a) Background and history**

TSPC was incorporated on 5 April 2021 under the Act as a private limited company.

The principal place of business of TSPC is at No 1 & 3, Bangunan TCS, Jalan SP 1/1, 42610 Bandar Saujana Putra, Selangor.

TSPC intends to venture into the manufacture of IBS products.

(b) Share capital

As at the LPD, TSPC has an issued share capital of RM750,000 comprising 750,000 ordinary shares, with the following changes to its issued share capital since incorporation.

Date of allotment	No. of ordinary shares	Consideration⁽¹⁾	Cumulative issued share capital	
			No. of shares	RM
5 April 2021	100	Cash	100	100
25 May 2021	749,900	Cash	750,000	750,000

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)**Note:**

- (1) For all consideration given, there was no discount, special term or instalment payment term.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in TSPC.

(c) Shareholder and directors

As at the LPD, the shareholdings of TSPC are as follows:

Name	Country of incorporation	Direct		Indirect	
		No. of shares	%	No. of shares	%
TCS Group Holdings Berhad	Malaysia	487,500	65.00	-	-
Southern Score	Malaysia	262,500	35.00	-	-

As at the LPD, TSPC's directors are Datin Koh Ah Nee, Dato' Ir. Tee Chai Seng, Tan Sri Datuk Seri Gan Yu Chai, Gan Yee Hin and Wong Choo Leong.

(d) Subsidiary, joint venture and associate company

As at the LPD, TSPC does not have any subsidiary, joint venture or associate company.

6. MATERIAL INVESTMENT AND DIVESTURES**6.1 Material investment**

The Southern Score Group has not undertaken any material capital expenditure during the FYEs 31 December 2018, 31 December 2019, 31 December 2020, 31 December 2021, FPE 30 April 2022 and up to the LPD.

6.2 Material divestures

The Southern Score Group has not undertaken any material divestitures during the FYEs 31 December 2018, 31 December 2019 and 31 December 2020, 31 December 2021, FPE 30 April 2022 and up to the LPD.

7. BUSINESS OVERVIEW**7.1 Principal activities**

Southern Score is principally involved in the provision of construction management services mainly for high-rise residential buildings in Kuala Lumpur. The scope of Southern Score's construction services involves the provision of professional project management services from project initiation until the completion of construction works, as follows:

- (i) Project initiation;
- (ii) Planning and design;
- (iii) Appointment of subcontractors;
- (iv) Procurement;
- (v) Construction project management; and
- (vi) Inspection and completion handover.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

As a provider of construction management services, Southern Score strives to distinguish itself by supporting landbank owners and property developers that require more holistic and full-fledged project management services, encompassing project initiation, project planning and design as well as construction project management prior to handover.

By engaging Southern Score, these landbank owners and property developers entrust Southern Score with the responsibility to plan and build properties that will be ready for sales once the project is completed, with minimal work required on the part of landbank owners and property developers. Further, these landbank owners and property developers only need to liaise with a single party (being Southern Score) throughout the duration of a development and construction project.

Southern Score engages and works closely with the necessary professional parties and sub-contractors to undertake labour intensive and specialised works. Through this model, Southern Score is able to maintain an agile and lean team.

To date, Southern Score has undertaken public and private sector projects with a focus on high-rise residential property developments. Southern Score's customers are primarily landbank owners and project developers who engaged Southern Score for its construction services. By leveraging on its capabilities, in the provision of construction management services, in particular for turnkey projects, Southern Score is also able to target and support novice landbank owners and property developers that require full-fledged services from project initiation to completion.

7.1.1 Provision of construction services

Southern Score undertakes construction projects either as a turnkey contractor or main contractor, where its roles and responsibilities differ according to the terms of the contract, and can be generally categorised as follows:

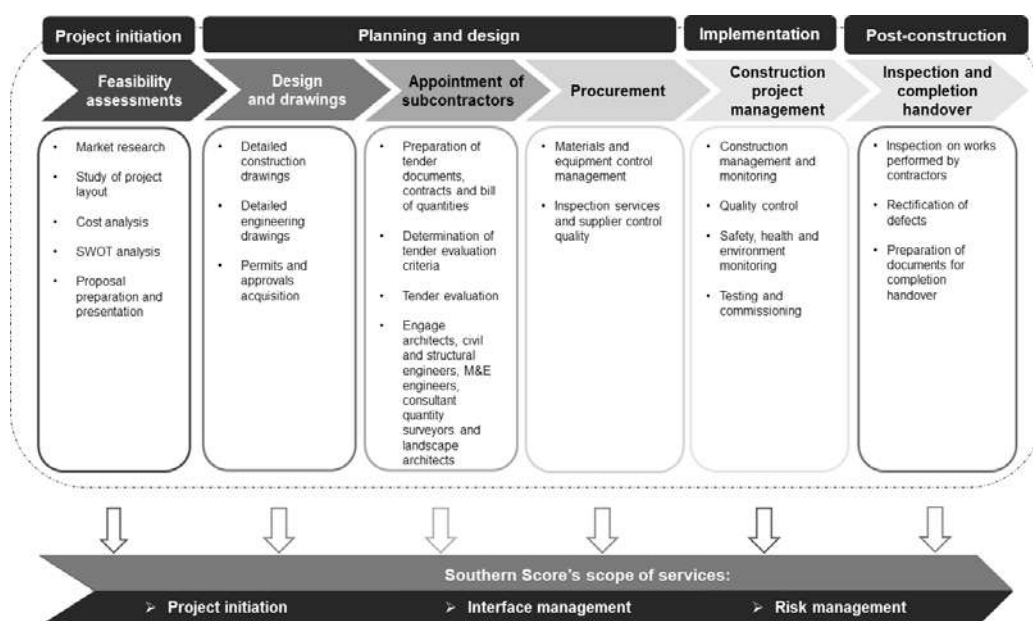
Role	Responsibilities
Turnkey contractor	Initiates feasibility assessment with proposed development components, compliance with regulatory requirements for all development approvals with the assistance of the professional consultants and plays a central coordinator role in planning and managing the overall construction project to ensure successful handover to customers within the contract period. This requires Southern Score to supervise daily construction activities, coordinate with suppliers and subcontractors, as well as plan and manage resources including site workers, construction machinery and equipment, and construction materials in accordance with the master work programme prepared.
Main contractor	Plays a central coordinator role in planning and managing the overall construction project to ensure successful handover to customers within the contract period. This requires Southern Score to supervise daily construction activities, coordinate with suppliers and subcontractors, as well as plan and manage resources including site workers, construction machinery and equipment, and construction materials in accordance with the master work programme prepared.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

The roles performed by Southern Score as a turnkey contractor and main contractor are similar in which Southern Score performs the construction of buildings for which it has been awarded. In general, while a turnkey contractor is typically awarded the contract directly by the landbank owner, the main contractor is typically awarded the contract by the property developer. Nonetheless, there may also be instances wherein Southern Score is engaged by novice property developers under turnkey contracts for development projects as the latter require more full-fledged project management services.

Southern Score is involved in the implementation of development and construction projects, which includes project planning and design development, as well as daily management of all the works required for timely completion of the projects. Southern Score also engages subcontractors to provide selected services such as supply and installation of construction materials, machinery and equipment, geotechnical and piling works, main building works, road works and internal infrastructure and landscaping works as well as other specialised trade works such as M&E engineering works, drainage and sewerage works as well as other related works.

Southern Score's construction services business model and the corresponding business activities that it undertakes in a typical construction project cycle are as illustrated below:



(i) Project initiation

Southern Score undertakes construction services from the phase of project initiation and up to post construction when engaged by landbank owners as a turnkey contractor.

Southern Score proactively initiates development and construction projects by way of assessing the development potential of landbanks in strategic and/or prime locations, and developing a concept for development on a particular landbank. Southern Score undertakes the following activities internally by leveraging on its internal capabilities:

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

- Led by Tan Sri Datuk Seri Gan Yu Chai, Gan Yee Hin and Datuk Sydney Lim Tau Chin, Southern Score's project team will conduct in-house feasibility assessments on landbanks where this includes, among others, strength, weakness, opportunities and threat (SWOT) analysis, market research, study of project layout and cost analysis. Southern Score's project team also considers the financial feasibility aspects such as capital requirements and potential return of the project, risk assessment on the financial position of the potential customers, prospects of the projects based on current market demand, as well as the required and availability of skilled resources for the project. This allows Southern Score to assess the viability of developing a particular landbank from an economical, legal and technical perspective, while also determining whether the project is both possible and profitable for the landbank owner to undertake before allocating further manpower, time and budget resources.
- In determining the development potential of landbanks, Southern Score takes into consideration the characteristics and uniqueness of the land parcels and future planned developments such as upcoming roads, highways as well as infrastructure development. Southern Score seeks to increase the realisable value of the land parcels and increase the appeal of new property developments for landbank owners and ultimately, buyers of the residential property. Southern Score's approach is tailor-made to each landbank and location.
- Southern Score then approaches landbank owners to present the development potential and concept proposition of a particular landbank as part of its business development activities to initiate new property development projects. Upon acceptance of the concept proposition by the landbank owners, a letter of award will be issued to Southern Score, which specifies the details of the project and scope of works. Southern Score will then proceed to the planning and design phase.

(ii) Planning and design

Southern Score undertakes construction services from the phase of planning and design stage and up to post construction when engaged by property developers as a main contractor.

Southern Score undertakes detailed planning activities to ensure successful delivery of the project. Southern Score is involved in planning activities such as design works, preparation of project QESH plan, master work program, project budget and resource requirements.

Southern Score's Director of Development and Projects is responsible for assembling a project team which will oversee the management and implementation of all aspects of the project, such as construction works, quality control, safety, health and environment, time management, project costing and procurement of construction materials and supplies as well as appointment of subcontractors.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

Upon approval from landbank owners / property developers, Southern Score will appoint the relevant professional consultants such as architects, civil and structural engineers, M&E engineers, consultant quantity surveyors and landscape architects to undertake detailed construction drawings and engineering drawings relating to building engineering design, building architectural design, building mechanical, electrical, communications and plumbing design as well as landscape design. Southern Score's project team will review the detailed construction drawings and engineering drawings developed by these consultants and incorporate technical support and value engineering input, where applicable, to ensure cost effectiveness and methodology efficiency. Based on the approved designs, drawings, calculations and proposals, an estimated project costing will be prepared by an independent quantity surveyor that has been engaged for the project, together with Southern Score's internal quantity surveyor. This will be used as a guide to maintain control over the project budget.

To increase the sales potential of the residential properties arising from its concept proposition, Southern Score strives to develop designs that are functional and appealing to the buyers of the residential property. Thus, Southern Score's project team incorporates modern building features as well as architectural designs to increase the physical appeal of the proposed designs.

The project team will liaise with the respective professional engineers and architects to submit and procure the requisite approvals and permits from the local authorities for the development project.

The procurement and purchasing team of Southern Score will source and propose to landbank owners, subcontractors and suppliers that meet the technical, cost and quality requirements to provide services such as the supply and installation of construction materials, machinery and equipment, as well as other specialised trade works.

Suitable suppliers and subcontractors will be identified and invited to participate in a bidding process based on the relevant tender documents, contract documents and bill of quantities prepared by the appointed consultant quantity surveyor.

All documents submitted by the bidders which include drawings, product information, samples as well as other supporting information will be reviewed by Southern Score's project team for evaluation based on criteria such as product/service quality, price, past track record, financial strength and ability to meet the project's delivery milestones. Thereafter, Southern Score's project team will hold discussions with the consultants to identify the shortlisted bidders and determine the winning bidders.

Upon approval from landbank owners / property developers, Southern Score will proceed to appoint these subcontractors and suppliers. Southern Score will issue a letter of award to the appointed subcontractors and suppliers upon identifying the winning bidders that meet its technical, cost and quality requirements.

Subsequently, Southern Score's procurement and purchasing team will procure the raw materials and services required for the project according to the tender schedule.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

(iii) Implementation

Construction works commence once the required approvals and permits for the development project have been secured from the local authorities. During this implementation phase, Southern Score is responsible for construction project management, where they oversee the construction works being carried out by subcontractors.

Southern Score's project team oversees construction works guided by the master work programme which shows the work activities, sequence and milestones according to the project requirements and specifications. Individual tasks in the project will be closely followed based on the timeline planned in the master work programme and the timeline will be monitored to ensure construction works are completed in a timely manner.

During the construction works phase, Southern Score's project team will act as the site administrator in which its personnel will devise a detailed construction plan, coordinate and supervise subcontractors, liaise with customers and consultants as well as implement and monitor construction milestones.

Southern Score's procurement and purchasing team will coordinate the transfer and/or procurement of the equipment and construction materials needed to the construction site according to the master work programme. Southern Score's project team will set up site facilities, plan, coordinate and allocate manpower resources, enforce a site management system throughout the project and liaise with the respective utility providers for utility relocation and temporary diversion. Further, Southern Score's Procurement and Purchasing team, along with the independent quantity surveyor, will evaluate work done on site, prepare interim claims and resolve contractual issues.

Together with the subcontractor's project team, Southern Score's project team will monitor the construction site to ensure compliance to the quality, site occupational safety, health and environmental guidelines and policies. A project QESH plan will be developed and implemented according to the construction progress.

Southern Score is responsible for monitoring the overall building construction works being carried out by its subcontractors which encompass:

- (a) Earthworks which involve the process of preparing the ground to be suitable for the construction of buildings, structures and infrastructure. Earthworks mainly include site clearance, excavation and backfilling, as well as levelling and compacting the earth;
- (b) Site preparation to facilitate efficient and effective workflow for construction activities including preparation of the staging areas for construction machinery and equipment, temporary storage areas for construction materials and temporary site for site-office and basic amenities; and
- (c) Building construction which comprises substructure and superstructure works, whereby:
 - (i) substructure includes foundations, retaining walls and basements; and
 - (ii) superstructure comprises all buildings and structures above the ground.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

Southern Score is responsible for managing and monitoring substructure and superstructure works being carried out by its subcontractors. Southern Score engages subcontractors who are geotechnical and piling specialists for substructure works such as deep foundation piling, retaining walls and basement construction. Southern Score also engages subcontractors to carry out superstructure works, where these subcontractors perform the works under its supervision, control and management.

The superstructure construction works are focused on the physical building and incorporates the following:

- (a) Constructing and erecting columns, beams, walls, floors and roofs;
- (b) Installation of M&E, communications and plumbing systems. Appointed subcontractors or carry out these installation services under Southern Score's project team's supervision and control;
- (c) Other building construction works include external wall cladding and façade, architectural works including installation of windows and doors, and internal and external finishing for floors, walls, ceilings, columns and stairs; and
- (d) Internal infrastructure construction and landscaping work within the development area. Internal infrastructure works include the following:
 - (i) roadworks such as construction of roads, pavements and walkways;
 - (ii) utilities including supply and distribution of power, communications and potable water, sewerage and drainage, stormwater drainage and retention pond; and
 - (iii) perimeter fencing, gates, guardhouses and security systems.

Landscaping mainly includes contouring the land, planting flora, creating walkways and installing fixtures, features and amenities

Throughout the implementation phase, Southern Score's project team will manage the interface between various parties involved in the project, which include but may not be limited to representatives of the customer, consultants, subcontractors, suppliers/vendors as well as regulatory authorities. The purpose of interface management is to ensure clear communication between the parties involved, which in turn enables clear communication between the contracting parties and establishes clear lines of responsibilities as well as deliverables timeline. Interface management supports project performance and mitigates the likelihood of poor outcomes.

Southern Score's project team holds regular project meetings with the respective working parties to review and monitor work progress and performance. Thereafter, Southern Score will provide regular updates to customers on the overall work status progress of the project, as well as the potential issues and concerns relating to the project, if applicable.

During construction works, Southern Score's project team monitors and maintains a risk registry which identifies potential technical issues that may cause delays in the implementation of the project. The project team will highlight potential issues or any other material issues to the customer, as well as mitigation or corrective measures to address them. The risk registry is updated periodically and circulated to the customer for reference and records.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

Southern Score's project team will carry out final inspections, testing and commissioning jointly with the customer's representative at the end of construction works and prior to demobilising resources from the construction site. The project team will then assemble final project documentation such as as-built drawings, warranties, and operations and maintenance manuals where a complete set of project documents will be presented to the customer during the handover stage. Thereafter, the project team will demobilise resources from the construction site in stages.

(iv) Post construction

A construction project is deemed practically completed when Southern Score obtains the CPC issued by the architect engaged by its customer. Upon receiving the CPC, Southern Score will submit its penultimate claim which will include claim for release of the first portion of the retention sum.

The defects liability period will begin upon Southern Score obtains the CPC. During the defect liability period, upon receiving report on defects identified by the customer, Southern Score's project team will investigate and rectify the issue by getting the relevant subcontractors to rectify the defects. The length of the defects liability period generally ranges from 12 to 24 months after issuance of the CPC. Upon expiry of the defect liability period and the complete rectification of all defects identified, Southern Score's customer will issue a CMGD.

Southern Score will submit to the customers all documents supporting the draft final accounts within 12 months to 24 months after the issuance of the CPC. The final account shall be completed and issued by the customer in accordance to the terms of the contracts.

Southern Score's customers are entitled to retain 5.0% of the contract sum awarded as retention sum. The customer will retain the retention sum throughout the contract period until the issuance of the CPC, of which half of the total retention sum will be released to Southern Score upon the issuance of the CPC, while the remaining half of the retention sum will be retained by the customer until the end of the defects liability period and upon the issuance of the CMGD. The remaining retention sum may be utilised by Southern Score's customer to remedy defects if Southern Score fails to rectify such defects within the agreed period.

Similarly, Southern Score also retains 5.0% of the awarded sub-contract value against its subcontractors as retention sum. Southern Score will release the retention sum to its subcontractors, of which half of the retention sum will be released upon the issuance of the CPC, whilst the remaining half of the retention sum will be released at the end of the defects liability period and upon the issuance of the CMGD by the architect engaged by its customer. The remaining retention sum may be utilised by Southern Score to remedy defects if the subcontractor fails to rectify such defects within the agreed period.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

7.1.2 Completed and ongoing projects

Southern Score has completed 4 projects as at the LPD, details of which are as follows:

Completed projects

Project name and description	Scope of construction works	Awarding party	Date of award	Contractual contract period	Completion date	Contract value ⁽¹⁾ (RM million)
PR1MA Jalan Jubilee Development of one block of 31 storeys PR1MA apartment consisting 543 units residential units, four units of shoplots, six storeys parking podium, one unit of guard house and swimming pool at Lot PT 66, Jalan Jubilee Seksyen 93, Wilayah Persekutuan Kuala Lumpur	Turnkey contractor	PR1MA Corporation Malaysia (via public-private partnership [#])	8 June 2015 ⁽²⁾	29 April 2016 to 28 April 2019 (Extended to 15 May 2020)	15 May 2020 ⁽⁵⁾	186.51
Platinum Teratai Residences Construction and completion on main external works and associated works for development at off Jalan Langkawi, Mukim Setapak, Wilayah Persekutuan Kuala Lumpur	External road works	Weng Wah Developments Sdn Bhd ⁽⁹⁾ (via selective tender*)	5 June 2018 ⁽³⁾	8 June 2018 to 7 December 2018	7 December 2018 ⁽⁶⁾	9.95
Vista Sentul Residences Piling and pilecap works for development of a commercial building consisting Block A – 24 storeys service apartments (262 units), Block B – 37 storeys service apartment (443 units), eight storeys car park including two units of TNB substations with one level of public facilities (podium) at Lot 50954, Mukim Batu, Wilayah Persekutuan Kuala Lumpur	Piling works	Constant Premium Sdn Bhd (via selective tender*)	8 April 2019 ⁽³⁾	3 June 2019 to 2 January 2020 (Extended to 5 June 2020)	5 June 2020 ⁽⁷⁾	10.58

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

Project name and description	Scope of construction works	Awarding party	Date of award	Contractual contract period	Completion date	Contract value ⁽¹⁾ (RM million)
PV 18 Residences Development of three blocks of apartments consisting of Block A – high cost apartments (318 units) – 40 storeys, Block B – high cost apartments (534 units) – 42 storeys, Block C – affordable apartments (398 units) – 33 storeys, eight storeys podium with facilities, two units guard house at PT 8758 and PT 8759, Jalan Langkawi, Mukim Setapak, Wilayah Persekutuan Kuala Lumpur	External road works	Binastra Construction (M) Sdn Bhd (via negotiated tender^)	18 June 2019 ⁽⁴⁾	21 June 2019 to 20 December 2019	20 December 2019 ⁽⁸⁾	9.88

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INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

As at the LPD, Southern Score is presently involved in the following ongoing projects:

Ongoing projects

Project name and description	Scope of construction works	Awarding party	Date of award	Contractual contract period	Contract value ⁽¹⁾ (RM million)	Percentage of completion as at 30 June 2022 (%)	Remaining contract sum as at 30 June 2022 (RM million)
Vista Wirajaya 1 @ PV9 Residences Main building works for housing development – three blocks of apartments (35 storeys) consisting of Block A – one block of 26 storeys of medium cost apartments Type B&D (429 units), Block B – one block of 27 storeys of medium cost apartments Type B&C (524 units), Block C – one block of 21 storeys of affordable apartment Type A&A1 (438 units), eight storeys car parking podium including two storeys of sub-basement, one storey club house and swimming pool at Level 8, two units of TNB substations, one unit of guard house, two units of refuse chambers and other facilities at Lot 25580, Jalan Persiaran Pertahanan, Kampung Wirajaya, Mukim Setapak, Wilayah Persekutuan Kuala Lumpur	Main building works	Ambanang Development Sdn Bhd ⁽⁹⁾ (via selective tender*)	7 June 2019 ⁽³⁾	1 July 2019 to 31 December 2021 (Extended to 31 October 2022)	308.68	94.92	15.69
Platinum Arena Residences Main building works for 37 storeys and one storey underground mixed commercial development consisting of eight storeys of commercial podium and one storey underground shop/office lot (36 strata units) and car park with one unit of TNB substation, two blocks of 29 storeys service apartments (728 units) (including one storey of facilities space at level 8) at Lot 103657 (previously PT 15115, Lot 35312, Lot 8088 and Lot 15607), Jalan Kelang Lama, Mukim Petaling, Wilayah Persekutuan Kuala Lumpur	Main building works	Marques Land Sdn Bhd ⁽⁹⁾ (via selective tender*)	6 June 2019 ⁽³⁾	1 July 2019 to 31 December 2021 (Extended to 31 October 2022)	199.11	86.38	27.12

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

Project name and description	Scope of construction works	Awarding party	Date of award	Contractual contract period	Contract value ⁽¹⁾ (RM million)	Percentage of completion as at 30 June 2022 (%)	Remaining contract sum as at 30 June 2022 (RM million)
Vista Sentul Residences Main building works for development consisting of Block A – 24 storeys of apartment suites (262 units), Block B – 37 storeys apartment suites (443 units), eight storeys of car park including two units of TNB substations, one storey of public facilities and one guard house at Lot 50954, Jalan Sentul, Mukim Batu, Wilayah Persekutuan Kuala Lumpur	Main building works	Constant Premium Sdn Bhd ⁽⁹⁾ (via selective tender*)	22 July 2020 ⁽³⁾	3 August 2020 to 2 February 2023 (Extended to 5 June 2023)	149.57	62.22	56.50
Vista Harmoni Residences Build and design works for development of 2 blocks apartments consisting of Block A - 19 storeys of Perumahan Penjawat Awam Malaysia (250 units), Block B – 23 storeys of apartment suites (205 units) above a seven- storey podium comprising one storey residents' facilities, seven storeys car park and one guard house at Lot 760, Jalan Pelangi 2, Mukim Setapak, Wilayah Persekutuan Kuala Lumpur	Turnkey contractor	Klasik Iktiar Sdn Bhd (via selective tender*)	30 October 2021 ⁽¹⁰⁾	15 December 2021 to 14 April 2025	131.41	7.23	121.91
Berlian Setapak 2 Residences Design, procurement, construction and completion of earthworks, foundation, substructure and superstructure works for: One block of 38-storeys apartment consisting of eight storeys with 1 mezzanine parking facility including 2 storeys facilities at the ground floor and 8 th floor as well as 1 TNB unit, one block of 29-storeys apartment (79 units affordable housing and 184 units free price units) on Lot 319, Mukim Setapak, Wilayah Persekutuan Kuala Lumpur	Turnkey contractor	Monisprings Development Sdn Bhd (via selective tender*)	20 January 2022 ⁽¹⁰⁾	20 February 2022 to 19 June 2025	110.00	6.21	103.17

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

Project name and description	Scope of construction works	Awarding party	Date of award	Contractual contract period	Contract value ⁽¹⁾ (RM million)	Percentage of completion as at 30 June 2022 (%)	Remaining contract sum as at 30 June 2022 (RM million)
A residential development project⁽¹¹⁾ Development and construction including design, procurement, construction and completion of earthworks, foundation, structural works of a high-rise residential development on land plot adjacent to Lot 56, Jalan Sungai Besi, Mukim Wilayah Persekutuan Kuala Lumpur	Turnkey contractor	Magna Sutera Development Sdn Bhd (via selective tender*)	28 March 2022 ⁽¹⁰⁾	48 months from commencement date of project ⁽¹²⁾	167.00	-	167.00

Notes:

- (1) Include variation orders
- (2) Based on the date of master en-bloc purchase agreement
- (3) Based on the date of letter of acceptance
- (4) Based on the date of work order
- (5) Based on the date of Handover Certificate
- (6) Based on the date of Certificate of Payment
- (7) Based on the date of CPC
- (8) Based on the date of Binastra Construction (M) Sdn Bhd's statement of subcontractors' work done
- (9) Please refer to Section 8.1 of this Appendix for the interests of Southern Score's Director, Substantial Shareholder or persons connected with them in the respective awarding parties.
- (10) Based on letter of award
- (11) As at the LPD, no official project name is available
- (12) As at the LPD, the project has yet to commence

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

- # Public-private partnership – Under the public-private partnership, it is a cooperation between the Government and the private sector to undertake public works and/or to construct/develop public sector assets.
- * Selective tender – Selected contractors to submit tenders by invitation only.
- ^ Negotiated tender – A negotiated tender between the customer and a single contractor.

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INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

7.1.3 Key milestones, awards and achievements

Year	Key milestones
2010	<ul style="list-style-type: none"> Incorporation of Southern Score under the name of Pembinaan Lebar Waras Sdn Bhd
2011	<ul style="list-style-type: none"> Southern Score adopted its present name
2015	<ul style="list-style-type: none"> Southern Score was appointed as a turnkey contractor for the development of PR1MA Jalan Jubilee
2016	<ul style="list-style-type: none"> Southern Score was registered as a Grade 7 contractor under CIDB for the categories of Building (B), Civil Engineering (CE) and Mechanical Engineering (ME)
2018	<ul style="list-style-type: none"> Southern Score secured a project for the development of Platinum Teratai Residences in relation to main external road works and associated works
2019	<ul style="list-style-type: none"> Southern Score secured the following projects: <ul style="list-style-type: none"> (a) Vista Sentul Residences in relation to piling works; (b) Platinum Arena Residences in relation to main building works; (c) Vista Wirajaya 1 @ PV 9 Residences in relation to main building works; and (d) PV 18 Residences in relation to main external road works and associated works
2020	<ul style="list-style-type: none"> Southern Score secured a project for the development of Vista Sentul Residences in relation to main building works
2021	<ul style="list-style-type: none"> Southern Score was registered with the Ministry of Finance for Government procurements under the supply of provision of services in the sectors set out in the registration Southern Score incorporated an associate company, i.e. TSPC, with TCS Group Holdings Berhad holding 65% equity interest and Southern Score holding the remaining 35% equity interest Southern Score was appointed as a turnkey contractor for the development of Vista Harmoni Residences
2022	<ul style="list-style-type: none"> Southern Score secured the following projects: <ul style="list-style-type: none"> (a) Berlian Setapak 2 Residences in relation to turnkey construction services; and (b) a residential development project located adjacent to Lot 56, Jalan Sungai Besi, Mukim Wilayah Persekutuan Kuala Lumpur in relation to turnkey construction services

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

7.2 Principal markets

Southern Score is principally involved in the provision of construction management services mainly for high-rise residential buildings. Southern Score is responsible for the implementation of development and construction projects, which includes project planning and design development, as well as daily management of all the works required for timely completion of the projects.

For the FYEs 31 December 2018, 31 December 2019, 31 December 2020 and 31 December 2021 as well as FPE 30 April 2022, Southern Score's revenue was fully derived from projects located in Kuala Lumpur.

	FYE 31 December								FPE 30 April	
	2018		2019		2020		2021		2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Turnkey construction services	44,930	81.9	19,660	29.3	10,684	7.2	462	0.2	10,587	12.6
Main construction services	9,955	18.1	47,330	70.7	138,124	92.8	284,539	99.8	73,645	87.4
Total	54,885	100.0	66,990	100.0	148,808	100.0	285,001	100.0	84,232	100.0

7.3 Process flow

Southern Score is principally involved in the provision of construction management services mainly for high-rise residential buildings. The scope of Southern Score's construction services involves the provision of professional project management services from the project initiation until the completion of construction works. Southern Score undertakes construction projects either as a turnkey contractor or main contractor, where its roles and responsibilities differ according to the terms of the contract.

The process flow of construction services undertaken by Southern Score is as follows:

- (i) The senior management identifies potential projects based on landbank prospects;
- (ii) A proposal team comprising the Managing Director, Executive Directors, Director of Development and Projects and Project Manager will be established to undertake feasibility assessments and prepare a conceptual proposal;
- (iii) The proposal team will present the conceptual proposal and results of feasibility studies to the landbank owner / project developer upon approval from the senior management team;

Upon acceptance of the proposal from the landbank owner / project developer, a detailed design and breakdown of the bill of quantities will be presented to the landbank owner / project developer for deliberation;
- (iv) The landbank owner / project developer will issue a letter of award to Southern Score;
- (v) Southern Score's team will prepare the relevant construction drawings and contract documentation;
- (vi) The Project Manager of Southern Score will plan out the necessary project schedule and arrange physical commencement of construction activities;

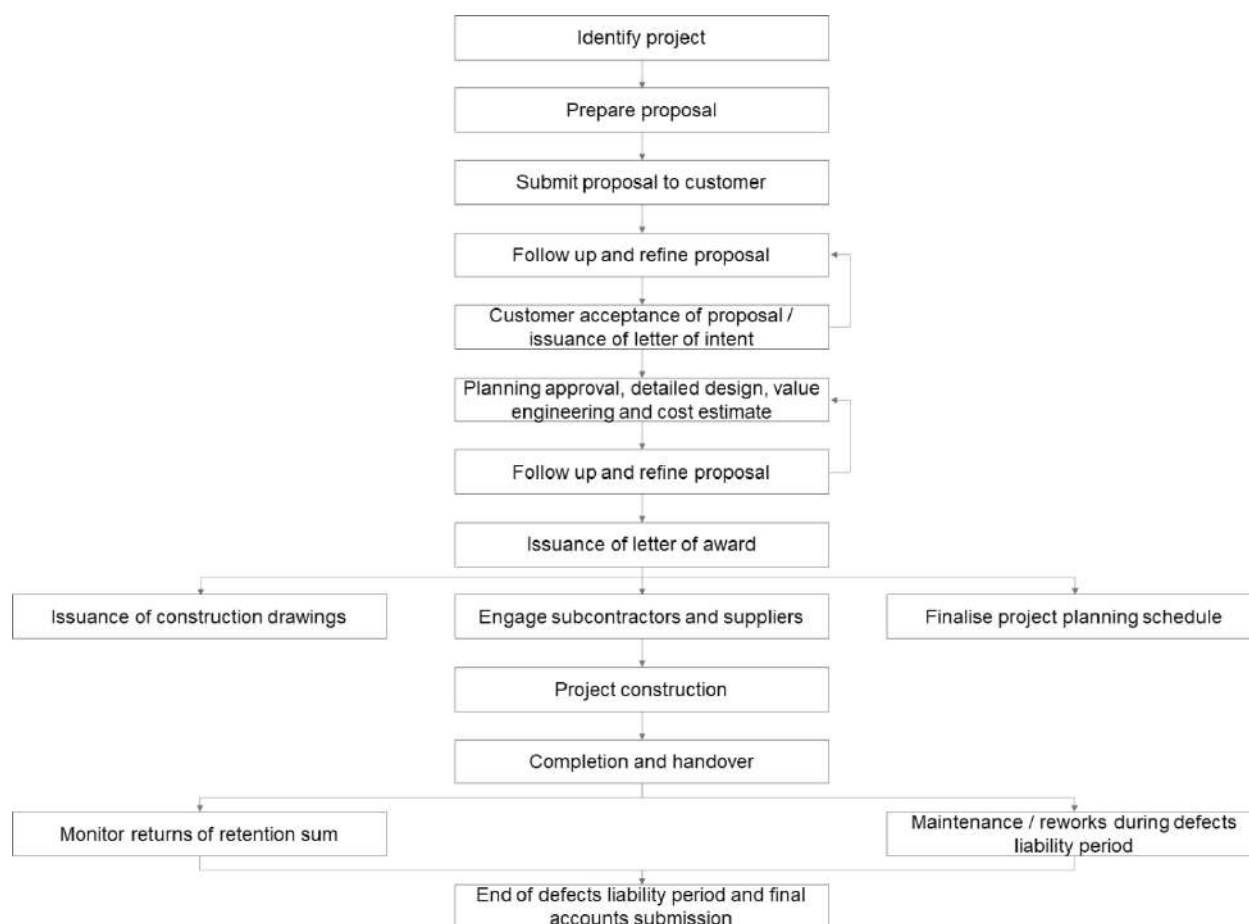
INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

- (vii) The Project Manager will coordinate with the finance team, subcontractors, suppliers, site personnel, as well as other consultants on technical and financial matters. The project team will monitor work progress to ensure the following:
 - 1. Work progress based on master work programme;
 - 2. Safe working environment
 - 3. Compliance with requirements and standards imposed by regulating authorities;
 - 4. Quality control of works performed;
 - 5. Minimisation of wastages;
 - 6. Time management; and
 - 7. Preparation of monthly reporting and cashflow reports;
- (viii) Upon completion of construction works, the project team will arrange for handover of the project to the customer's representative. A construction project is deemed practically completed when Southern Score obtains the CPC issued by the architect engaged by its customer. Upon receiving the CPC, Southern Score will submit its penultimate claim which will include claim for release of the first portion of the retention sum;
- (ix) The defects liability period will begin upon Southern Score obtains the CPC. During the defect liability period, upon receiving report on defects identified by the customer, Southern Score's project team will investigate and rectify the issue by getting the relevant subcontractors to rectify the defects. The length of the defects liability period generally ranges from 12 to 24 months after issuance of the CPC. Upon expiry of the defect liability period and the complete rectification of all defects identified, Southern Score's customer will issue a CMGD; and

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INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

- (x) Southern Score will submit to the customers all documents supporting the draft final accounts including all variation orders within 12 to 24 months after the issuance of the CPC. The final account shall be completed and issued by the customer in accordance to the terms of the contracts.



7.4 Competitive strengths

- (i) **Southern Score has an experienced and technically strong management team**

The experience, drive and passion of Southern Score's management team, comprising its Managing Director, Executive Directors and key senior management, have been instrumental in leading Southern Score to its current position within the industry. The commitment and teamwork between them have provided the impetus for the continuous growth of Southern Score.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

Southern Score's management team comprises:

Management	Designation	Years of relevant working experience
Tan Sri Datuk Seri Gan Yu Chai	Managing Director	31
Gan Yee Hin	Executive Director and Chief Executive Officer	7
Datuk Sydney Lim Tau Chin	Executive Director	26
Lee Chen Nee	Chief Financial Officer	18
Ong Beng Hoe	Director, Project and Construction	26
Puan Sri Datin Seri Elaine Lee Kuan Kiow	Director, Human Resource and Administrative	17
Pang Cheng Wei	Head, Legal and Corporate Communication	18

Please refer to Sections 3, 4.2 and 5.1 of Appendix II(A) of this Circular for the profiles of Southern Score's Managing Director, Executive Directors and key senior management team.

Southern Score's ability to deliver projects and provide reliable solutions are attributable to its experienced and technically strong management team. Their technical know-how and industry knowledge has been instrumental in attracting new customers while maintaining existing business relationships. The strength and experience of this management team will enable Southern Score to continue to further grow its business and expand its market presence.

(ii) Southern Score adopts construction practices that support the efficiency optimisation of its construction project

Southern Score's nature of business focuses on high-rise residential buildings and as such, Southern Score adopts IBS in most of its development and construction projects. IBS is a construction process that utilises techniques, products, components and / or building systems which involve prefabricated components and onsite installation. The main IBS products that Southern Score use in its projects are precast concrete framing, panel and box systems, formwork systems, steel framing systems, prefabricated timber framing systems and block work systems. The use of IBS is aimed at increasing productivity, through the speeding up of the construction process and shortening of project completion times, and improving quality with the use of prefabricated components manufactured off-site.

Although Southern Score presently does not have its own manufacturing plant for IBS, Southern Score sources from IBS suppliers and utilises steel, aluminium and other formwork systems in its projects, depending on the specific requirements of the project. Formwork systems act like moulds to form concrete structures, where concrete is poured into the formwork and allowed to set inside the formwork structure. As part of its future plans, Southern Score intends to venture into the manufacture of IBS products. Please refer to Section 7.23 of this Appendix for further details.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

Further, in all its projects, Southern Score observes and adopts internal construction practices that include QESH practices. These are internally developed practices that form part of Southern Score's standard operating procedures to ensure that the various facets of project delivery are performed based on the same standards and with consistent quality.

Southern Score's adoption of IBS as well as construction good practices has enabled Southern Score to complete its projects in a timely manner and within project budget.

(iii) Southern Score has an asset-light and flexible delivery model

Southern Score is able to offer a standardised and cost-efficient building process as a result of its asset-light delivery model, which enables scalability and flexibility with lower exposure to cyclicalities and house prices. Southern Score also benefits from a flexible cost structure, with the majority of its cost of sales being flexible costs (i.e., external variable costs that are only incurred when under contract). This is made possible by factors that are inherent to Southern Score's business model, namely:

- (a) Southern Score undertakes construction development projects on landbanks owned by its customers. For these projects, Southern Score commits no investments in land acquisition, and only limited direct costs (related to design) are incurred by Southern Score before obtaining the required building permits. As such, Southern Score's projects involve limited counterparty risk. The capital cost required for a typical construction project is heavily loaded during the implementation phase where physical construction works are being carried out. However, Southern Score adopts an asset light and flexible delivery model which enables it to deliver its projects without tying up its working capital, as Southern Score builds on third-party (customer-owned) land as well as milestone payment terms with its suppliers and subcontractors. As a result, Southern Score benefits from limited tie-up of capital as well as limited direct costs before permits and approvals from local authorities have been secured.
- (b) Southern Score outsources all construction works to its subcontractors. This allows Southern Score to maintain a flexible and scalable model for its construction services business. Further, outsourced construction allows Southern Score to adapt its costs to changes in order book, as opposed to having workers contracted or employed in-house which would conversely render its cost base more rigid. Contractors also supply all necessary building site machinery, for which reason Southern Score does not need to invest in this. Southern Score aspires to build long-lasting and loyal business relationships with its subcontractors, as this enhances the efficiency of the building process and facilitates control inspections and follow-up actions as such subcontractors become more well-versed with Southern Score's processes and quality requirements.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

While Southern Score has an asset-light and flexible delivery model, Southern Score has begun taking measures to ensure the security of supply of construction materials as well as machinery and equipment for its projects over the long term. Southern Score began strategically purchasing construction materials as well as purchasing and/ or renting machinery and equipment for the Vista Harmoni Residences development. Southern Score will further seek to purchase selected machinery and equipment for its future projects. The abovementioned measures will allow Southern Score to benefit from cost efficiencies through the bulk procurement of selected construction materials at optimal pricing (i.e. when prices are favourable). By acquiring and/ or renting construction machinery and equipment, Southern Score will be able to assist its subcontractors in mitigating any potential shortages in construction machinery and equipment that would affect project delivery milestones and cost. Moreover, by having its own construction machinery and equipment, Southern Score would be able to better manage its subcontractor costs. Further, Southern Score will be able to explore leasing out the construction machinery and equipment that it owns to other contractors and/or subcontractors when they are not being utilised for Southern Score's projects.

Southern Score intends to leverage on its past experience in the procurement of construction materials on behalf of its subcontractors for ongoing and completed projects. Further, Southern Score has recruited project managers from the construction industry with prior experience in managing the maintenance and leasing of machinery and equipment. Collectively, this will enable Southern Score to expand into the bulk procurement of construction materials, as well as maintenance and leasing out of machinery and equipment.

Save for the imposition of containment measures and supply chain disruptions following the COVID-19 outbreak which affected the supply and availability of machinery and equipment, Southern Score has not experienced any other incidences of shortages of machinery and equipment that have affected the delivery milestones of its projects.

Please refer to Section 7.23 (b) of Appendix III(A) for further details on Southern Score's future plans.

(iv) Southern Score has established relationships with customers and suppliers

Southern Score's ability to deliver quality construction projects has allowed it to establish relationships with its customers. Since its establishment in December 2010, Southern Score has secured a total of 10 contracts from 9 customers, namely PR1MA Corporation Malaysia, Weng Wah Developments Sdn Bhd, Ambanang Development Sdn Bhd, Marques Land Sdn Bhd, Binastra Construction (M) Sdn Bhd, Constant Premium Sdn Bhd, Klasik Ikhtiar Sdn Bhd, Monisprings Development Sdn Bhd and Magna Sutera Development Sdn Bhd. Save for PRIMA Corporation Sdn Bhd, Binastra Construction (M) Sdn Bhd, Klasik Ikhtiar Sdn Bhd, Monisprings Development Sdn Bhd and Magna Sutera Development Sdn Bhd, the remaining customers are related parties to Southern Score by virtue of Tan Sri Datuk Seri Gan Yu Chai being an existing director of these companies. Nonetheless, Tan Sri Datuk Seri Gan Yu Chai does not influence decisions relating to the appointment of contractors as such matters are deliberated by the management of each company.

Southern Score is also actively maintaining working relationships with its subcontractors and suppliers to ensure continuous supply of construction materials and skilled workmen to undertake its subcontract works.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)**(v) Southern Score has been involved in the construction of high-rise residential buildings**

Southern Score's core area of expertise and business focus is in the construction of high-rise residential buildings. Southern Score has been involved in the construction of high-rise buildings since securing its first construction project in 2015. Southern Score's first project was the PR1MA Jalan Jubilee development comprising one block of 31 storeys PR1MA apartment consisting 543 residential units, four units of shoplots and six storeys parking podium at Jalan Jubilee, Kuala Lumpur. Leveraging on its capabilities, Southern Score has continued to secure projects for the construction of high-rise residential buildings.

Since securing its first construction project in 2015 and up to the LPD, Southern Score has completed 4 construction projects relating to high-rise buildings. Several of Southern Score's notable high-rise building projects include the PR1MA Jalan Jubilee project (31 storeys), and ongoing projects such as Vista Wirajaya 1 @ PV9 Residences project (35 storeys), Platinum Arena Residences project (37 storeys) and Vista Sentul Residences project (37 storeys).

This will serve as a reference for securing new high-rise residential development projects in the future.

7.5 Seasonality of business

Southern Score has not experienced any material seasonality or cyclicity in its business as the demand for its construction services is neither subject to seasonal fluctuations nor cyclical variations.

7.6 Types, sources and availability of supplies and services

Southern Score's cost of sales comprise subcontractors' fees as well as building fixtures used for its development and construction projects. Southern Score relies on its subcontractors to procure the necessary building fixtures and construction materials as well as machinery and equipment for its development and construction projects. However, Southern Score may from time to time, procure building fixtures for its development and construction projects based on the requirements of its projects.

Southern Score engages subcontractors to carry out different parts of its construction activities particularly those requiring the installation of construction materials, piling works, main building works, road works, internal infrastructure and landscaping works as well as other specialised trade works such as M&E works, drainage and sewerage works and other related works. This reduces the need for Southern Score to employ a large workforce to control and lower its operating costs.

For FYEs 31 December 2018, 31 December 2019, 31 December 2020, 31 December 2021 and FPE 30 April 2022, subcontractors' fees contributed approximately 98.9%, 92.9%, 99.2%, 99.8% and 92.6% of Southern Score's total cost of sales respectively. The types of services required by Southern Score are sourced on project basis from its subcontractors. Southern Score maintains a list of pre-approved subcontractors which meet their project requirements and quality specifications. In the event Southern Score is unable to source services from its existing list of pre-approved subcontractors, Southern Score is still able to source similar services from other subcontractors in the local market.

Southern Score has developed policies and procedures that guide its selection of subcontractors. All selected subcontractors are evaluated in terms of financial performance, technical capabilities, ability to deliver services that meet Southern Score's quality requirements, and ability to deliver in a timely manner. Southern Score appoints experienced subcontractors that are reliable and financially secure to ensure the quality of service that it delivers to its customers.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

The building fixtures that Southern Score procures are generally widely available from local suppliers.

The breakdown of cost of sales, which includes subcontractors' fees as well as building fixtures incurred by Southern Score in FYEs 31 December 2018, 31 December 2019, 31 December 2020 and 31 December 2021 as well as FPE 30 April 2022 are as follows:

	FYE 31 December								FPE 30 April	
	2018		2019		2020		2021		2022	
	RM'000	% ⁽¹⁾	RM'000	% ⁽¹⁾	RM'000	% ⁽¹⁾	RM'000	% ⁽¹⁾	RM'000	% ⁽¹⁾
Subcontractors' fees⁽²⁾										
Piling works	-	-	4,784	8.8	3,603	3.0	-	-	2,421	3.5
Main building works	32,443	77.2	36,171	66.2	114,763	95.8	232,981	99.8	62,223	89.1
Road works, internal infrastructure and landscaping works ⁽³⁾	9,094	21.7	9,783	17.9	457	0.4	-	-	-	-
Total	41,537	98.9	50,738	92.9	118,823	99.2	232,981	99.8	64,644	92.6

Notes:

- (1) As a percentage of total cost of sales.
- (2) Includes cost of construction materials and rental of machineries and equipment. Southern Score typically awards contracts to its subcontractors at an agreed total contract sum which encompasses the cost of materials, rental of machinery and equipment as well as labour workmanship.
- (3) Including landscaping works, sewerage and drainage works, installation of amenities and facilities as well as maintenance works.

For information purposes, Southern Score is responsible in guiding its subcontractors to procure the necessary materials such as steel, concrete, cement, sanitaryware and lockset for its construction and development projects. Southern Score will ensure the materials meet the technical, cost and quality requirements. The prices of the construction materials such as steel, concrete and cement may be subject to price fluctuations as a result of demand and supply conditions. Nevertheless, the prices of construction materials purchased for the development and construction projects have been within Southern Score's budgeted cost.

During the procurement stage, Southern Score generally takes into account the suppliers' lead time to prevent potential delay to project delivery schedule. The construction materials and supplies are procured on a project and purchase order basis. In addition, Southern Score maintains a list of pre-approved suppliers which meet its project requirements. In the event Southern Score is unable to source from its existing suppliers, it is still able to source similar construction materials from other suppliers in the market. Therefore, Southern Score is not dependent on any single supplier.

7.7 Business development and marketing strategies

Southern Score's business development and marketing strategies are spearheaded by Tan Sri Datuk Seri Gan Yu Chai and Gan Yee Hin. Southern Score focuses on business development activities to maintain its business network and to seek new business opportunities.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

The objectives of Southern Score's business development and marketing strategy is to provide its business with sustainable revenue streams as well as growth of its construction services business based on the following approaches:

- (i) Continue with its core competencies in construction services to provide business sustainability with the following:
 - (a) Continue to focus on high-rise residential development and construction which require higher skills set and experience; and
 - (b) Continue to focus on development and construction projects in Klang Valley where Southern Score has the track record and has built its market reputation;
- (ii) Continue to focus on projects where Southern Score is the turnkey contractor. As a G7 registered contractor, this allows Southern Score to carry out projects of unlimited value; and
- (iii) To actively bid for public sector projects.

7.8 Quality, environment, safety and health

Southern Score places emphasis on quality management to ensure that the quality of its construction services comply with the relevant regulations and meet the expectations and requirements of its customers, as well as to maintain its reputation in the industry.

Southern Score's project team that is responsible for the implementation of QESH management system across its development and construction projects. This project team ensures QESH plans are implemented onsite throughout the construction in accordance to applicable standards and to Southern Score's quality and safety practices.

Southern Score conducts regular inspections which include quality and safety assessments throughout the construction period. Southern Score's project team works together with subcontractors to coordinate and solve any technical matters pertaining to the construction project prior to commencement of construction work.

Southern Score's project team follows a set of stringent procedures that include the adoption of a detailed monitoring, controlling and inspection work sequence, periodical internal quality and safety audits and quality assessment practices on internal finishes such as floors, walls, ceilings, doors, windows, internal fixtures (such as build-in cabinets and storages), and M&E fittings.

Southern Score prioritises the health and safety of its employees and subcontractors. In line with this, Southern Score is committed to comply with the relevant occupational health and safety requirements.

Southern Score adopts occupational safety, health and environment practices that comply with the relevant regulations such as the Factories and Machinery Act 1967, Occupational Safety and Health Act 1994 and the Department of Occupational Safety and Health guidelines.

7.9 Research and development

Due to the nature of Southern Score's business, Southern Score is not involved in any research and development activities, and has not recognised any research and development expenditure for the FYEs 31 December 2018, 31 December 2019, 31 December 2020, 31 December 2021 and FPE 30 April 2022.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

7.10 Technology used

Southern Score utilises AutoCAD to facilitate the development of detailed construction drawings and detailed engineering drawings. In the construction industry, AutoCAD is used by architects, project managers, engineers, city planners and other professionals as a modeling, drawing and drafting software to develop two-dimensional (2-D) and three-dimensional (3-D) architecture and engineering drawings.

7.11 Production output, capacity and utilisation rate

Southern Score is principally involved in the provision of construction management services mainly for high-rise residential buildings. Thus, measures of production output, capacity and utilisation rate are not applicable to Southern Score's business operations.

7.12 Key construction machinery and equipment

Presently, Southern Score does not own construction machinery and equipment. This is as Southern Score delivers its construction services by way of engaging subcontractors that own and/or rent the requisite construction machinery for its development and construction projects.

However, it is Southern Score's intention to ensure the security of supply of machinery and equipment for its projects over the long term. Please refer to Section 7.4(iii) of Appendix III(A) for further information.

7.13 Material contracts

Save as disclosed below, the Southern Score Group has not entered into any material contracts which are not in the ordinary course of its business within the FYEs 31 December 2018, 31 December 2019, 31 December 2020, 31 December 2021, FPE 30 April 2022 and up until the LPD:

- (i) Share sale agreement entered into between Super Advantage and TCS Group Holdings Berhad dated 17 November 2020 in respect of the acquisition of 25% equity interest in Southern Score by TCS Group Holdings Berhad. This agreement entails the acquisition of 250,000 ordinary shares of Super Advantage by TCS Group Holdings Berhad for a total purchase consideration of RM 30.0 million to be fully satisfied via issuance of 60,000,000 new shares in TCS Group Holdings Berhad. This agreement was terminated on 29 January 2021 by way of a deed of termination.
- (ii) Shareholders agreement entered into between Super Advantage, TCS Group Holdings Berhad and Southern Score dated 17 November 2020 to regulate the relationship of the shareholders of Southern Score in respect of the financial, administrative, and other arrangements in Southern Score. This agreement was terminated on 29 January 2021 by way of a deed of termination.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

7.14 Approval, major licenses, permits and registrations

As at the LPD, the Southern Score Group hold the following major licences, permits and registrations for its business operations:

No.	Nature of Licence/ Approval	Issuer/ Authority	License/Permit holder	Effective date/ Date of expiry	Major conditions imposed	Status of compliance
(i)	<p>Ministry of Finance Registration Certificate</p> <p>Registration No.: 357-0002331435</p> <p>Address of licenced premises: No. 21-3, Jalan Melati Utama 2, Taman Melati Utama, Setapak, 53100 Wilayah Persekutuan Kuala Lumpur</p>	Ministry of Finance ("MOF")	Southern Score	<p>Registration date: 15 January 2021</p> <p>Expiry date: 14 January 2024</p>	<p>This certificate contains the following conditions:</p> <p>(a) Any changes to the information of Southern Score must be updated online at www.eperolehan.gov.my within 21 days of such change in information. The MOF may suspend or cancel the registration of Southern Score in the event of failure to comply with this condition, and the directors of Southern Score may be subject to disciplinary action including being blacklisted without notice if the information provided by Southern Score is incorrect;</p> <p>(b) Southern Score must submit all information as may be requested by the MOF within such prescribed period. The MOF may suspend or cancel the registration of Southern Score in the event of failure to comply with this condition, and the directors of Southern Score may be subject to disciplinary action including being blacklisted without notice if the information provided by Southern Score is incorrect;</p> <p>(c) Southern Score shall ensure that the fields listed in this certificate do not overlap with the fields that have been approved for any other companies having the same owner or board of directors of Southern Score or that operate on the same licenced premises;</p>	Complied

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

No.	Nature of Licence/ Approval	Issuer/ Authority	License/Permit holder	Effective date/ Date of expiry	Major conditions imposed	Status of compliance
					<p>(d) The MOF reserves the right to conduct an audit or inspection at any time without prior notice at Southern Score's premises. The MOF may suspend or cancel the registration of Southern Score in the event of failure to comply with the registration requirements imposed by the MOF, and the directors of Southern Score may be subject to disciplinary action including being blacklisted without notice if the information provided by Southern Score is incorrect;</p> <p>(e) Southern Score shall not change its owner(s) or board of directors for a period of 6 months from the date of registration of this certificate;</p> <p>(f) Failure to renew this certificate after a period of 1 year after the expiry date may result in the cancellation and automatic removal of Southern Score's registration with the MOF, upon which Southern Score shall be required to make a new application accordingly.</p> <p>(g) Southern Score's registration shall be suspended or cancelled in the event of any of the following:</p> <p>(i) Southern Score or its owners or directors or any member of its management commits a crime and is found guilty by a local or foreign court, or has suffered civil liability;</p>	

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

No.	Nature of Licence/ Approval	Issuer/ Authority	License/Permit holder	Effective date/ Date of expiry	Major conditions imposed	Status of compliance
					<ul style="list-style-type: none"> (ii) Southern Score fails to perform the obligations of any contracts that it has entered into with the Government; (iii) Southern Score is found to have amended this certificate with fraudulent or other similar purposes; (iv) Southern Score allows this certificate to be misused by other individuals or companies; (v) Southern Score is discovered to be collaborating with other companies on price when entering into government tenders or subcontracts without the prior consent of the relevant government agencies. 	
(ii)	<p>Grade 7 Certificate of Registration pursuant to the CIDB Act 1994 ("CIDB Act").</p> <p>Registration No.: 0120160205-SL170451</p> <p>Address of licenced premises: C-6-12, Streetmall, One South, Jalan Os, Taman Serdang Perdana, Seksyen 6, 43300 Seri Kembangan, Selangor</p>	CIDB	Southern Score	3 February 2022/ 2 February 2023	<p>This certificate contains the following conditions:</p> <ul style="list-style-type: none"> (a) This certificate cannot be transferred. (b) CIDB reserves the right to revise the registered grade of Southern Score from time to time (c) Southern Score is required to comply with the provisions in the CIDB Act, the regulations made pursuant to the CIDB Act and any terms and conditions or restrictions imposed by the CIDB from time to time. (d) Southern Score shall not participate in any tenders or conduct any construction works after the expiry of this certificate. 	Complied

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

No.	Nature of Licence/ Approval	Issuer/ Authority	License/Permit holder	Effective date/ Date of expiry	Major conditions imposed	Status of compliance
	<p>Grade 7 Certificate for the following:</p> <p>(a) Category B: Building Construction – B04: Construction works on buildings;</p> <p>(b) Category CE: Civil Engineering Construction – CE21: General civil engineering works; and</p> <p>(c) Category ME: Mechanical and Electrical – M15: Miscellaneous mechanical equipment</p>				<p>(e) Southern Score shall not carry out any construction projects that exceed the value permitted under Southern Score's registered grade and shall not conduct any construction works outside its registered category.</p> <p>(f) Southern Score shall submit information regarding any construction work or contract within 14 days after the date of award or before the commencement of construction works, whichever is the earlier.</p> <p>(g) Southern Score is required to display the certificate of registration issued by CIDB or a copy of the certificate certified by CIDB at its place of business.</p> <p>(h) Southern Score is required to display its registration number on a notice board in every construction site.</p> <p>(i) Southern Score shall apply for the renewal of its certificate within a period of 60 days from the expiry date as stipulated in the certificate.</p> <p>(j) Southern Score is required to comply with all requirements and conditions of the Code of Ethics for Contractors.</p> <p>(k) Southern Score is required to appoint skilled construction workers and site supervisor who is accredited and certified by CIDB.</p> <p>(l) All workers at the construction site are required to have a valid CIDB construction personnel card.</p>	

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

No.	Nature of Licence/ Approval	Issuer/ Authority	License/Permit holder	Effective date/ Date of expiry	Major conditions imposed	Status of compliance
					<p>(m) This certificate shall be revoked or suspended if Southern Score:</p> <ul style="list-style-type: none"> (i) fails to comply with any written legislation; (ii) is adjudicated bankrupt; (iii) is subject to a winding up petition; (iv) fails to comply with any provisions under the CIDB Act; (v) obtained this certificate by making or causing to be made false or fraudulent representations; (vi) abandons any construction work undertaken without any reasonable cause; (vii) is found guilty of negligence by the courts or any investigative authority established under any written legislation in relation to any construction work undertaken; or (viii) breaches any term and condition as stipulated above. 	

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

No.	Nature of Licence/ Approval	Issuer/ Authority	License/Permit holder	Effective date/ Date of expiry	Major conditions imposed	Status of compliance																
					<div><div>Grade schedule and limits of tender amount</div><table><tr><th>Grade</th><th>Limits of tender amount</th></tr><tr><td>G7</td><td>No limits on tender amount</td></tr><tr><td>G6</td><td>No more than RM10,000,000</td></tr><tr><td>G5</td><td>No more than RM5,000,000</td></tr><tr><td>G4</td><td>No more than RM3,000,000</td></tr><tr><td>G3</td><td>No more than RM1,000,000</td></tr><tr><td>G2</td><td>No more than RM500,000</td></tr><tr><td>G1</td><td>No more than RM200,000</td></tr></table></div>	Grade	Limits of tender amount	G7	No limits on tender amount	G6	No more than RM10,000,000	G5	No more than RM5,000,000	G4	No more than RM3,000,000	G3	No more than RM1,000,000	G2	No more than RM500,000	G1	No more than RM200,000	
Grade	Limits of tender amount																					
G7	No limits on tender amount																					
G6	No more than RM10,000,000																					
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G4	No more than RM3,000,000																					
G3	No more than RM1,000,000																					
G2	No more than RM500,000																					
G1	No more than RM200,000																					

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

No.	Nature of Licence/ Approval	Issuer/ Authority	License/Permit holder	Effective date/ Date of expiry	Major conditions imposed	Status of compliance
(iii)	<p>Grade 7 Certificate of Registration pursuant to the CIDB Act</p> <p>Registration No.: 0120210610-SL076460</p> <p>Address of licenced premises: Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam</p> <p>/</p> <p>Grade 7 Certificate for the following:</p> <p>(a) Category B: Building Construction – B04: Construction works on buildings;</p> <p>(b) Category CE: Civil Engineering Construction – CE21: General civil engineering works; and</p> <p>(c) Category ME: Mechanical and Electrical – M15: Miscellaneous mechanical equipment.</p>	CIDB	TSPC	11 June 2021 / 10 June 2023	<p>This certificate contains the following conditions:</p> <p>(a) this certificate cannot be transferred;</p> <p>(b) CIDB reserves the right to revise the registered grade of TSPC from time to time;</p> <p>(c) TSPC is required to comply with the provisions of the CIDB Act, the regulations made pursuant to the CIDB Act and any terms and conditions or restrictions imposed by CIDB from time to time;</p> <p>(d) TSPC shall not participate in any tenders or conduct any construction works after expiry of this certificate;</p> <p>(e) TSPC shall not carry out any construction projects that exceed the value permitted under TSPC's registered grade and shall not conduct any construction works outside its registered category;</p> <p>(f) TSPC shall submit information regarding any construction work or contract within 14 days after the date of award or before the commencement of construction works, whichever is the earlier;</p> <p>(g) TSPC is required to display the certificate of registration issued by CIDB or a copy of the certificate certified by CIDB at its place of business;</p> <p>(h) TSPC is required to display its registration number on a notice board in every construction site;</p>	Complied

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

No.	Nature of Licence/ Approval	Issuer/ Authority	License/Permit holder	Effective date/ Date of expiry	Major conditions imposed	Status of compliance
					<p>(i) TSPC shall apply for the renewal of its certificate within a period of 60 days from the expiry date as stipulated in the certificate;</p> <p>(j) TSPC is required to comply with all requirements and conditions of the Code of Ethics for Contractors;</p> <p>(k) TSPC is required to appoint skilled construction workers and site supervisor who is accredited and certified by CIDB;</p> <p>(l) All workers at the construction site are required to have a valid CIDB construction personnel card;</p> <p>(m) This certificate shall be revoked or suspended if TSPC:</p> <p>(i) fails to comply with any written legislation;</p> <p>(ii) is adjudicated bankrupt;</p> <p>(iii) is subject to a winding up petition;</p> <p>(iv) fails to comply with any provisions under the CIDB Act;</p> <p>(v) obtained this certificate by making or causing to be made false or fraudulent representations;</p> <p>(vi) abandons any construction work undertaken without any reasonable cause;</p>	

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

No.	Nature of Licence/ Approval	Issuer/ Authority	License/Permit holder	Effective date/ Date of expiry	Major conditions imposed	Status of compliance																
					<p>(vii) is found guilty of negligence by the courts or any investigative authority established under any written legislation in relation to any construction work undertaken; or</p> <p>(viii) breaches any term and condition as stipulated above.</p> <p><u>Grade schedule and limits of tender amount</u></p> <table><tr><th>Grade</th><th>Limits of tender amount</th></tr><tr><td>G7</td><td>No limits on tender amount</td></tr><tr><td>G6</td><td>No more than RM10,000,000</td></tr><tr><td>G5</td><td>No more than RM5,000,000</td></tr><tr><td>G4</td><td>No more than RM3,000,000</td></tr><tr><td>G3</td><td>No more than RM1,000,000</td></tr><tr><td>G2</td><td>No more than RM500,000</td></tr><tr><td>G1</td><td>No more than RM200,000</td></tr></table>	Grade	Limits of tender amount	G7	No limits on tender amount	G6	No more than RM10,000,000	G5	No more than RM5,000,000	G4	No more than RM3,000,000	G3	No more than RM1,000,000	G2	No more than RM500,000	G1	No more than RM200,000	
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G3	No more than RM1,000,000																					
G2	No more than RM500,000																					
G1	No more than RM200,000																					
(iv)	Business Licence Reference no.: DBKL.JPPP/01577/01/2020/PR01 Address of licenced premises: Tingkat 3 Platinum Hill PV7, Unit 21-3, Taman Melati Utama, Setapak, 53100 Kuala Lumpur	Kuala Lumpur City Hall	Southern Score	27 April 2022 / 26 April 2023	Nil	-																

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

No.	Nature of Licence/ Approval	Issuer/ Authority	License/Permit holder	Effective date/ Date of expiry	Major conditions imposed	Status of compliance
(v)	Business Licence Reference no.: DBKL.JPPP/PR01/4274/11/2021 Address of licenced premises: No. 341, Jalan Pahang, 53000 Kuala Lumpur	Kuala Lumpur City Hall	Southern Score (Project Site Department)	30 November 2021 / 29 November 2022	The number of foreign employees employed at this premises shall not exceed 50% of the licensee's total number of employees and must be employed with a valid work permit.	Complied.

7.15 Trade marks registered

As at the LPD, the Southern Score Group does not own any trademarks or patents.

7.16 Properties**(i) Properties own by the Southern Score Group**

As at the LPD, the Southern Score Group does not own any properties.

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INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

(ii) Properties rented by the Southern Score Group

Below are the details of properties rented by the Southern Score Group:

No.	Location	Description / existing use	Landlord	Tenant	Approximate rented area (Square feet)	Monthly rental (RM)	Period of tenancy/ Date of expiry of lease
(i)	21-3, Jalan Melati Utama 2, Taman Melati Utama, Setapak, 53100 Kuala Lumpur	4-storey shop office / Head office	Lim Ah Suan ⁽¹⁾	Southern Score	2,500	3,000	1 year Commencing: 1 July 2022 Expiring: 30 June 2023 The Tenant may extend the term of this tenancy by a further year by giving 2 months' notice to the Landlord at a rental to be agreed upon between the Landlord and the Tenant.
(ii)	No. 341, Jalan Pahang, 53000 Kuala Lumpur	2-storey shop office	Leow Tuck Chui & Sons Realty Sdn Bhd ⁽²⁾	Southern Score	3,050	4,500	1 year Commencing: 1 October 2021 Expiring: 30 September 2022 The Tenant may extend the term of this tenancy by a further year by giving 2 months' notice to the Landlord at a rental to be agreed upon between the Landlord and the Tenant.

Notes:

- (1) Lim Ah Suan is not a connected person to the Enlarged GNB Group, Southern Score's directors and shareholders, and the Vendor.
- (2) Leow Tuck Chui & Sons Realty Sdn Bhd is not a connected person to the Enlarged GNB Group, Southern Score's directors and shareholders, and the Vendor.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

7.17 Regulatory requirements and environmental issues**7.17.1 Regulatory requirements**

Southern Score's business operations are subject to the following regulatory requirements:

- (i) the Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994 which sets out the requirements for registration as a contractor with CIDB;
- (ii) the Construction Industry Payment and Adjudication Act 2012 which facilitates regular and timely payment, provides a mechanism for speedy dispute resolution through adjudication, to provide remedies for the recovery of payment in construction industry and to provide for connected and incidental matters;
- (iii) the Local Government Act 1976, which is enacted for the purpose of administration of local government;
- (iv) the Occupational Safety and Health Act 1994 provides a regulatory framework to promote standards for safety and health at work;
- (v) the Occupational Safety and Health (Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease) Regulations 2004 sets out the requirement on the method, procedure and process of notification of accident, dangerous occurrence, occupational poisoning and occupational disease;
- (vi) the Income Tax Act 1967 and the prevailing taxation regulations and policies in Malaysia;
- (vii) the Workmen's Compensation Act 1952 is enacted for the purpose of providing compensation to injured employees during their course of employment; and
- (viii) the Environmental Quality Act 1974 which regulates the prevention, abatement, control of pollution and enhancement of the environment.

7.17.2 Environmental issue

As at the LPD, there is no environmental issue which may materially affect Southern Score's business operations.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)**7.18 Top 5 major customers**

Southern Score's customers are primarily landbank owners and project developers, whom are all based in Malaysia. Due to the nature of Southern Score's construction services business which is on project basis with landbank owners and project developers, Southern Score had 2, 5, 4, 4 and 5 customers for the FYEs 31 December 2018 to 2021 and FPE 30 April 2022, respectively. The limited number of customers each year is due to the long gestation period for each project which requires active involvement of the project team as well as the significant financing required for each project. Moreover, the competitive bidding process for the available projects in the market means there is a limited availability of contracts which are economically beneficial to be secured every year. In view of the limited human and financial resources and the taking into consideration of the economic aspects of the projects, Southern Score serviced only several customers in the past 4 FYEs 31 December 2018 to 2021 and FPE 30 April 2022. These customers, ranked by their revenue contribution for the FYE 31 December 2018 to FYE 31 December 2021 as well as FPE 30 April 2022 are as follows:

FYE 31 December 2018

No	Major customers	Services provided	Revenue contribution in FYE 31 December 2018		Length of business relationship as at LPD
			RM'000	%	
1.	PR1MA Corporation Malaysia ⁽¹⁾	Turnkey contractor	44,930	81.9	6
2.	Weng Wah Developments Sdn Bhd ⁽²⁾⁽⁷⁾	External road works	9,955	18.1	3
Total revenue			54,885	100.0	

FYE 31 December 2019

No	Major customers	Services provided	Revenue contribution in FYE 31 December 2019		Length of business relationship as at LPD
			RM'000	%	
1.	Ambanang Development Sdn Bhd ⁽³⁾⁽⁷⁾	Main building works	20,675	30.9	3
2.	PR1MA Corporation Malaysia ⁽¹⁾	Turnkey contractor	19,660	29.3	6
3.	Marques Land Sdn Bhd ⁽⁴⁾⁽⁷⁾	Main building works	10,771	16.1	3
4.	Binastra Construction (M) Sdn Bhd ⁽⁵⁾	External road works	9,876	14.7	3
5.	Constant Premium Sdn Bhd ⁽⁶⁾⁽⁷⁾	Piling works	6,008	9.0	3
Total revenue			66,990	100.0	

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

FYE 31 December 2020

No	Major customers	Services provided	Revenue contribution in FYE 31 December 2020		Length of business relationship as at LPD
			RM'000	%	
1.	Ambanang Development Sdn Bhd ⁽³⁾⁽⁷⁾	Main building works	93,778	63.0	3
2.	Marques Land Sdn Bhd ⁽⁴⁾⁽⁷⁾	Main building works	28,104	18.9	3
3.	Constant Premium Sdn Bhd ⁽⁶⁾⁽⁷⁾	Piling and main building works	16,242	10.9	3
4.	PR1MA Corporation Malaysia ⁽¹⁾	Turnkey contractor	10,684	7.2	6
Total revenue			148,808	100.0	

FYE 31 December 2021

No	Major customers	Services provided	Revenue contribution in FYE 31 December 2021		Length of business relationship as at LPD
			RM'000	%	
1.	Ambanang Development Sdn Bhd ⁽³⁾⁽⁷⁾	Main building works	146,257	51.3	3
2.	Marques Land Sdn Bhd ⁽⁴⁾⁽⁷⁾	Main building works	93,533	32.8	3
3.	Constant Premium Sdn Bhd ⁽⁶⁾⁽⁷⁾	Piling and main building works	44,750	15.7	3
4.	Klasik Ikhtiar Sdn Bhd ⁽⁸⁾	Turnkey contractor	461	0.2	1
Total revenue			285,001	100.0	

FPE 30 April 2022

No	Major customers	Services provided	Revenue contribution in FPE 30 April 2022		Length of business relationship as at LPD
			RM'000	%	
1.	Constant Premium Sdn Bhd ⁽⁶⁾⁽⁷⁾	Main building works	25,075	29.8	3
2.	Marques Land Sdn Bhd ⁽⁴⁾⁽⁷⁾	Main building works	24,719	29.4	3
3.	Ambanang Development Sdn Bhd ⁽³⁾⁽⁷⁾	Main building works	23,851	28.3	3
4.	Klasik Ikhtiar Sdn Bhd ⁽⁸⁾	Turnkey contractor	7,363	8.7	1
5.	Monisprings Development Sdn Bhd ⁽⁹⁾	Turnkey contractor	3,224	3.8	1
Total revenue			84,232	100.0	

Notes:

- (1) Relating to PR1MA Jalan Jubilee development.
- (2) Relating to Platinum Teratai Residences development.
- (3) Relating to Vista Wirajaya 1 @ PV 9 Residences development.
- (4) Relating to Platinum Arena Residences development.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

- (5) Relating to PV 18 Residences development. The PV 18 Residences project was awarded to Binastra Construction (M) Sdn Bhd, a third party construction company, by Platinum Victory Development Sdn Bhd. Platinum Victory Development Sdn Bhd is a related party whereby Tan Sri Datuk Seri Gan Yu Chai is a director and shareholder. Binastra Construction (M) Sdn Bhd subcontracted only the external road works portion to Southern Score and focused on the core construction activities for PV 18 Residences development.
- (6) Relating to Vista Sentul Residences development.
- (7) Please refer to Section 8.1 of this Appendix for the interests of Southern Score's Director, Substantial Shareholder or persons connected with them in the respective major customers.
- (8) Relating to Vista Harmoni Residences development.
- (9) Relating to Berlian Setapak 2 Residences.

Revenue contribution from customers fluctuates year-on-year given the nature of Southern Score's business, which is mainly based on projects that are secured from time to time as well as work in progress claims. The revenue contribution is typically more resource-intensive during the planning and design as well as implementation phases, where the bulk of the project revenue is generated and recognised. Thereafter, during the post-construction phase, the remaining revenue is recognised over time based on the progress towards complete satisfaction of Southern Score's performance obligation.

Southern Score's has exhibited some degree of reliance on the following major customers:

- (i) PR1MA Corporation Malaysia which contributed to 81.9%, 29.3% and 7.2% of Southern Score's revenues in the FYEs 31 December 2018, 31 December 2019 and 31 December 2020 respectively. There was no revenue contribution from PR1MA Corporation Malaysia in FYE 31 December 2021 following the completion of the PR1MA Jalan Jubilee development in 2020; and
- (ii) Ambanang Development Sdn Bhd which contributed to 30.9%, 63.0%, 51.3% and 28.3% of Southern Score's revenues in the FYEs 31 December 2019, 31 December 2020 and 31 December 2021 as well as FPE 30 April 2022, respectively.

As Southern Score only implements a handful of new projects every year, therefore these customers naturally account for a significant portion of Southern Score's revenue for that particular year.

As at the LPD, Southern Score has received a letter of intent for 1 construction and development project and has 1 project in the tender stage, undergoing evaluation and pending outcome of decision, from a third-party property developer and landbank owner respectively. Upon approval or successful bidding of the projects, Southern Score is anticipated to further diversify its customer base by securing new projects from different third-party customers.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)**7.19 Top 5 major suppliers**

Southern Score's major suppliers for FYE 31 December 2018 to FYE 31 December 2021 and FPE 30 April 2022 are set out as follows:

FYE 31 December 2018

No	Major suppliers	Services/ building materials acquired	Purchases in FYE 31 December 2018		Length of business relationship as at LPD
			RM'000	%	
1.	Binastra Construction (M) Sdn Bhd ⁽¹⁾	Subcontractor for main building works	32,569	77.5	3
2.	TE Distribution Sdn Bhd	Subcontractor for road works	6,939	16.5	3
3.	Kim Chong Plumbing Sdn Bhd	Provision of sewerage works	1,065	2.5	3
4.	Tenaga Ptaras (M) Sdn Bhd	Provision of drainage works	724	1.7	3
5.	SL Blue Venture Sdn Bhd	Provision of drainage works	202	0.5	3
Total purchases			41,499	98.7	

FYE 31 December 2019

No	Major suppliers	Services/ building materials acquired	Purchases in FYE 31 December 2019		Length of business relationship as at LPD
			RM'000	%	
1.	Conlay Construction Sdn Bhd ⁽²⁾	Subcontractor for main building works	16,759	30.7	3
2.	Binastra Construction (M) Sdn Bhd ⁽¹⁾	Subcontractor for main building works	10,805	19.8	3
3.	MCC Overseas (M) Sdn Bhd ⁽³⁾	Subcontractor for main building works	8,607	15.8	3
4.	Incredinvest Sdn Bhd	Subcontractor for road works	6,856	12.5	2
5.	Leong Hin Equipment (M) Sdn Bhd	Subcontractor for piling works	4,784	8.8	2
Total purchases			47,811	87.6	

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)**FYE 31 December 2020**

No	Major suppliers	Services/ building materials acquired	Purchases in FYE 31 December 2020		Length of business relationship as at LPD
			RM'000	%	
1.	Conlay Construction Sdn Bhd ⁽²⁾	Subcontractor for main building works	78,783	65.7	3
2.	MCC Overseas (M) Sdn Bhd ⁽³⁾	Subcontractor for main building works	23,465	19.6	3
3.	TCS Construction Sdn Bhd	Subcontractor for main building works	10,292	8.6	1
4.	Leong Hin Equipment (M) Sdn Bhd	Subcontractor for piling works	3,603	3.0	2
5.	Binastra Construction (M) Sdn Bhd ⁽¹⁾	Subcontractor for main building works	2,223	1.9	3
Total purchases			118,366	98.8	

FYE 31 December 2021

No	Major suppliers	Services/ building materials acquired	Purchases in FYE 31 December 2021		Length of business relationship as at LPD
			RM'000	%	
1.	Conlay Construction Sdn Bhd ⁽²⁾	Subcontractor for main building works	122,319	52.4	3
2.	MCC Overseas (M) Sdn Bhd ⁽³⁾	Subcontractor for main building works	70,365	30.2	3
3.	TCS Construction Sdn Bhd	Subcontractor for main building works	40,297	17.3	2
4.	CIDB	Levy fees for turnkey contract	164	-(4)	7
5.	Hiform System Sdn Bhd	Downpayment for column and formwork system rental	75	-(4)	1
Total purchases			233,220	99.9	

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INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

FPE 30 April 2022

No	Major suppliers	Services/ building materials acquired	Purchases in FPE 30 April 2022		Length of business relationship as at LPD
			RM'000	%	
1.	TCS Construction Sdn Bhd	Subcontractor for main building works	22,624	32.4	2
2.	Conlay Construction Sdn Bhd ⁽²⁾	Subcontractor for main building works	19,881	28.5	3
3.	MCC Overseas (M) Sdn Bhd ⁽³⁾	Subcontractor for main building works	19,164	27.5	3
4.	G-Pile Sistem Sdn Bhd	Subcontractor for piling works	2,421	3.5	1
5.	Makin Juta Sdn Bhd	Supplier for steel bar	999	1.4	1
Total purchases			65,089	93.3	

Notes:

- (1) Binastra Construction (M) Sdn Bhd is one of Southern Score's major supplier and subcontractor for main building works, contributing approximately 77.5%, 19.8%, 1.9% of total purchases for FYEs 31 December 2018, 2019 and 2020 respectively. Binastra Construction (M) Sdn Bhd was engaged by Southern Score to provide main building works for the development of PR1MA Jalan Jubilee.
- (2) Conlay Construction Sdn Bhd has contributed approximately 30.7%, 65.7%, 52.4% and 28.5% to Southern Score's total purchases for FYEs 31 December 2019, 2020 and 2021 as well as FPE 30 April 2022 respectively. Conlay Construction Sdn Bhd was appointed as the subcontractor for main building works for the development of Vista Wirajaya 1 @ PV 9 Residences.
- (3) MCC Overseas (M) Sdn Bhd was appointed as the subcontractor for main building works for the development of Platinum Arena Residences. MCC Overseas (M) Sdn Bhd has contributed approximately 15.8%, 19.6%, 30.2% and 27.5% to Southern Score's total purchases for FYEs 31 December 2019, 2020 and 2021 as well as FPE 30 April 2022, respectively.
- (4) Negligible

The types of services required by Southern Score are sourced on a project basis from its list of pre-approved subcontractors. Southern Score engages subcontractors to carry out different parts of its construction activities particularly those requiring the installation of construction materials, piling works, main building works, internal infrastructure and landscaping works as well as other specialised trade works such as M&E works, drainage and sewerage works and other related works.

Southern Score evaluates its subcontractors based on multiple criteria, including the availability of materials, service quality, pricing and lead time for delivery as well as their reliability. Southern Score maintains a list of pre-approved subcontractors which meet their project requirements and quality specifications. In the event Southern Score is unable to source from its major suppliers, Southern Score is still able to source similar services from other subcontractors in the local market. Therefore, Southern Score is not dependent on any single supplier.

For the avoidance of doubt, the major suppliers are not connected to the Enlarged GNB Group, its directors, Southern Score's directors and shareholders, and the Vendor.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

7.20 Employees

(i) Number of employees

As at 31 December 2021 and LPD, Southern Score has a total workforce of 32 and 38 permanent employees respectively. The following depicts the breakdown of Southern Score's employees:

Department/Division	Number of employees as at:	
	31 December 2021	LPD
Managing Director and Executive Directors	3	3
Legal and corporate communication	2	2
Finance and corporate finance	4	4
Human resource and administration	4	5
Procurement and purchasing	6	7
Project ⁽¹⁾	13	17
Total	32	38

Note:

(1)	Project division	Number of employees as at:	
		31 December 2021	LPD
	Project director	1	1
	General managers	1	2
	Project managers	4	3
	Site supervisors	-	3
	Safety officer	-	1
	Land surveyor	1	1
	Engineers	3	3
	Clerk of works	2	2
	Project administrators	1	1
	Total	13	17

As at the LPD, Southern Score does not have any contractual employees. None of Southern Score's employees belong to any labour union. As at the LPD, there has not been any industrial dispute pertaining to our employees.

(ii) Training and development programmes

The key training and development programmes attended by our employees are set out below:

Year of event	Training and development programmes
2016	<ul style="list-style-type: none"> CIDB – Effective Maintenance Repair and Avoiding Building Defects (Civil) CIDB – Ethics and Integrity of Contractors in Construction Industry CIDB – Certification of Completion and Compliance, Procedure and Requirement CIDB – Infrastructure Project Appraisal CIDB – QLASSIC Awareness Course
2017	<ul style="list-style-type: none"> CIDB – QLASSIC Assessor Course
2019	<ul style="list-style-type: none"> Malaysia Institute of Accountants (“MIA”) – Optimising Tax Benefits for Companies and Related Entities MIA – Key Updates and Changes for Corporate Accountants Suruhanjaya Syarikat Malaysia – Seminar for Introduction to Malaysian Business Reporting Standards

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

Year of event	Training and development programmes
2020	<ul style="list-style-type: none"> • MIA – Malaysia Property Taxes - Practical Issues and Insights • MIA – Accounting for Leases under Malaysian Financial Reporting Standard 16 and Section 20 of Malaysian Private Entities Reporting Standards • MIA – 2021 Budget Seminar
2021	<ul style="list-style-type: none"> • Confexhub - Age-Friendly Cities 2021 • MIA - 2022 Budget Seminar • Learnabee International SB - Constitution of Companies: What to do and not to do? What are the MUST change? • Real Estate and Housing Developers' Association Malaysia ("REHDA") - How does Federal Court ruling on LAD calculation date impact property developers • Continuing Professional Development ("CPD") L Training Services - Contract Payment Application and Certification • CPD L Training Services - Effective Contract Administration • CPD L Training Services - Understanding How to Prepare Contract Claim Documentation
2022	<ul style="list-style-type: none"> • Malaysian Institute of Management ("MIM") - High Impact Transformation Coaching • MIM - Managing for Performance • MIM - Essentials Skills for Managers • MIM - Train the Trainer • Emrest (M) Sdn Bhd - Lifting Supervisor Competency Training

(iii) Management succession plan

The Board of Southern Score believes that the success of the Southern Score Group depends on the ability and retention of its key management. Therefore, the Southern Score Group makes effort to train its employees and remunerate them accordingly. The Southern Score Group's future success will also depend on its ability to attract and retain skilled personnel.

The Southern Score Group has a management succession plan consisting of:

- (i) selection and recruitment;
- (ii) career planning and development; and
- (iii) continuous training and education.

As part of the Southern Score Group's management succession plan, it has put in place a process to groom new management staff to gradually assume more responsibilities and exposure to different functions within the Southern Score Group's business. The Southern Score Group's strategy for management continuity is driven by its top management who is responsible for identifying key competencies and requirements of candidates. If the need arises, the Southern Score Group will recruit qualified personnel with knowledge and expertise of its business to enhance its operations.

The Southern Score Group believes that its employees are valuable assets to the Southern Score Group and it provides the necessary training for their future development.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

7.21 Dependency on industrial, commercial and financial contracts

As at the LPD, the Southern Score Group is not dependent on any industrial, commercial and financial contracts.

7.22 Interruptions to business and operations

Saved as disclosed below, Southern Score has not experienced any interruptions which has significantly affected its business during the past 12 months preceding the LPD.

Impact of COVID-19 and MCO on Southern Score's business operations

In December 2019, there was an outbreak of COVID-19 which began in China and spread to other nations globally including Malaysia. COVID-19 has since been classified as a global pandemic. As a result of this pandemic, businesses globally faced disruptions in production arising from a shortage of workers and restrictions on human contact resulting from various forms of lockdown instituted by governing authorities.

Due to the outbreak of COVID-19, the Government imposed a Movement Control Order, which was effective from 18 March 2020 to 3 May 2020 ("**MCO1.0**"). The imposition of this lockdown has impacted most of the economic sectors and activities, especially those operating in non-essential services, and led to work stoppages in construction activities.

As a result, Southern Score temporarily suspended its operations at both its construction project sites and main office, with office-based employees working remotely from home. On 4 May 2020 with the commencement of the conditional MCO1.0, Southern Score resumed operations after obtaining approval from MITI and complying with the standard operating procedures as well as other rules and guidelines stipulated by MITI. Prior to resumption of operations, Southern Score was required to perform COVID-19 testing on all its site construction workers.

During MCO1.0, Southern Score's procurement and operations were affected. The imposition of the MCO1.0 resulted in some delays in the supply of materials from suppliers and subcontractor services, particularly among suppliers and subcontractors that were not initially classified as essential services. This subsequently led to a temporary delay in the delivery of projects. For the avoidance of doubt, Southern Score did not experience any cancellation in contracts/work orders during this period as the matter has since been resolved with the resumption of business activities by its suppliers and subcontractors.

The imposition of MCO1.0 halted the construction activities of Southern Score's on-going projects for approximately 6 weeks from 18 March 2020 to 3 May 2020. Although construction works were temporarily suspended for that period, Southern Score did not experience a material impact on its business operation and financial condition.

On 11 January 2021, the Government announced the implementation of MCO ("**MCO2.0**") with certain restrictions in selected states beginning 13 January 2021 until 26 January 2021 to curb the rising COVID-19 cases. This MCO2.0 was then extended until 4 March 2021 in Kuala Lumpur, Selangor, Johor and Penang. The Government decided to lift MCO 2.0 and place Selangor, Kuala Lumpur, Johor, Penang and Kelantan under CMCO starting 5 March 2021, while the rest of the states in Malaysia were placed under RMCO until 31 March 2021. During this period, all economic sectors were allowed to operate. The imposition of MCO2.0 did not materially impact Southern Score's operations as it had secured exemption from MITI to operate as usual with observation of standard operating procedures at all project sites.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

On 10 May 2021, the Government announced a nationwide lockdown from 12 May 2021 to 7 June 2021 (“**MCO3.0**”) as the nation faces rising COVID-19 infections. Based on the increasing trend of daily COVID-19 cases, the Government has decided to take more drastic and stringent measures to curb the spread of COVID-19 infections in the community and prevent a sharp increase in cases. On 28 May 2021, the Government announced the first phase of a full closure of social and economic sectors for 14 days beginning 1 June 2021 until 14 June 2021, which has since been extended. During this period, all sectors are not allowed to operate except the essential services and economic sectors. In compliance with the directive from the Government, Southern Score temporarily suspended its operation at both its construction project sites while waiting for MITI approval. Southern Score implemented work from home policy, where 40% of its office-based employees are required to work from home, while the remaining 60% will be allowed in office at any one time. Southern Score obtained approval from MITI to resume operations for on-site construction activities with observation of standard operating procedures at project sites. Thereafter, Southern Score's subcontractors gradually resumed on-site construction activities with workforce capacity remains at 60%.

Subsequently on 15 June 2021, the Government announced the National Recovery Plan (“**NRP**”), a four-phase recovery plan for Malaysia to return to normalcy by end of the year. Under the NRP plan, an MCO was imposed from June 2021 to December 2021. The NRP consisted of four phases where Phase 1 commenced with the implementation of the FMCO. The second phase will be implemented if the first phase succeeds in reducing the number of daily COVID-19 cases to 4,000 and below, which will allow the reopening of some economic sectors in stages. This will be followed by the third phase where nearly all economic sectors will be allowed to operate subject to strict standard operating procedures and restrictions on the number of people allowed to be physically present at workplaces. Lastly, the fourth phase will see a full reopening of the economy where interstate travel and domestic tourism will also be allowed.

On 1 July 2021, the Government announced that various areas in Selangor and Kuala Lumpur will be placed under EMCO for 2 weeks, beginning 3 July 2021 to 16 July 2021. During this period, all sectors are not allowed to operate except the essential services and economic sectors. Further on 3 July 2021, the Government announced that all construction and related work in areas under the EMCO in Kuala Lumpur and Selangor must cease. Permits issued by MITI cannot be used to continue construction work during the EMCO period, however, critical maintenance, repairs and wiring work would still be allowed but by appointment only and with approvals from the nearest police station. In compliance with the MCO3.0 and EMCO, Southern Score has temporarily halted construction activities on its ongoing projects.

The table below sets out the temporary suspension period of Southern Score's ongoing projects:

Ongoing projects	Temporary suspension period	Resumption of onsite construction activities
Vista Wirajaya 1@ PV9 Residences	1 June 2021 – 21 July 2021 (7 weeks)	22 July 2021
Platinum Arena Residences	1 June 2021 – 7 June 2021 (1 week)	8 June 2021
Vista Sentul Residences	6 July 2021 – 27 July 2021 (3 weeks)	28 July 2021

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

In addition, Southern Score has arranged for all site workers for COVID-19 testing before resumption of on-site construction activities to prevent COVID-19 infections in the project sites. In compliance with the guidelines and standard operating procedures, workers at construction sites are limited to 60% workforce capacity during the MCO period. Southern Score had applied and been granted further extension of time to deliver its projects with no imposition of LAD for 2 ongoing projects namely Platinum Arena Residences and Vista Wirajaya 1@ PV9 Residences. Southern Score will closely monitor subsequent developments arising from the COVID-19 pandemic to ascertain further impact to the project timeline.

On 1 October 2021, Kuala Lumpur and Selangor entered into Phase 3 of the NRP, and all types of construction works were allowed to operate under NRP Phase 3.

Notwithstanding the above, if the Government imposes tighter restrictions which have an impact on the progress of on-going Southern Score's projects, Southern Score shall apply to its clients for further extension of time to deliver projects with no imposition of LAD.

Measures to commence and continue business operations

As part of the requirements to commence operations, Southern Score's subcontractors' site construction workers have undergone COVID-19 testing to ensure that they are not infected with the virus. Two-thirds of the total cost incurred for COVID-19 tests for the on-site construction workers are borne by Southern Score's subcontractors, while the remaining one-third is borne by the property developer. Southern Score also incurs cost for COVID-19 tests for its own employees.

Southern Score has also implemented COVID-19 safety and health instructions and procedures, where this involves adopting social distancing guidelines imposed by the Government, relevant authorities and local councils. These COVID-19 standard operating procedures include the following:

- (i) requiring all employees to declare their health conditions and travel history prior to returning to office and project sites;
- (ii) implementation of movement control routing;
- (iii) ensuring all employees, construction workers and visitors wear face masks at all times, regularly sanitise their hands and practise social distancing;
- (iv) measuring and recording the body temperature of employees, construction workers and visitors daily;
- (v) regular sanitising of office and project sites;
- (vi) requiring all employees and construction site workers (subcontractors' workers) to visit nearby hospitals for diagnosis and treatment immediately if they have developed any COVID-19 symptoms and have not recovered after being in quarantine for a specified period; and
- (vii) reminding all employees and construction workers of the importance of health protection, good hygiene practises and social distancing.

Up to the LPD, the total costs for the implementation of the abovementioned COVID-19 standard operating procedures is approximately RM41,000.

In addition, Southern Score incurred approximately RM270,000 to procure 4,000 doses of COVID-19 vaccines for its staff, consultants, contractors, site workers and their immediate family members as well as community members, as part of its corporate social responsibility initiative.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)***Impact of COVID-19 and MCO on supply chain***

The imposition of MCO1.0 and MCO3.0 had temporarily suspended Southern Score's suppliers' and subcontractors' operations and resulted in delays in the supply of materials and subcontracting services. Southern Score did not experience any cancellation in contracts/work orders during this period as it has since been resolved with the resumption of business activities by its suppliers and subcontractors. Despite the outbreak of COVID-19 and the imposition of MCO1.0, MCO2.0 and MCO3.0, Southern Score has not experienced any disruption to its supply chain upon resumption of operations at all project sites.

Impact of COVID-19 and MCO on projects

Due to the imposition of MCO1.0 and MCO3.0, the initial work plans for Southern Score's ongoing projects have been deferred. The suspension of operations may also result in customers claiming LAD for delays in completing works. In this respect and as at the LPD, Southern Score has applied to 2 customers for extension of time for the completion of ongoing projects with no imposition of LAD, as follows:

Project	Scope of construction works	Completion date	
		Contractual completion	Extension of time given
Platinum Arena Residences	Main building works	31 December 2021	31 October 2022
Vista Wirajaya 1 @ PV9 Residences	Main building works	31 December 2021	31 October 2022
Vista Sentul Residences	Main building works	2 February 2023	5 June 2023

Impact of COVID-19 and MCO on Southern Score's cash flows, liquidity, financial position and performance

Southern Score experienced some disruptions in its business operations as a result of impositions of various phases of MCOs since March 2020. During MCO1.0, the temporary stoppage of work at all its project sites have resulted in delays in project timeline. However, Southern Score did not experience material impact on its financial performance from the delays in its project timeline as demonstrated by an increase in revenue from RM66.99 million in FYE 31 December 2019 to RM285.00 million in FYE 31 December 2021.

Notwithstanding the short-term impacts of COVID-19 and MCO on Southern Score's operations, Southern Score currently does not expect any material impact to the sustainability of business operations in the foreseeable future as:

- (i) Southern Score's on-site operations resumed to its full capacity upon obtaining MITI approval complying with the standard operating procedures and other rules and guidelines required by MITI and upon lifting of the MCO;
- (ii) Southern Score did not experience any cancellation in contracts during the lockdown period as it has since been resolved with the resumption of business activities by its suppliers and subcontractors;
- (iii) Southern Score's ongoing projects being Platinum Arena Residences project and Vista Wirajaya 1 @ PV9 Residences project were granted extension of time with no impositions of LAD to complete the construction works; and
- (iv) Southern Score has a cash and bank balances of approximately RM1.61 million as at 30 April 2022.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

Southern Score does not expect any material impacts to its liquidity, financial position and financial performance from the impact of COVID-19 and MCO. Despite the challenging environment, Southern Score managed to secure 1 new contract during FYE 31 December 2020 and FYE 31 December 2021, being Vista Sentul Residences project in relation to main building works and Vista Harmoni Residences in relation to turnkey construction services, respectively. Save as disclosed above, Southern Score does not anticipate any financial difficulties in meeting its obligations to sustain the business operations.

7.23 Future plans, strategies and prospects**(a) Southern Score intends to further expand its construction services**

Southern Score will continue to replenish and grow its order book for the provision of construction services which will contribute to expanding its market presence. As at the LPD, Southern Score has received a letter of intent for 1 construction and development projects and has 1 project in the tender stage pending, undergoing evaluation and pending outcome of decision, from a third-party property developer and landbank owner respectively. These are mainly for affordable housing projects located in Klang Valley, with a total contract sum of RM634.3 million. If Southern Score succeeds in its bids for these tenders, the addition of these projects will further increase the value of Southern Score's order book.

Southern Score has successfully completed a total of 4 development and construction projects, namely PR1MA Jalan Jubilee (main building works), Platinum Teratai Residences (external road works), Vista Sentul Residences (piling works) and PV 18 Residences (external road works). These projects are Southern Score's reference to secure future tender opportunities as it is equipped with the required knowledge and technical skills to manage and execute the construction of these projects. Further, these projects have served to equip Southern Score with the expertise and skills required for the construction of high-rise residential buildings. Moving forward, Southern Score intends to further capitalise on its expertise and business network to participate in more tender exercises for high-rise residential buildings where its growth prospects appear promising.

(b) Southern Score intends to venture into the manufacture of IBS products

TSPC was incorporated on 5 April 2021 with TCS Group Holdings Berhad holding 65% equity interest and Southern Score holding the remaining 35% equity interest. Southern Score intends to venture into the manufacture of IBS products via TSPC.

IBS is a construction process that utilises techniques, products, components and/or building systems which involve prefabricated components that are manufactured off-site and transported to the construction site for installation. The main IBS products used for building and infrastructure development in Malaysia are precast concrete framing, panel and box systems, formwork systems, steel framing systems, prefabricated timber framing systems and block work systems. The use of IBS in construction supports increasing productivity, through the speeding up of the construction process and shortening of project completion times, and improving quality with the use of prefabricated components manufactured off-site.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

As the manufacturing of IBS products is a new venture, TCS Group Holdings Berhad will provide the manpower resources required to operate the IBS manufacturing plant. TCS Group Holdings Berhad will allocate a team of personnel to undertake the manufacturing of IBS products and may recruit experienced professionals to support the manufacturing process, if required. Southern Score will support the venture by providing the necessary funding.

As at the LPD, TSPC has identified a vacant parcel of land measuring 24 acres in Batu Caves, Kuala Lumpur, for the setting of an IBS manufacturing plant. To realise this plan, Southern Score intends to allocate approximately RM21.80 million of the proceeds raised to partially finance the setting up an IBS manufacturing plant and its first-year operating cost.

The estimated total cost required to set up the IBS manufacturing plant in fully operational form is approximately RM62.29 million, of which RM21.80 million will be sourced from the proceeds raised from the Proposed Private Placement to represent 35.0% of the total estimated Precast Costs whilst TCS Group Holdings Berhad will contribute the remaining 65% of the total estimated Precast Costs.

The breakdown of Precast Costs required to set up the IBS manufacturing plant in fully operational form and its first-year operating cost are set out as follows:

Description	Estimated cost RM'000
Setting up of IBS manufacturing plant	
- Machineries and equipment ⁽¹⁾	2,867
- Building construction and structural steelworks	8,253
(A)	11,120
First-year operating cost	
- Annual operating cost	2,316
- Raw material cost	27,356
- Labour cost	7,102
- Cost for sealant works	2,083
- Cost for erecting precast concrete structures	9,764
- Other miscellaneous costs ⁽²⁾	2,549
(B)	51,170
Total (A+B)	62,290

Notes:

- (1) The estimated cost breakdown for the acquisition of machineries and equipment is as follows:

Types of machinery and equipment	No. of units	Total estimated cost RM'000
Gantry cranes	6	2,340
Generator sets	3	390
Others*	-	137
		2,867

Note:

* Including, but not limited to, fuel tank, automatic level, office equipment and other miscellaneous equipment for production

- (2) Including, but not limited to, transportation costs, steel moulds and other miscellaneous costs

The IBS products manufactured by TSPC is intended to support the cost efficiency and delivery timelines of Southern Score's development and construction projects, and generate additional revenue from the sales of IBS products to external parties.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

8. RELATED PARTY TRANSACTIONS

8.1 Related party transactions

Save as disclosed below, there are no other material related party transactions entered into by the Southern Score Group which involves the interest, direct or indirect, of the Southern Scores' Directors, major shareholders and/or persons connected with them for the past 4 FYEs 31 December 2018, 31 December 2019, 31 December 2020, 31 December 2021 and up to 30 June 2022.

No.	Transacting parties	Nature of relationship of related parties	Nature of transaction	Revenue				
				FYE 31 December				From 1 January 2022 up to 30 June 2022
				2018	2019	2020	2021	
				(RM'000)	(RM'000)	(RM'000)	(RM'000)	
1.	Southern Score and Weng Wah Developments Sdn Bhd	<u>Interested major shareholders and Directors of Southern Score:</u> (i) Tan Sri Datuk Seri Gan Yu Chai. (ii) Gan Yee Hin <u>Interested persons connected to Tan Sri Datuk Seri Gan Yu Chai:</u> (i) Gan Kah Siong Please refer to note (1) for the details of the relationship of related parties.	Provision of external road works by Southern Score to Weng Wah Developments Sdn Bhd for the Platinum Teratai project. ⁽¹⁾	9,955 (represents 18.1% of Southern Score's revenue)	-	-	-	-

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

No.	Transacting parties	Nature of relationship of related parties	Nature of transaction	Revenue				
				FYE 31 December				From 1 January 2022 up to 30 June 2022
				2018	2019	2020	2021	
				(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
2.	Southern Score and Ambanang Development Sdn Bhd	<u>Interested major shareholders and Directors of Southern Score:</u> (i) Tan Sri Datuk Seri Gan Yu Chai. (ii) Gan Yee Hin <u>Interested persons connected to Tan Sri Datuk Seri Gan Yu Chai:</u> (i) Gan Kah Siong (ii) Gan Tiong Kian (iii) Gan Kok Peng Please refer to note (2) for the details of the relationship of related parties.	Provision of main construction services (main building works) by Southern Score to Ambanang Development Sdn Bhd for the Vista Wirajaya 1 @ PV9 Residences project. ⁽²⁾	-	20,675 (represents 30.9% of Southern Score's revenue)	93,778 (represents 63.0% of Southern Score's revenue)	146,256 (represents 51.3% of Southern Score's revenue)	32,285 (represents 26.0% of Southern Score's revenue)
3.	Southern Score and Constant Premium Sdn Bhd	<u>Interested major shareholders and Directors of Southern Score:</u> (i) Tan Sri Datuk Seri Gan Yu Chai. (ii) Gan Yee Hin <u>Interested persons connected to Tan Sri Datuk Seri Gan Yu Chai:</u> (i) Gan Kah Siong (ii) Gan Tiong Kian (iii) Gan Kok Peng Please refer to note (3) for the details of the relationship of related parties.	Provision of main construction services (piling works) by Southern Score to Constant Premium Sdn Bhd for the Vista Sentul Residences project. ⁽³⁾	-	6,008 (represents 9.0% of Southern Score's revenue)	4,575 (represents 3.1% of Southern Score's revenue)	-	-
			Provision of main construction services (main building works) by Southern Score to Constant Premium Sdn Bhd for the Vista Sentul Residences project. ⁽³⁾	-	-	11,667 (represents 7.8% of Southern Score's revenue)	44,750 (represents 15.7% of Southern Score's revenue)	36,652 (represents 29.5% of Southern Score's revenue)

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

No.	Transacting parties	Nature of relationship of related parties	Nature of transaction	Revenue				
				FYE 31 December				From 1 January 2022 up to 30 June 2022
				2018	2019	2020	2021	
				(RM'000)	(RM'000)	(RM'000)	(RM'000)	
4.	Southern Score and Marques Land Sdn Bhd	<u>Interested major shareholders and Directors of Southern Score:</u> (i) Tan Sri Datuk Seri Gan Yu Chai. (ii) Gan Yee Hin <u>Interested persons connected to Tan Sri Datuk Seri Gan Yu Chai:</u> (i) Gan Kah Siong (ii) Gan Tiong Kian (iii) Gan Kok Peng (iv) Puan Sri Datin Seri Lee Kuan Kiow (v) Gan Lee Ha (vi) Gan Wei Ling (vii) Gan Lee Hoon Please refer to note (4) for the details of the relationship of related parties.	Provision of main construction services (main building works) by Southern Score to Marques Land Sdn Bhd for the Platinum Arena Residences project. ⁽⁴⁾	-	10,771 (represents 16.1% of Southern Score's revenue)	28,104 (represents 18.9% of Southern Score's revenue)	93,533 (represents 32.8% of Southern Score's revenue)	39,584 (represents 31.8% of Southern Score's revenue)

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)**Notes:**

- (1) This project was awarded pursuant to a letter of award dated 5 June 2018 from Weng Wah Developments Sdn Bhd to Southern Score. Construction works commenced on 8 June 2018 and was completed on 7 December 2018. As at the LPD, Tan Seri Datuk Seri Gan Yu Chai and Gan Yee Hin are directors and shareholders of Weng Wah Developments Sdn Bhd. Gan Kah Siong was a shareholder and a director of Weng Wah Developments Sdn Bhd at the time of this transaction but as at the LPD, is no longer a director and shareholder of Weng Wah Developments Sdn Bhd. Tan Sri Datuk Seri Gan Yu Chai and Gan Kah Siong are siblings.
- (2) This project was awarded pursuant to a letter of award dated 7 June 2019 from Ambanang Development Sdn Bhd to Southern Score. Construction works commenced on 1 July 2019 with an initial targeted completion date of 31 December 2021. Due to the imposition of various stages of movement control orders by the Government from March 2020 to present date, Southern Score has sought and obtained extension of the target completion date to 31 October 2022 from Ambanang Development Sdn Bhd. The salient terms of the abovementioned letter of award are as follows:

- (a) Details on the remaining contract sum are set out in Section 7.1.2 of Appendix III(A) of this Circular;
- (b) The letter of award does not contain any termination provisions; and
- (c) In the event that Southern Score fails to complete the construction works by the stipulated completion date, liquidated and ascertained damages shall be imposed at a capped amount of RM50,000 per day.

Tan Sri Datuk Seri Gan Yu Chai and Gan Yee Hin were indirect shareholders of Ambanang Development Sdn Bhd through the direct interest of Radium Development Berhad (formerly known as Idaman Sejiwa Development Sdn Bhd) in Ambanang Development Sdn Bhd and has ceased to be indirect shareholders of Ambanang Development Sdn Bhd on 19 February 2021. As at the LPD, Tan Sri Datuk Seri Gan Yu Chai and Gan Yee Hin do not hold interest in shares of Ambanang Development Sdn Bhd.

Gan Kah Siong, Gan Tiong Kian and Gan Kok Peng are directors of Ambanang Development Sdn Bhd and are indirect shareholders of Ambanang Development Sdn Bhd whereby they are deemed interested through the direct interest of Radium Development Berhad (formerly known as Idaman Sejiwa Development Sdn Bhd) in Ambanang Development Sdn Bhd. Tan Sri Datuk Seri Gan Yu Chai, Gan Kah Siong, Gan Tiong Kian, and Gan Kok Peng are siblings.

- (3) This project was awarded pursuant to a letter of award dated 22 July 2020 from Constant Premium Sdn Bhd to Southern Score. Construction works commenced on 3 August 2020 with a target completion date of 2 February 2023. The salient terms of the abovementioned letter of award are as follows:

- (a) Details on the remaining contract sum are set out in Section 7.1.2 of Appendix III(A) of this Circular;
- (b) The letter of award does not contain any termination provisions; and
- (c) In the event that Southern Score fails to complete the construction works by the stipulated completion date, liquidated and ascertained damages shall be imposed at a capped amount of RM30,000 per day.

Tan Sri Datuk Seri Gan Yu Chai and Gan Yee Hin were indirect shareholders of Constant Premium Sdn Bhd through the direct interest of Radium Development Berhad (formerly known as Idaman Sejiwa Development Sdn Bhd) in Constant Premium Sdn Bhd and has ceased to be indirect shareholders of Constant Premium Sdn Bhd on 19 February 2021. As at the LPD, Tan Sri Datuk Seri Gan Yu Chai and Gan Yee Hin do not hold interest in shares of Constant Premium Sdn Bhd.

Gan Kah Siong, Gan Tiong Kian and Gan Kok Peng are shareholders of Constant Premium Sdn Bhd whereby they are deemed interested through the direct interest of Radium Development Berhad (formerly known as Idaman Sejiwa Development Sdn Bhd) in Constant Premium Sdn Bhd. Additionally, Gan Kah Siong, Gan Tiong Kian and Gan Kok Peng are directors of Constant Premium Sdn Bhd. Tan Sri Datuk Seri Gan Yu Chai, Gan Kah Siong, Gan Tiong Kian and Gan Kok Peng are siblings.

- (4) This project was awarded pursuant to a letter of award dated 6 June 2019 to Southern Score from Marques Land Sdn Bhd. Construction works commenced on 1 July 2019 with an initial targeted completion date of 31 December 2021. Due to the imposition of various stages of movement control orders by the Government from March 2020 to present date, Southern Score has sought and obtained extension of the target completion date to 31 October 2022 from Marques Land Sdn Bhd. The salient terms of the abovementioned letter of award are as follows:

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

- (a) Details on the remaining contract sum are set out in Section 7.1.2 of Appendix III(A) of this Circular;
- (b) The letter of award does not contain any termination provisions; and
- (c) In the event that Southern Score fails to complete the construction works by the stipulated completion date, liquidated and ascertained damages shall be imposed at a capped amount of RM35,000 per day.

Tan Sri Datuk Seri Gan Yu Chai, Puan Sri Datin Seri Lee Kuan Kiow, Gan Yee Hin and Gan Kah Siong were directors of Marques Land Sdn Bhd at the time of this transaction. As at the LPD, the directors of Marques Land Sdn Bhd are Gan Lee Ha and Gan Wei Ling. Tan Sri Datuk Seri Gan Yu Chai, Gan Yee Hin, Gan Kah Siong, Gan Tiong Kian and Gan Kok Peng are shareholders of Marques Land Sdn Bhd whereby they are deemed interested through their direct interest in Platinum Victory Holdings Sdn Bhd in Marques Land Sdn Bhd. Tan Sri Datuk Seri Gan Yu Chai, Gan Kah Siong, Gan Tiong Kian, Gan Kok Peng, Gan Lee Ha and Gan Wei Ling are siblings.

The Proposed Directors of GNB are of the opinion that the related party transactions as disclosed above were carried out on an arm's length basis and on normal commercial terms which are not more favourable to our related parties than those generally available to third parties and are also not to our detriment and to the detriment of our minority shareholders.

After the completion of the Proposed Regularisation Plan:

- (i) the Directors of GNB through the Audit and Risk Management Committee, will ensure that related party transactions are carried out on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and will not be detrimental to minority interests;
- (ii) the Audit and Risk Management Committee of GNB will review any related party transaction and conflict of interest situation that may arise within the Enlarged GNB Group including any transaction, procedure or course of conduct that raises questions of management integrity and report the same to the Board of GNB; and
- (iii) any preferential rates accorded will go through a stringent qualifying process and will be subject to the approval of the Board of GNB.

In addition, GNB will adhere to the requirements under the Listing Requirements in relation to related party transactions and recurrent related party transactions, including making the necessary announcements to Bursa Securities or obtaining shareholders' approval as may be necessary. Further, the interested persons shall abstain from voting on the resolution(s) pertaining to the respective transactions.

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INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

8.2 Transactions that are unusual in their nature or conditions

There are no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which the Southern Score Group was a party for the past 4 FYEs 31 December 2018, 2019, 2020, 2021, FPE 30 April 2022 and up to the LPD.

8.3 Outstanding loans and/or financial assistance made to or for the benefit of related parties

Save as disclosed below, there are no outstanding loans (including advances of any kind) and/or financial assistance that was made by the Southern Score Group to or for the benefit of any related parties for the past 4 FYEs 31 December 2018, 2019, 2020, 2021, FPE 30 April 2022 and up to LPD.

No.	Transacting parties	Nature of relationship of related parties	Nature of transaction	Outstanding amount					
				FYE 31 December				FPE 30 April	From 1 May 2022
				2018	2019	2020	2021	2022	up to LPD
				(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
1.	Southern Score and Super Advantage	<u>Interested major shareholders and Directors of Southern Score:</u> (i) Tan Sri Datuk Seri Gan Yu Chai. (ii) Gan Yee Hin <u>Interested persons connected to Tan Sri Datuk Seri Gan Yu Chai:</u> (i) Gan Kah Siong (ii) Gan Tiong Kian (iii) Gan Kok Peng Please refer to note (1) for the details of the relationship of related parties.	Advances from Southern Score to Super Advantage	-	-	1,187 (represents 9.7% of Southern Score's NA)	-	-	-

Note:

- (1) Tan Sri Datuk Seri Gan Yu Chai, Gan Kah Siong, Gan Tiong Kian, and Gan Kok Peng are siblings. On 26 August 2021, Gan Kah Siong and Gan Tiong Kian resigned from their position as Directors of Super Advantage. On 4 September 2021, Gan Kah Siong, Gan Tiong Kian and Gan Kok Peng completed the transfer of their entire equity interests in Super Advantage to Tan Sri Datuk Seri Gan Yu Chai. As at the LPD, Tan Sri Datuk Seri Gan Yu Chai and Gan Yee Hin are the directors and shareholders of Super Advantage. Puan Sri Datin Seri Elaine Lee Kuan Kiow is also a director of Super Advantage.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

The above advances from Southern Score to related parties were non-trade in nature, interest-free, unsecured and repayable on demand and as such, they were not made on an arm's length basis. As at the LPD, all outstanding amounts due from Super Advantage had been fully repaid. Moving forward, the Enlarged GNB Group has put in place strict internal control and compliance procedures in relation to advances and loans to third parties, and no further advances or loans will be given to any related parties of the Enlarged GNB Group unless such advances and loans are permitted under law and the Listing Requirements and brought to the Audit and Risk Management Committee and the Board of the Enlarged GNB Group for deliberation and approval.

9. CONFLICT OF INTEREST

The Board of GNB as well as the Board of Southern Score are of the view that there is no conflict of interest situation arising from the interests of GNB's Directors, Proposed Directors and proposed Substantial Shareholders in the businesses or corporations disclosed in Section 9.1 below. As set out in Section 4.4.1 of Appendix II(A) of this Circular, GNB's Audit and Risk Management Committee will review any conflict of interest situations that may arise within Enlarged GNB Group including such transaction, procedure or course that raises questions of management integrity. GNB's Audit and Risk Management Committee will also ensure that any such transactions are carried out on terms that are not detrimental to the Enlarged GNB Group.

9.1 Involvement of GNB's Directors, Proposed Directors and proposed Substantial Shareholders in businesses or corporations which carry on a similar trade as the Southern Score Group or which is its customers or suppliers

As at the LPD, save as disclosed below, GNB's Directors, Proposed Directors and proposed Substantial Shareholders do not have any interest, direct or indirect, in any businesses or corporations which are carrying on a similar trade as that of the Southern Score Group or who are its customers and/ or suppliers:

No.	Businesses/ Corporations	Principal activities	Nature	Nature of interest
1.	Marques Land Sdn Bhd	Property development	<p>Marques Land Sdn Bhd is Southern Score's customer.</p> <p>Southern Score is the main contractor to Marques Land Sdn Bhd for main building works for the development of Platinum Arena Residences.</p>	<p>Tan Sri Datuk Seri Gan Yu Chai and Gan Yee Hin are proposed Directors and proposed Substantial Shareholders of the Enlarged GNB Group.</p> <p>Tan Sri Datuk Seri Gan Yu Chai holds an equity interest of 59.0% in Platinum Victory Holdings Sdn Bhd, the holding company of Marques Land Sdn Bhd.</p> <p>Gan Yee Hin holds an equity interest of 20.0% in Platinum Victory Holdings Sdn Bhd, the holding company of Marques Land Sdn Bhd.</p>

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

The Board of GNB as well as the Board of Southern Score is of the view that the interests of Tan Sri Datuk Seri Gan Yu Chai and Gan Yee Hin in Marques Land Sdn Bhd do not give rise to a conflict of interest situation after taking into consideration the following:

- (a) Tan Sri Datuk Seri Gan Yu Chai and Gan Yee Hin does not hold any managerial or executive position in Marques Land Sdn Bhd.

Tan Sri Datuk Seri Gan Yu Chai was a Non-Executive Director in Marques Land Sdn Bhd. As such, he was not involved in the day-to-day management and operations (including tendering process, procurement and appointment of contractors). Daily operations of Marques Land Sdn Bhd were managed independently by the company's personnel. Tan Sri Datuk Seri Gan Yu Chai only attends the board meetings for Marques Land Sdn Bhd in which they deliberate on matters which are brought to board level for discussion. In those board meetings, Tan Sri Datuk Seri Gan Yu Chai abstain from deliberating and voting on all related party transactions. On 26 August 2021, Tan Sri Datuk Seri Gan Yu Chai had resigned as Director.

- (b) Transactions with Marques Land Sdn Bhd are carried out on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public.

Further, the Board of Southern Score excluding the interested Directors also ensures the transactions with Marques Land Sdn Bhd are in the best interests of Southern Score.

9.2 Declaration by advisers on conflict of interests

Please refer to Section 2 of Appendix IX of this Circular.

10. RISK MANAGEMENT AND INTERNAL CONTROL REVIEW RESULTS AND ACTIONS PLANS TO ADDRESS THE WEAKNESSES IDENTIFIED

Based on the internal control review report issued by Sterling Business Alignment Consulting Sdn Bhd ("**Sterling Consulting**") in July 2022, a list of key weaknesses and remedial actions have been identified by Sterling Consulting to be taken towards establishing an improved risk management framework and internal control system to safeguard the assets of Southern Score and promote growth in profitability and sustainability. As at the LPD, Southern Score has addressed and implemented the improvements where such improvements shall be continuously enforced and enhanced.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE

The following management's discussion and analysis of past financial performances and results of operations on Southern Score should be read in conjunction with the accompanying notes, assumptions and bases thereto included in the Accountants' Report as set out in Appendix IV of this Circular.

1. Financial information on Southern Score

There was no audit qualification on the audited financial statements of Southern Score for the past 4 FYEs 31 December 2018, 2019, 2020 and 2021 as well as FPE 30 April 2022. Southern Score has not adopted any accounting policies which are peculiar to its business or the industry it is involved in for the past 4 FYEs 31 December 2018, 2019, 2020 and 2021 as well as FPEs 30 April 2021 and 30 April 2022. Please refer to note 3, pages 14 to 26 of the Accountants' Report as set out in Appendix IV of this Circular for the summary of significant accounting policies adopted by Southern Score.

1.1 Historical financial information

The following table summarises Southern Score's statement of financial position, statement of profit or loss and other comprehensive income as well as statement of cash flows for the FYEs 31 December 2018, 2019, 2020 and 2021 as well as FPEs 30 April 2021 and 30 April 2022. These financial statements should be read in conjunction with the Reporting Accountants' Report, together with the accompanying notes and assumptions as set out in Section 1.1 of this appendix and Appendix IV of this Circular.

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MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

1.1.1 Statement of profit and loss and other comprehensive income

	Audited				Unaudited	Audited
	FYE 31 December				FPE 30 April	
	2018	2019	2020	2021	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	54,885	66,990	148,808	285,001	132,194	84,232
Cost of sales	(42,000)	(54,636)	(119,837)	(233,438)	(111,900)	(69,796)
Gross profit	12,885	12,354	28,971	51,563	20,294	14,436
Other income	1	2	59	5	26	20
Administrative expenses	(592)	(2,499)	(3,532)	(5,194)	(1,545)	(1,862)
Finance income	-	1	19	122	17	36
Finance cost	(1,559)	(827)	(5)	(4)	-	(2)
Share of net loss of an associate	-	-	-	(5)	-	(1)
PBT	10,735	9,031	25,512	46,487	18,792	12,627
Tax expense	(2,549)	(2,518)	(6,315)	(11,309)	(4,510)	(3,038)
Profit for the financial year/ Total comprehensive income for the financial year	8,186	6,513	19,197	35,178	14,282	9,589
EBITDA ⁽¹⁾	12,307	9,878	25,558	46,473	18,797	12,645
GP margin (%) ⁽²⁾	23.5	18.4	19.5	18.1	15.4	17.1
PBT margin (%) ⁽³⁾	19.6	13.5	17.1	16.3	14.2	15.0
PAT margin (%) ⁽⁴⁾	14.9	9.7	12.9	12.3	10.8	11.4
Basic / diluted EPS (sen) ⁽⁵⁾	818.6	651.3	1,919.7	3,517.8	1,428.2	958.9

Notes:

(1) EBITDA represents earnings before interest, taxation, depreciation and amortisation.

The table below sets out the computation in arriving at Southern Score's EBITDA:

	Audited				Unaudited	Audited
	FYE 31 December				FPE 30 April	
	2018	2019	2020	2021	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
PBT	10,735	9,031	25,512	46,487	18,792	12,627
Adjusted for:						
- Depreciation expenses	13	21	60	104	22	52
- Finance income	-	(1)	(19)	(122)	(17)	(36)
- Finance cost	1,559	827	5	4	-	2
EBITDA	12,307	9,878	25,558	46,473	18,797	12,645

(2) GP divided by total revenue.

(3) PBT divided by total revenue.

(4) PAT attributable to owner of the company divided by total revenue.

**MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS
OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)**

- (5) PAT divided by 1,000,000 Shares, being the existing number of Shares of Southern Score. Basic and diluted EPS are the same as Southern Score does not have any outstanding convertible securities for FYE 31 December 2018 to FYE 31 December 2021 as well as FPEs 30 April 2021 and 30 April 2022.

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MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

1.1.2 Statement of financial position

	Audited				Audited
	As at 31 December				As at 30 April
	2018	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>ASSETS</u>					
Non-current assets					
Property, plant and equipment	28	295	366	824	817
Investment in an associate	-	-	-	258	257
Total non-current assets	28	295	366	1,082	1,074
Current assets					
Trade receivables	39,950	35,298	59,770	71,251	84,210
Contract assets	-	3,335	16,648	21,514	17,797
Other receivables	73,902	2,500	2,739	4,612	1,021
Tax recoverable	-	1,734	-	-	-
Cash and bank balances	30	6,206	2,728	4,160	1,613
Total current assets	113,882	49,073	81,885	101,537	104,641
TOTAL ASSETS	113,910	49,368	82,251	102,619	105,715
<u>EQUITY AND LIABILITIES</u>					
Equity					
Share capital	1,000	1,000	1,000	1,000	1,000
Retained earnings	49,512	7,025	11,222	21,400	20,989
TOTAL EQUITY / NET ASSETS	50,512	8,025	12,222	22,400	21,989
Non-current liabilities					
Deferred tax liabilities	5	12	30	68	95
Lease liability	-	-	-	126	115
Total non-current liabilities	5	12	30	194	210
Current liabilities					
Trade payables	33,891	28,891	53,261	74,034	78,674
Contract liability	10,400	8,067	-	462	59
Other payables	129	1,195	16,112	1,357	719
Borrowing	18,589	3,178	-	-	-
Lease liability	-	-	-	34	34
Tax payable	384	-	626	4,138	4,030
Total current liabilities	63,393	41,331	69,999	80,025	83,516
TOTAL LIABILITIES	63,398	41,343	70,029	80,219	83,726
TOTAL EQUITY AND LIABILITIES	113,910	49,368	82,251	102,619	105,715
Net assets per share (RM) ⁽¹⁾	50.5	8.0	12.2	22.4	22.0

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)
Note:

- (1) Net assets divided by 1,000,000 Southern Score Shares, being the existing number of Southern Score Shares.

1.1.3 Statement of cash flows

	Audited				Unaudited	Audited
	FYE 31 December				FPE 30 April	
	2018	2019	2020	2021	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax	10,735	9,031	25,512	46,487	18,792	12,627
Adjustments for:						
Depreciation of property, plant and equipment	13	21	60	104	22	52
Interest expense	1,559	827	5	4	-	2
Interest income	-	(1)	(19)	(122)	(17)	(36)
Share of net loss of an associate	-	-	-	5	-	1
Operating profit before changes in working capital	12,307	9,878	25,558	46,478	18,797	12,646
Changes in working capital:						
Receivables	(33,193)	76,054	(23,524)	(14,541)	(6,769)	(9,368)
Contract assets/ liability	433	(5,668)	(21,380)	(4,404)	(844)	3,314
Payables	28,177	(3,934)	24,287	21,018	5,301	4,002
Cash generated from operations	7,724	76,330	4,941	48,551	16,485	10,594
Interest received	-	1	19	79	17	36
Tax refunded	540	-	1,018	-	-	-
Tax paid	(2,375)	(4,629)	(4,955)	(7,759)	(1,164)	(3,119)
Net cash from operating activities	5,889	71,702	1,023	40,871	15,338	7,511
CASH FLOWS (USED IN)/ FROM INVESTING ACTIVITIES						
(Advance to)/ repayment from holding company	-	-	(1,187)	1,187	1,187	-
Purchase of property, plant and equipment	-	(288)	(131)	(383)	(277)	(45)
Acquisition of an associate	-	-	-	(263)	-	-
Interest received	-	-	-	43	-	-
Net cash (used in)/ from investing activities	-	(288)	(1,318)	584	910	(45)
CASH FLOWS USED IN FINANCING ACTIVITIES						
Interest paid	(1,559)	(827)	(5)	(4)	-	(2)
Repayment to a Director	(3)	-	-	-	-	-
Repayment of revolving financing	(16,098)	(15,411)	(3,178)	-	-	-
Dividends paid	-	(49,000)	-	(40,000)	-	(10,000)
Drawdown of revolving financing	11,794	-	-	-	-	-
Repayment of lease liability	-	-	-	(19)	-	(11)
Net cash used in financing activities	(5,866)	(65,238)	(3,183)	(40,023)	-	(10,013)

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

	Audited				Unaudited	Audited
	FYE 31 December				FPE 30 April	
	2018	2019	2020	2021	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net increase/(decrease) in cash and cash equivalents	23	6,176	(3,478)	1,432	16,248	(2,547)
Cash and cash equivalents at the beginning of financial year	7	30	6,206	2,728	2,728	4,160
Cash and cash equivalents at the end of financial year	30	6,206	2,728	4,160	18,976	1,613

2. Management's discussion and analysis of financial condition and results of operations and prospects

The following discussion and analysis of the Southern Score's past financial condition and results of operations should be read in conjunction with the historical financial information set out in Section 1.1 of this appendix as well as the Accountant's Report set out in Appendix IV of this Circular.

This discussion and analysis contain information derived from the Southern Score's audited financial statements as well as forward-looking statements that involve risks and uncertainties. Southern Score's actual results may differ significantly from those projected in the forward-looking statements. Factors that may cause such differences include, but are not limited to, those discussed below and elsewhere in this Circular, particularly the risk factors as set out in Section 10 of Part A of this Circular.

2.1 Overview

Southern Score is principally involved in the provision of construction management services mainly for high-rise residential buildings in Kuala Lumpur. The scope of Southern Score's construction services involves the provision of professional project management services from project initiation until the completion of construction works. In this respect, Southern Score's construction services encompass project initiation, planning and design; appointment of subcontractors; procurement; construction project management; as well as inspection and completion handover. Please refer to Section 3 of this appendix for Southern Score's on-going and completed projects.

Section 7 of Appendix III(A) of this Circular contains Southern Score's detailed business overview.

2.1.1 Revenue

Southern Score undertakes construction projects either as a turnkey contractor or main contractor, where its roles and responsibilities differ according to the terms of the contract, and can be generally categorised as follows:

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

(i) Turnkey contractor

Contracts for turnkey construction services are awarded to Southern Score by the landbank owner. As a turnkey contractor, Southern Score initiates construction projects, undertakes the design, planning and development, as well as the central coordinator role in planning and managing the overall construction project to ensure successful handover to customers within the contract period.

(ii) Main contractor

Contracts for main construction services are awarded to Southern Score by the property developer. As main contractor, Southern Score undertakes the central coordinator role in planning and managing the overall construction project to ensure successful handover to customers within the contract period. Unlike the turnkey contractor role, as a main contractor, Southern Score does not initiate construction projects or undertake design, planning and development.

Southern Score's revenue from FYE 31 December 2018 to FYE 31 December 2021 as well as FPEs 30 April 2021 and 30 April 2022 was derived from the provision of turnkey construction services (in its role as turnkey contractor) and main construction services (in its role as main contractor) of residential buildings. All of Southern Score's revenue from FYE 31 December 2018 to FYE 31 December 2021 as well as FPEs 30 April 2021 and 30 April 2022 were derived from Malaysia.

Southern Score's revenue from construction contracts is measured at the fixed transaction price agreed under the respective agreements with the project owners, net of expected LAD payment, based on the expected value method.

Southern Score recognises revenue over time using the input method, which is based on the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

Sections 3.1 and 3.3 of this appendix contain the analysis of Southern Score's revenue, GP and GP margin.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

2.1.2 Cost of sales

Cost of sales comprise subcontractor costs, preliminaries as well as construction material and machinery, details of which are as follows:

(i) Subcontractor costs

Subcontractor costs are the main component of Southern Score's cost of sales. Southern Score engages subcontractors mainly for main building works, road works, internal infrastructure, landscaping works, specialised trade works such as M&E engineering works, drainage and sewerage works as well as other related works.

(ii) Preliminaries

Preliminaries are expenses incurred for the management of the entire project and are miscellaneous in nature. It generally comprises project maintenance, consultants' fees, CIDB levy fees, statutory utility fees to Indah Water Konsortium Sdn Bhd and Syarikat Bekalan Air Selangor Sdn Bhd as well as site management costs.

(iii) Construction material and machinery

While Southern Score has an asset-light and flexible delivery model, Southern Score has begun taking measures to ensure the security of supply of construction materials as well as machinery and equipment for its projects over the long term. Since end of FYE 2021, Southern Score began strategically purchasing construction materials as well as renting machinery and equipment for the Vista Harmoni Residences development.

Section 3.2 of this appendix contains the analysis of Southern Score's cost of sales.

2.1.3 Other income

Other income includes sundry income, which comprises early settlement discount received and wage subsidy received from the Government.

Section 3.4 of this appendix contains the analysis of Southern Score's other income.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

2.1.4 Administrative expenses

Southern Score's administrative expenses encompass:

- (i) staff costs;
- (ii) professional fees which mainly comprise audit fees, legal fees and tax advisory fees;
- (iii) rental expenses incurred for the rental of car parking space, office space and office equipment;
- (iv) upkeep and maintenance expenses for motor vehicles, office and office equipment; and
- (v) other expenses which mainly comprise branding expenses, insurance, printing and stationery, security charges and utilities.

Section 3.5 of this appendix contains the analysis of Southern Score's administrative expenses.

2.1.5 Finance income

Southern Score's finance income comprises bank interest received and interest received from holding company.

Section 3.6 of this appendix contains the analysis of Southern Score's finance income.

2.1.6 Finance cost

Southern Score's finance cost comprises mainly interest charged on the revolving financing.

Section 3.7 of this appendix contains the analysis of Southern Score's finance cost.

2.1.7 Taxation

Section 3.9 of this appendix contains the analysis of Southern Score's taxation.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

2.2 Significant factors affecting Southern Score's financial performance

Southern Score's financial conditions and results of operations may be affected by the following key factors:

2.2.1 Exposure to a few projects awarded by major customers

Southern Score's financial performance is dependent on its ability to secure new projects, and its dependency on a few projects awarded by major customers. Revenue contribution from Southern Score's customers vary from year-to-year due to the nature of its construction business being conducted on a project basis. Southern Score may not secure similar projects in terms of size and scope with the same customers year-on-year. Southern Score is also exposed to the risk of not being able to secure construction projects other customers who can contribute a similar proportion of revenue on a timely basis.

2.2.2 Reliance on subcontractors to complete a substantial portion of building and construction projects

Southern Score is reliant on subcontractors to complete a substantial portion of building and construction projects and thus, any unsatisfactory performance of its subcontractors will affect Southern Score's business operations and financial performance. If its subcontractors fail to meet the project requirements, Southern Score may experience a delay in project completion or be exposed to risks of cost overruns due to quality issues concerning substandard works and/or non-performance by subcontractors. Consequently, Southern Score may need to incur significant time, cost and resources to carry out rectification works. This in turn would affect the project delivery schedule. Accordingly, Southern Score would be entitled to claim against such subcontractors for LAD, costs and expenses incurred by Southern Score to complete the construction works and/or liquidate the subcontractor's performance bond.

2.2.3 Dependency on Managing Director, Executive Directors and key senior management team

Southern Score is dependent on its Directors and key senior management for the continuing success of Southern Score. The loss of any Directors and key senior management personnel and inability to find a suitable replacement in a timely manner may potentially create an unfavourable impact on the business operations of Southern Score.

2.2.4 The COVID-19 pandemic and possible similar future outbreaks may have a significant impact on Southern Score's business operations

Southern Score's business is susceptible to any outbreak of disease or COVID-19 pandemics to the extent that it causes interruptions to its business operations. These interruptions, if prolonged, will adversely affect the business operation and financial performance of Southern Score.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

2.2.5 Reliance on certain registrations, approvals, licenses and permits

Southern Score is subject to certain agreed timeliness and budgets for its construction projects. The timely completion of projects undertaken by Southern Score is dependent on several external factors inherent in the construction industry including, the timely receipt of requisite licenses, regulatory approvals, availability of construction materials, issues relating to engineering, safety and site conditions, adverse weather conditions, availability of machinery and equipment and satisfactory performance of subcontractors. Any adverse developments in respect of these factors can potentially lead to interruptions or delays in completing a project, which may result in customers imposing LAD that could have a material impact on Southern Score's business operations and financial performance.

2.2.6 Risks of defects in construction works

The nature of Southern Score's business is subjected to risk of defects liability claims by customers due to the defects in the construction works that may occur during the defects liability period. Southern Score typically provides defects liability period ranging from 12 months up to 24 months from the date of CPC.

Section 10 of Part A of this Circular contains Southern Score's detailed risk factors.

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MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)
3. Results of operations

Southern Score is principally involved in the provision of construction management services for high-rise residential buildings in Kuala Lumpur. Please refer to Section 7 of Appendix III(A) of this Circular for Southern Score's detailed business overview.

Revenue contribution from Southern Score's projects for FYE 31 December 2018 to FYE 31 December 2021 as well as FPEs 30 April 2021 and 30 April 2022 is as follows:

Project name and description	Type	Contract period	Status of project	Contract sum ⁽¹⁾	Revenue contribution					
					FYE 31 December				FPE 30 April	
					2018	2019	2020	2021	2021	2022
				RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
PR1MA Jalan Jubilee Development of one block of 31 storeys PR1MA apartment consisting 543 units residential units, four units of shoplots, six storeys parking podium, one unit of guard house and swimming pool at Lot PT 66, Jalan Jubilee Seksyen 93, Wilayah Persekutuan Kuala Lumpur	Turnkey construction services	29 April 2016 to 28 April 2019 (Extension of time given till 15 May 2020)	Completed	186,513	44,930	19,660	10,684	-	-	-
Platinum Teratai Residences External road works – construction and completion on main external works and associated works for development at off Jalan Langkawi, Mukim Setapak, Wilayah Persekutuan Kuala Lumpur	Main construction services	8 June 2018 to 7 December 2018	Completed	9,955	9,955	-	-	-	-	-

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

Project name and description	Type	Contract period	Status of project	Contract sum ⁽¹⁾	Revenue contribution					
					FYE 31 December				FPE 30 April	
					2018	2019	2020	2021	2021	2022
				RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Vista Sentul Residences Piling and pilecap works for development of a commercial building consisting Block A – 24 storeys service apartments (262 units), Block B – 37 storeys service apartment (443 units), eight storeys car park including two units of TNB substations with one level of public facilities (podium) at Lot 50954, Mukim Batu, Wilayah Persekutuan Kuala Lumpur	Main construction services	3 June 2019 to 2 January 2020 (Extension of time given until 5 June 2020)	Completed	10,583	-	6,008	4,575	-	-	-
PV 18 Residences External road works – development of three blocks of apartments consisting of Block A – high cost apartments (318 units) – 40 storeys, Block B – high cost apartments (534 units) – 42 storeys, Block C – affordable apartments (398 units) – 33 storeys, eight storeys podium with facilities, two units guard house at PT 8758 and PT 8759, Jalan Langkawi, Mukim Setapak, Wilayah Persekutuan Kuala Lumpur	Main construction services	21 June 2019 to 20 December 2019	Completed	9,876	-	9,876	-	-	-	-

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

Project name and description	Type	Contract period	Status of project	Contract sum ⁽¹⁾	Revenue contribution					
					FYE 31 December				FPE 30 April	
					2018	2019	2020	2021	2021	2022
				RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Vista Wirajaya 1 @ PV9 Residences Main building works for housing development – three blocks of apartments (35 storeys) consisting of Block A – one block of 26 storeys of medium cost apartments Type B&D (429 units), Block B – one block of 27 storeys of medium cost apartments Type B&C (524 units), Block C – one block of 21 storeys of affordable apartment Type A&A1 (438 units), eight storeys car parking podium including two storeys of sub-basement, one storey club house and swimming pool at Level 8, two units of TNB substations, one unit of guard house, two units of refuse chambers and other facilities at Lot 25580, Jalan Persiaran Pertahanan, Kampung Wirajaya, Mukim Setapak, Wilayah Persekutuan Kuala Lumpur	Main construction services	1 July 2019 to 31 December 2021 (Extension of time given until 31 October 2022)	Ongoing	308,681	-	20,675	93,778	146,256	94,490	23,851

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

Project name and description	Type	Contract period	Status of project	Contract sum ⁽¹⁾	Revenue contribution					
					FYE 31 December				FPE 30 April	
					2018	2019	2020	2021	2021	2022
				RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Platinum Arena Residences Main building works for 37 storeys and one storey underground mixed commercial development consisting of eight storeys of commercial podium and one storey underground shop/office lot (36 strata units) and car park with one unit of TNB substation, two blocks of 29 storeys service apartments (728 units) (including one storey of facilities space at level 8) at Lot 103657 (previously PT 15115, Lot 35312, Lot 8088 and Lot 15607), Jalan Kelang Lama, Mukim Petaling, Wilayah Persekutuan Kuala Lumpur	Main construction services	1 July 2019 to 31 December 2021 (Extension of time given until 31 October 2022)	Ongoing	199,111	-	10,771	28,104	93,533	23,829	24,719

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

Project name and description	Type	Contract period	Status of project	Contract sum ⁽¹⁾	Revenue contribution					
					FYE 31 December				FPE 30 April	
					2018	2019	2020	2021	2021	2022
				RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Vista Sentul Residences Main building works for development consisting of Block A – 24 storeys of apartment suites (262 units), Block B – 37 storeys apartment suites (443 units), eight storeys of car park including two units of TNB substations, one storey of public facilities and one guard house at Lot 50954, Jalan Sentul, Mukim Batu, Wilayah Persekutuan Kuala Lumpur	Main construction services	3 August 2020 to 2 February 2023 (Extension of time given until 5 June 2023)	Ongoing	149,575	-	-	11,667	44,750	13,875	25,075
Vista Harmoni Residences Build and design works for development of 2 blocks apartments consisting of Block A - 19 storeys of Perumahan Penjawat Awam Malaysia (250 units), Block B – 23 storeys of apartment suites (205 units), above a 7-storey podium comprising 1 storey residents' facilities, 7 storeys car park and 1 guard house at Lot 760, Jalan Pelangi 2, Mukim Setapak, Wilayah Persekutuan Kuala Lumpur	Turnkey construction services	15 December 2021 to 14 April 2025	Ongoing	131,406	-	-	-	462	-	7,363

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

Project name and description	Type	Contract period	Status of project	Contract sum ⁽¹⁾	Revenue contribution					
					FYE 31 December				FPE 30 April	
					2018	2019	2020	2021	2021	2022
				RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Berlian Setapak 2 Residences Design, procurement, construction and completion of earthworks, foundation, substructure and superstructure works for: One block of 38-storeys apartment consisting of eight storeys with 1 mezzanine parking facility including 2 storeys facilities at the ground floor and 8th floor as well as 1 TNB unit, one block of 29-storeys apartment (79 units affordable housing and 184 units free price units) on Lot 319, Mukim Setapak, Wilayah Persekutuan Kuala Lumpur	Turnkey construction services	20 February 2022 to 19 June 2025	Ongoing	110,000	-	-	-	-	-	3,224
Total				1,115,700	54,885	66,990	148,808	285,001	132,194	84,232

Note:

(1) Include variation orders

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

The following is a segmental analysis of Southern Score's financial results for the past 4 FYEs from FYE 31 December 2018 to FYE 31 December 2021 as well as FPEs 30 April 2021 and 30 April 2022.

3.1 Segmental analysis of revenue
(i) Revenue by business activities

	FYE 31 December							
	2018		2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Turnkey construction services	44,930	81.9	19,660	29.3	10,684	7.2	462	0.2
Main construction services	9,955	18.1	47,330	70.7	138,124	92.8	284,539	99.8
Total	54,885	100.0	66,990	100.0	148,808	100.0	285,001	100.0

	FPE 30 April			
	2021		2022	
	RM'000	%	RM'000	%
Turnkey construction services	-	-	10,587	12.6
Main construction services	132,194	100.0	73,645	87.4
Total	132,194	100.0	84,232	100.0

FYE 31 December 2019 as compared to FYE 31 December 2018

Southern Score's revenue increased by RM12.1 million or 22.1% from RM54.9 million in FYE 31 December 2018 to RM67.0 million in FYE 31 December 2019. This was mainly contributed by the main construction services segment.

Southern Score's revenue from main construction services segment increased by RM37.4 million or 375.4%, from RM9.9 million in FYE 31 December 2018 to RM47.3 million in FYE 31 December 2019 due to the following new projects:

- (i) Vista Wirajaya 1 @ PV9 Residences project, for which construction commenced in July 2019 and contributed a revenue of RM20.6 million for main building works;
- (ii) Platinum Arena Residences project, for which construction commenced in July 2019 and contributed a revenue of RM10.8 million for main building works;

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

- (iii) PV 18 Residences project, for which construction commenced in June 2019 and completed in December 2019 and contributed a revenue of RM9.9 million for external road works; and
- (iv) Vista Sentul Residences project, for which construction commenced in June 2019 and contributed a revenue of RM6.0 million for piling works.

The revenue contribution from the abovementioned new projects was offset by the absence of revenue from the Platinum Teratai Residences project that was completed in FYE 31 December 2018 and contributed RM9.9 million to the FYE 31 December 2018 revenue.

Overall, the increase in revenue from the main construction services segment was offset by the decrease in revenue from turnkey construction services by RM25.3 million or 56.2%, from RM44.9 million in FYE 31 December 2018 to RM19.6 million in FYE 31 December 2019. This was due to lesser construction works performed in FYE 31 December 2019 for the PR1MA Jalan Jubilee project which achieved 94.3% completion rate as at 31 December 2019 compared to the 83.7% completion rate as at 31 December 2018.

FYE 31 December 2020 as compared to FYE 31 December 2019

Southern Score's revenue increased by RM81.8 million or 122.1% from RM67.0 million in FYE 31 December 2019 to RM148.8 million in FYE 31 December 2020. This was mainly contributed by the main construction services segment.

Southern Score's revenue from the main construction services segment increased by RM90.8 million or 191.8% from RM47.3 million in FYE 31 December 2019 to RM138.1 million in FYE 31 December 2020 due to the following projects:

- (i) Vista Wirajaya 1 @ PV9 Residences project, wherein Southern Score managed to complete more structural, architectural and M&E works in FYE 31 December 2020. The revenue of this project increased by RM73.1 million or 353.6% from RM20.7 million in FYE 31 December 2019 to RM93.8 million in FYE 31 December 2020;
- (ii) Platinum Arena Residences project, wherein Southern Score managed to complete more structural, architectural and M&E works in FYE 31 December 2020. The revenue of this project increased by RM17.3 million or 160.9% from RM10.8 million in FYE 31 December 2019 to RM28.1 million in FYE 31 December 2020; and
- (iii) Vista Sentul Residences project, for which construction commenced in August 2020 and contributed RM11.6 million in revenue for main building works.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

The increase in revenue from the abovementioned projects was partially offset by the following:

- (i) Vista Sentul Residences project (piling works), for which revenue decreased by RM1.4 million or 23.9% from RM6.0 million in FYE 31 December 2019 to RM4.6 million in FYE 31 December 2020. This was on account of the project being in its final stages at the start of FYE 31 December 2020 and was completed in June 2020; and
- (ii) PV 18 Residences project which was completed and contributed a revenue of RM9.8 million in FYE 31 December 2019. This thereby lowered the incremental revenue in FYE 31 December 2020 by RM9.8 million.

In addition, the increase in revenue from the main construction services segment was partially offset by the decrease in revenue from turnkey construction services by RM8.9 million or 45.7% from RM19.6 million in FYE 31 December 2019 to RM10.7 million in FYE 31 December 2020. This was because the PR1MA Jalan Jubilee project was at the final stages at the start of FYE 31 December 2020 and was completed in May 2020.

FYE 31 December 2021 as compared to FYE 31 December 2020

Southern Score's revenue increased by RM136.2 million or 91.5% from RM148.8 million in FYE 31 December 2020 to RM285.0 million in FYE 31 December 2021. This was mainly contributed by the main construction services segment.

Southern Score's revenue from the main construction services segment increased by RM146.4 million or 106.0% from RM138.1 million in FYE 31 December 2020 to RM284.5 million in FYE 31 December 2021 due to the following projects:

- (i) Platinum Arena Residences project, wherein Southern Score completed more structural, architectural and M&E works in FYE 31 December 2021. The revenue of this project increased by RM65.4 million or 232.8% from RM28.1 million in FYE 31 December 2020 to RM93.5 million in FYE 31 December 2021;
- (ii) Vista Wirajaya 1 @ PV9 Residences project, wherein Southern Score completed more structural, architectural and M&E works in FYE 31 December 2021. The revenue of this project increased by RM52.5 million or 56.0% from RM93.8 million in FYE 31 December 2020 to RM146.3 million in FYE 31 December 2021; and
- (iii) Vista Sentul Residences project, wherein Southern Score completed more structural, architectural and M&E works in FYE 31 December 2021. The revenue of this project increased by RM33.1 million or 282.9% from RM11.7 million in FYE 31 December 2020 to RM44.8 million in FYE 31 December 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

The increase in revenue from the above projects was partially offset by the absence of revenue contribution from Vista Sentul Residences project (piling works) as the project was completed in June 2020.

Further, the increase in revenue from the main construction services segment was partially offset by the decrease in revenue from turnkey construction services by RM10.2 million or 95.7% from RM10.7 million in FYE 31 December 2020 to RM0.5 million in FYE 31 December 2021. This was due to the absence of revenue contribution from the PR1MA Jalan Jubilee project which was completed in May 2020 and contributed a revenue of RM10.7 million in FYE 31 December 2020.

FPE 30 April 2022 as compared to FPE 30 April 2021

Southern Score's revenue decreased by RM48.0 million or 36.3% from RM132.2 million in FPE 30 April 2021 to RM84.2 million in FPE 30 April 2022. This was mainly contributed by the main construction services segment.

Southern Score's revenue from the main construction services segment decreased by RM58.6 million or 44.3% from RM132.2 million in FPE 30 April 2021 to RM73.6 million in FPE 30 April 2022 due to the Vista Wirajaya 1 @ PV9 Residences project, wherein Southern Score completed more structural, architectural and M&E works in FPE 30 April 2021 as compared to FPE 30 April 2022. The revenue of this project decreased by RM70.6 million or 74.7% from RM94.5 million in FPE 30 April 2021 to RM23.9 million in FPE 30 April 2022.

The decrease in revenue from the above project was partially offset by increase in revenue from the following projects:

- (i) Vista Sentul Residences project, wherein Southern Score completed more structural, architectural and M&E works in FPE 30 April 2022. The revenue of this project increased by RM11.2 million or 80.6% from RM13.9 million in FPE 30 April 2021 to RM25.1 million in FPE 30 April 2022; and
- (ii) Platinum Arena Residences project, wherein Southern Score completed more structural, architectural and M&E works in FPE 30 April 2022. The revenue of this project increased by RM0.9 million or 3.8% from RM23.8 million in FPE 30 April 2021 to RM24.7 million in FPE 30 April 2022.

Further, the decrease in revenue from the main construction services segment was partially offset by the increase in revenue from turnkey construction services by RM10.6 million or 100.0% from nil in FPE 30 April 2021 to RM10.6 million in FPE 30 April 2022. This was due to the following projects:

- (i) Vista Harmoni Residences project, for which construction commenced in December 2021 and contributed a revenue of RM7.4 million for turnkey construction services; and

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

- (ii) Berlian Setapak 2 Residences project, for which construction commenced in February 2022 and contributed a revenue of RM3.2 million for turnkey construction services.

3.2 Segmental analysis of cost of sales

The cost of sales for each project is determined based on contract cost estimated at the beginning of the project. The contract cost is estimated based on expected costs of construction, subcontracting costs, project duration, labour costs, preliminaries, construction materials and machinery. Generally, the contract cost estimate will be revised during the construction period to reflect the actual cost of construction.

(i) Cost of sales by cost components

	FYE 31 December							
	2018		2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Subcontractor costs	41,537	98.9	50,738	92.9	118,823	99.2	232,981	99.8
Preliminaries	463	1.1	3,898	7.1	1,014	0.8	421	0.2
Construction material and machinery	-	-	-	-	-	-	36	-(1)
Total	42,000	100.0	54,636	100.0	119,837	100.0	233,438	100.0

	FPE 30 April			
	2021		2022	
	RM'000	%	RM'000	%
Subcontractor costs	111,674	99.8	64,644	92.6
Preliminaries	226	0.2	1,189	1.7
Construction material and machinery	-	-	3,963	5.7
Total	111,900	100.0	69,796	100.0

Note:

- (1) Negligible.

Southern Score's cost of sales mainly comprises subcontractor costs which represented 98.9%, 92.9%, 99.2%, 99.8%, 99.8% and 92.6% of Southern Score's total cost of sales for FYEs 31 December 2018, 2019, 2020 and 2021 as well as FPEs 30 April 2021 and 30 April 2022 respectively.

As Southern Score focuses on carrying out construction services in its capacity as turnkey and main contractor, Southern Score engages subcontractors to undertake construction works, as set out above for FYEs 31 December 2018, 2019, 2020 and 2021 as well as FPEs 30 April 2021 and 30 April 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

In FYE 2021, Southern Score began taking measures to ensure the security of supply of construction materials as well as machinery and equipment for its projects over the long term. Since end of FYE 2021, Southern Score began strategically purchasing construction materials as well as renting machinery and equipment for the Vista Harmoni Residences development.

(ii) Cost of sales by business activity

	FYE 31 December							
	2018		2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Turnkey construction services	35,062	83.5	16,614	30.4	3,374	2.8	348	0.1
Main construction services	6,938	16.5	38,022	69.6	116,463	97.2	233,090	99.9
Total	42,000	100.0	54,636	100.0	119,837	100.0	233,438	100.0

	FPE 30 April			
	2021		2022	
	RM'000	%	RM'000	%
Turnkey construction services	-	-	7,973	11.4
Main construction services	111,900	100.0	61,823	88.6
Total	111,900	100.0	69,796	100.0

Based on Southern Score's segmental revenue by business activities:

- (i) In FYE 31 December 2018, 83.5% and 16.5% of cost of sales was attributed to turnkey construction services and main construction services, respectively;
- (ii) In FYE 31 December 2019, 30.4% and 69.6% of cost of sales was attributed to turnkey construction services and main construction services, respectively;
- (iii) In FYE 31 December 2020, 2.8% and 97.2% of cost of sales was attributed to turnkey construction services and main construction services, respectively;
- (iv) In FYE 31 December 2021, 0.1% and 99.9% of cost of sales was attributed to turnkey construction services and main construction services, respectively;
- (v) In FPE 30 April 2021, 100.0% of cost of sales was attributed to main construction services; and
- (vi) In FPE 30 April 2022, 11.4% and 88.6% of cost of sales was attributed to turnkey construction services and main construction services, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

FYE 31 December 2019 as compared to FYE 31 December 2018

Southern Score's cost of sales increased by RM12.6 million or 30.1% from RM42.0 million in FYE 31 December 2018 to RM54.6 million in FYE 31 December 2019 due to the main construction services segment (increased by RM31.1 million or 448.0%). This was in line with the increase in revenue from the main construction services segment, and is attributed to the ongoing projects in FYE 31 December 2019.

The increase in cost of sales under the main construction services segment was offset by the decrease in cost of sales under the turnkey construction services segment of RM18.5 million. As the PR1MA Jalan Jubilee project was near completion stage in FYE 31 December 2019, Southern Score performed less construction works in FYE 31 December 2019 as compared to FYE 31 December 2018 (specifically 24.1% of work was completed during FYE 31 December 2018 as compared to 10.5% of work completed during FYE 31 December 2019).

In terms of the components of cost of sales, the increase was mainly due to the following:

- (i) increase in subcontractor cost of RM9.2 million or 22.2% from RM41.5 million in FYE 31 December 2018 to RM50.7 million in FYE 31 December 2019 mainly due to 4 newly secured projects, namely PV 18 Residences and Vista Sentul Residences which commenced in June 2019 as well as Platinum Arena Residences and Vista Wirajaya 1 @ PV9 Residences which commenced in July 2019 respectively; and
- (ii) increase in preliminaries of RM3.4 million or 741.9% from RM0.5 million in FYE 31 December 2018 to RM3.9 million in FYE 31 December 2019 due to the following:
 - (a) increase in statutory contribution of RM1.8 million to Suruhanjaya Perkhidmatan Air Negara and RM0.4 million to Pengurusan Air Selangor for PR1MA Jalan Jubilee project;
 - (b) increase in contractors' all risk insurance of RM0.2 million for Vista Wirajaya 1 @ PV9 Residences project and RM0.1 million for Platinum Arena Residences project;
 - (c) increase in CIDB levy fee of RM0.4 million for Vista Wirajaya 1 @ PV9 Residences project and RM0.2 million for Platinum Arena Residences project; and
 - (d) increase in professional fees of RM0.3 million for PR1MA Jalan Jubilee project.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

Overall, the increase in cost of sales in FYE 31 December 2019 was due to higher levels of construction activities undertaken for the PV 18 Residences project, Platinum Arena Residences project, Vista Wirajaya 1 @ PV9 Residences project and Vista Sentul Residences project (piling works) which commenced between June and July 2019. The construction activities performed for the abovementioned projects in FYE 31 December 2019 were mainly relating to piling works, main building and structural works.

FYE 31 December 2020 as compared to FYE 31 December 2019

Southern Score's cost of sales increased by RM65.2 million or 119.3% from RM54.6 million in FYE 31 December 2019 to RM119.8 million in FYE 31 December 2020 due to the main construction services segment (increased by RM78.4 million or 206.3%). This was in line with the increase in revenue from the main construction services segment, and attributed to the ongoing projects in FYE 31 December 2020.

The increase in cost of sales under the main construction services segment was offset by the decrease in cost of sales under the turnkey construction services segment of RM13.2 million. This decrease was due to the completion of PR1MA Jalan Jubilee Project in May 2020.

In terms of the components of cost of sales, the increase was mainly due to subcontractor costs which rose by RM68.1 million or 134.2% from RM50.7 million in FYE 31 December 2019 to RM118.8 million in FYE 31 December 2020 mainly attributed to higher levels of construction activities for Vista Wirajaya 1 @ PV9 Residences project where 30.0% of work completed during FYE 31 December 2020, as compared to 6.6% of work was completed during FYE 31 December 2019.

The increase in subcontractor costs was offset by the decrease in preliminaries of RM2.9 million or 74.0% from RM3.9 million in FYE 31 December 2019 to RM1.0 million in FYE 31 December 2020. This was mainly due to the absence of one-off expenses, namely the statutory contributions to Indah Water Konsortium Sdn Bhd and Syarikat Bekalan Air Selangor Sdn Bhd that were incurred in FYE 31 December 2019.

Overall, the increase in cost of sales in FYE 31 December 2020 was mainly due to higher levels of construction activities for main building and structural works for ongoing projects. The increase in cost of sales in FYE 31 December 2020 was in line with the increase in revenue recognised from ongoing projects.

FYE 31 December 2021 as compared to FYE 31 December 2020

Southern Score's cost of sales increased by RM113.6 million or 94.8% from RM119.8 million in FYE 31 December 2020 to RM233.4 million in FYE 31 December 2021 due to the main construction services segment (increased by RM116.6 million or 100.1%). This was in line with the increase in revenue from the main construction services segment and attributed to the ongoing projects in FYE 31 December 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

The increase in cost of sales under the main construction services segment was partially offset by the decrease in cost of sales under the turnkey construction services segment of RM3.0 million. This decrease was due to the completion of PR1MA Jalan Jubilee Project in May 2020.

In terms of the components of cost of sales, the increase was mainly due to subcontractor costs which rose by RM114.2 million or 96.1% from RM118.8 million in FYE 31 December 2020 to RM233.0 million in FYE 31 December 2021 mainly attributed to higher levels of construction activities for all ongoing projects under main construction services segment:

- (i) Vista Wirajaya 1 @ PV9 Residences project where 47.8% of work was completed during FYE 31 December 2021, as compared to 30.0% of work completed during FYE 31 December 2020;
- (ii) Platinum Arena Residences project where 47.0% of work was completed during FYE 31 December 2021 as compared to 14.1% of work completed during FYE 31 December 2020; and
- (iii) Vista Sentul Residences project where 30.5% of work was completed during FYE 31 December 2021 as compared to 7.2% of work completed during FYE 31 December 2020.

The increase in subcontractor costs was offset by the decrease in preliminaries of RM0.5 million or 54.9% from RM1.0 million in FYE 31 December 2020 to RM0.5 million in FYE 31 December 2021. This was mainly due to one-off payment of contractors' all risk insurance for Vista Wirajaya 1 @ PV9 Residences project of RM0.1 million and defect management services fee for PR1MA Jalan Jubilee Project of RM0.2 million, which were incurred in FYE 31 December 2020.

Overall, the increase in cost of sales in FYE 31 December 2021 was mainly due to higher levels of construction activities for main building and structural works for ongoing projects. The increase in cost of sales in FYE 31 December 2021 was in line with the increase in revenue recognised from ongoing projects.

FPE 30 April 2022 as compared to FPE 30 April 2021

Southern Score's cost of sales decreased by RM42.1 million or 37.6% from RM111.9 million in FPE 30 April 2021 to RM69.8 million in FPE 30 April 2022 due to the main construction services segment (decreased by RM50.1 million or 44.8%). This was in line with the decrease in revenue from the main construction services segment and was attributed to Vista Wirajaya 1 @ PV9 Residences project in FPE 30 April 2022.

The decrease in cost of sales under the main construction services segment was partially offset by the increase in cost of sales under the turnkey construction services segment of RM8.0 million. This increase was due to Vista Harmoni Residences project and Berlian Setapak 2 Residences project which was newly commenced in December 2021 and February 2022 respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

In terms of the components of cost of sales, the decrease was mainly due to subcontractor costs which reduced by RM47.1 million or 42.2% from RM111.7 million in FPE 30 April 2021 to RM64.6 million in FPE 30 April 2022 and was mainly attributed to Vista Wirajaya 1 @ PV9 Residences project whereby 7.7% of work was completed during FPE 30 April 2022, as compared to 30.3% of work completed during FPE 30 April 2021. The decrease was offset by the higher levels of construction activities for other 2 ongoing projects under main construction services segment and 2 new projects under the turnkey construction services segment as follow:

- (i) Platinum Arena Residences project where 12.4% of work was completed during FPE 30 April 2022 as compared to 11.9% of work completed during FPE 30 April 2021;
- (ii) Vista Sentul Residences project where 16.8% of work was completed during FPE 30 April 2022 as compared to 8.6% of work completed during FPE 30 April 2021;
- (iii) Vista Harmoni Residences project for which construction commenced in December 2021 where 5.6% of work was completed during FPE 30 April 2022; and
- (iv) Berlian Setapak 2 Residences project, for which construction commenced in February 2022 where 2.9% of work was completed during FPE 30 April 2022;

The decrease in subcontractor costs was offset by the following:

- (i) the increase in preliminaries of RM1.0 million or 500.0% from RM0.2 million in FPE 30 April 2021 to RM1.2 million in FPE 30 April 2022. This was mainly due to professional fee in relation to plan submission and site expenses for Vista Harmoni Residences project of RM1.03 million, which were incurred in FPE 30 April 2022; and
- (ii) the increase in construction materials and machineries of RM4.0 million or 100.0% from nil in FPE 30 April 2021 to RM4.0 million in FPE 30 April 2022, which was solely for Vista Harmoni Residences project.

Overall, the decrease in cost of sales in FPE 30 April 2022 was due to lower levels of construction activities for Vista Wirajaya 1 @ PV9 Residences project which was nearing completion. The decrease in cost of sales in FPE 30 April 2022 was in line with the decrease in revenue recognised from all projects.

3.3 Segmental analysis of GP and GP margin

Southern Score prices its construction projects based on cost estimates after taking into consideration various factors, including project scale, complexity and specifications. As such, GP and GP margin are dependent on the accuracy of the cost estimates. Southern Score's GP and GP margin may fluctuate on a year-on-year basis as each project differs in terms of project duration, profit margin and costs as well as stages of the construction.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

The GP and GP margin of a project may also fluctuate throughout its construction period when the contract cost estimate is updated to reflect the actual cost of construction. Such fluctuation is typically more significant nearing completion of a project.

(i) GP and GP margin by business activities

	FYE 31 December							
	2018		2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Turnkey construction services	9,868	22.0	3,046	15.5	7,310	68.4	114	24.7
Main construction services	3,017	30.3	9,308	19.7	21,661	15.7	51,449	18.1
Total	12,885	23.5	12,354	18.4	28,971	19.5	51,563	18.1

	FPE 30 April			
	2021		2022	
	RM'000	%	RM'000	%
Turnkey construction services	-	-	-	24.7
Main construction services	20,294	15.4	20,294	16.1
Total	20,294	15.4	20,294	17.1

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MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

(ii) GP margin by each project

The overall contract cost and GP margin for each project respectively is as follows:

Project name	Type of work	Overall contract cost	Overall project GP margin
		RM'000	%
PR1MA Jalan Jubilee (completed)	Turnkey construction services	122,328	34.4
Platinum Teratai Residences (completed)	External road works	6,939	30.3
Vista Sentul Residences (completed)	Piling works	8,400	20.6
PV 18 Residences (completed)	External road works	6,856	30.6
Vista Wirajaya 1 @ PV9 Residences (ongoing)	Main building works	258,754	16.2
Platinum Arena Residences (ongoing)	Main building works	154,696	22.3
Vista Sentul Residences (ongoing)	Main building works	134,961	9.8
Vista Harmoni Residences (ongoing)	Turnkey construction services	99,085	24.6
Berlian Setapak 2 Residences (ongoing)	Turnkey construction services	82,594	24.9

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

The costs recognised and GP margin for each project, respectively for each financial year or period is as follows:

Project name	Type of work	Cost recognised						GP margin					
		FYE 31 December				FPE 30 April		FYE 31 December				FPE 30 April	
		2018	2019	2020	2021	2021	2022	2018	2019	2020	2021	2021	2022
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	%	%	%	%	%
PR1MA Jalan Jubilee (completed)	Turnkey construction services	35,062	16,614	3,374	-	-	-	22.0	15.5	68.4	-	-	-
Platinum Teratai Residences (completed)	External road works	6,939	-	-	-	-	-	30.3	-	-	-	-	-
PV 18 Residences (completed)	External road works	-	6,856	-	-	-	-	-	30.6	-	-	-	-
Vista Sentul Residences (completed)	Piling works	-	4,797	3,603	-	-	-	-	20.2	21.2	-	-	-
Platinum Arena Residences (ongoing)	Main building works	-	8,995	23,468	70,409	19,989	19,205	-	16.5	16.5	24.7	16.5	22.3
Vista Wirajaya 1 @ PV9 Residences (ongoing)	Main building works	-	17,374	78,783	122,384	79,385	19,993	-	16.0	16.0	16.3	16.0	16.2
Vista Sentul Residences (ongoing)	Main building works	-	-	10,608	40,297	12,616	22,625	-	-	9.1	10.0	9.1	9.8
Vista Harmoni Residences (ongoing)	Turnkey construction services	-	-	-	348	-	5,552	-	-	-	24.7	-	24.6

APPENDIX III(B)

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

Project name	Type of work	Cost recognised						GP margin					
		FYE 31 December				FPE 30 April		FYE 31 December				FPE 30 April	
		2018	2019	2020	2021	2021	2022	2018	2019	2020	2021	2021	2022
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	%	%	%	%	%
Berlian Setapak 2 Residences (ongoing)	Turnkey construction services	-	-	-	-	-	2,421	-	-	-	-	-	24.9
Overall GP margin								23.5	18.4	19.5	18.1	15.4	17.1

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MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

FYE 31 December 2019 as compared to FYE 31 December 2018

Southern Score's GP decreased by RM0.5 million or 4.1% from RM12.9 million in FYE 31 December 2018 to RM12.4 million in FYE 31 December 2019. This was mainly due to the decrease in GP of RM6.8 million in the turnkey construction services segment that was attributed to the PR1MA Jalan Jubilee project. The decrease in GP from turnkey construction services segment was offset by the increase in GP from the main construction services segment of RM6.3 million.

GP for the turnkey construction services segment reduced by RM6.8 million or 69.1% from RM9.8 million in FYE 31 December 2018 to RM3.0 million in FYE 31 December 2019 due to a revision in the project cost of PR1MA Jalan Jubilee project as Southern Score reviews project cost estimates on a yearly basis. This led to fluctuation in the GP margin of the turnkey construction services segment.

GP for the main construction services segment increased by RM6.3 million or 208.5% to RM9.3 million in FYE 31 December 2019 (FYE 31 December 2018: RM3.0 million) due to increase in construction activities as Southern Score secured 4 new projects, for which construction commenced in FYE 31 December 2019.

Southern Score's overall GP margin decreased to 18.4% in FYE 31 December 2019 from 23.5% in FYE 31 December 2018. The decrease in GP margin was due to the decrease in the GP margin in the turnkey construction services segment, as well as the lower margin contribution for each project arising from differing project attributes and scope. Specifically, Southern Score recognised lower margins for the Platinum Arena Residences project and Vista Wirajaya 1 @ PV9 Residences project as Southern Score was only contracted for main building works.

FYE 31 December 2020 as compared to FYE 31 December 2019

Southern Score's GP increased by RM16.6 million or 134.5% from RM12.4 million in FYE 31 December 2019 to RM29.0 million in FYE 31 December 2020 mainly due to the increase in GP in the main construction services segment.

GP for turnkey construction services segment increased by RM4.3 million or 140.0% from RM3.0 million in FYE 31 December 2019 to RM7.3 million in FYE 31 December 2020. This was due to recognition of the remaining revenue of RM10.7 million upon the finalisation of accounts for the PR1MA Jalan Jubilee project which was completed in May 2020.

Upon finalisation of the accounts, the actual construction cost for the PR1MA Jalan Jubilee project was computed to be lower than the budgeted construction costs due to savings from the main building works contract, external infrastructure works and unutilised contingency balance. This contributed to a higher GP and GP margin for the PR1MA Jalan Jubilee project and ultimately, the turnkey construction services segment.

GP for the main construction services segment increased by RM12.4 million or 132.7% from RM9.3 million in FYE 31 December 2019 to RM21.7 million in FYE 31 December 2020 due to the higher levels of construction activities undertaken for ongoing and newly secured projects.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

Southern Score's overall GP margin increased to 19.5% in FYE 31 December 2020 from 18.4% in FYE 31 December 2019. The increase in GP margin was due to the increase in the GP margin in the turnkey construction services segment.

FYE 31 December 2021 as compared to FYE 31 December 2020

Southern Score's GP increased by RM22.6 million or 78.0% from RM29.0 million in FYE 31 December 2020 to RM51.6 million in FYE 31 December 2021 mainly due to the increase in GP in the main construction services segment.

GP for turnkey construction services segment decreased by RM7.2 million or 98.4% from RM7.3 million in FYE 31 December 2020 to RM0.1 million in FYE 31 December 2021. This was mainly due to the completion of PR1MA Jalan Jubilee project in FYE 31 December 2020.

GP for the main construction services segment increased by RM29.8 million or 137.5% from RM21.7 million in FYE 31 December 2020 to RM51.5 million in FYE 31 December 2021 due to the higher levels of construction activities undertaken for all ongoing projects.

Southern Score's overall GP margin decreased to 18.1% in FYE 31 December 2021 from 19.5% in FYE 31 December 2020. This was mainly due to the high GP margin of 68.4% recorded for the completed PR1MA Jalan Jubilee project in FYE 31 December 2020, as set out above. Apart from this, GP margin for other ongoing projects increased in FYE 31 December 2021.

FPE 30 April 2022 as compared to FPE 30 April 2021

Southern Score's GP decreased by RM5.9 million or 29.0% from RM20.3 million in FPE 30 April 2021 to RM14.4 million in FPE 30 April 2022 mainly due to the decrease in GP in the main construction services segment.

GP for turnkey construction services segment increased by RM2.6 million or 100.0% from nil in FPE 30 April 2021 to RM2.6 million in FPE 30 April 2022. This was mainly due to Vista Harmoni Residences project and Berlian Setapak 2 Residences project which construction commenced in December 2021 and February 2022 respectively.

GP for the main construction services segment decreased by RM8.5 million or 41.8% from RM20.3 million in FPE 30 April 2021 to RM11.8 million in FPE 30 April 2022 mainly due to the lower levels of construction activities undertaken for Vista Wirajaya 1 @ PV9 Residences project.

Southern Score's overall GP margin increased to 17.1% in FPE 30 April 2022 from 15.4% in FPE 30 April 2021. This was mainly due to the high GP margin of 24.6% and 24.9% recorded for Vista Harmoni Residences project and Berlian Setapak 2 Residences project, respectively, both which are turnkey construction projects. Generally, turnkey construction projects yield higher GP margins due to the additional scope of work involved in particular at the project initiation and planning stage. Apart from this, GP margin for all ongoing projects under main construction services segment increased in FPE 30 April 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

3.4 Other income

	FYE 31 December							
	2018		2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sundry income	1	100.0	2	100.0	5	8.5	-	-
Wage subsidy	-	-	-	-	54	91.5	-	-
Reversal of provision of construction cost ⁽¹⁾	-	-	-	-	-	-	5	100.0
Total	1	100.0	2	100.0	59	100.0	5	100.0

	FPE 30 April			
	2021		2022	
	RM'000	%	RM'000	%
Sundry income	-	-	-	-
Wage subsidy	-	-	-	-
Reversal of provision of construction cost ⁽¹⁾	26	100.0	20	100.0
Total	26	100.0	20	100.0

Note:

- (1) Reversal of provision of construction cost pertains to the provision of construction costs for PR1MA Jalan Jubilee project made in previous years based on the best estimate at the time of delivery of vacant possession to unit owners and subsequently reversed upon finalisation of actual respective expenses.

FYE 31 December 2019 as compared to FYE 31 December 2018

Other income increased by RM1,729 or 345.8% to RM2,229 in FYE 31 December 2019 attributed to an early settlement discount given by a subcontractor.

FYE 31 December 2020 as compared to FYE 31 December 2019

Other income increased by RM56,463 or 2,533.1% to RM58,692 mainly due to the wage subsidy of RM54,000 that was obtained from the Government under the Wage Subsidy Programme 1.0.

FYE 31 December 2021 as compared to FYE 31 December 2020

Other income decreased by RM53,894 or 91.8% to RM4,798 in FYE 31 December 2021 attributed to an absence of one-time wage subsidy which Southern Score received in FYE 31 December 2020.

FPE 30 April 2022 as compared to FPE 30 April 2021

Other income decreased by RM5,514 or 21.2% to RM20,484 in FPE 30 April 2022 attributed to lower reversal of provision of construction costs for PR1MA Jalan Jubilee project upon delivery of vacant possession to unit owners in FPE 30 April 2022.

**MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION,
RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)**

3.5 Administrative expenses

	FYE 31 December							
	2018		2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Staff costs ⁽¹⁾	513	86.7	2,345	93.8	3,195	90.5	4,273	82.2
Professional fee	24	4.0	31	1.2	96	2.7	126	2.4
Depreciation	13	2.2	21	0.9	60	1.7	104	2.0
Rentals	2	0.3	20	0.8	50	1.4	68	1.3
Upkeep and maintenance	1	0.2	14	0.6	11	0.3	84	1.6
Others ⁽²⁾	39	6.6	68	2.7	120	3.4	539	10.5
Total	592	100.0	2,499	100.0	3,532	100.0	5,194	100.0

	FPE 30 April			
	2021		2022	
	RM'000	%	RM'000	%
Staff costs ⁽¹⁾	1,327	85.9	1,639	88.1
Professional fee	94	6.1	35	1.9
Depreciation	22	1.4	52	2.8
Rentals	17	1.1	37	2.0
Upkeep and maintenance	1	0.1	6	0.3
Others ⁽²⁾	84	5.4	93	4.9
Total	1,545	100.0	1,862	100.0

Notes:

- (1) Staff costs mainly comprise staff salaries, allowances, bonus, statutory contribution and staff welfare.

	FYE 31 December				FPE 30 April	
	2018	2019	2020	2021	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Staff salary, bonus, allowance and overtime	454	2,017	2,747	2,978	927	1,213
Directors' remuneration	-	-	-	809	270	272
EPF, SOCSO and employee insurance scheme	57	310	426	455	97	122
Staff training and seminar	-	1	1	2	1	8
Staff welfare and refreshment	2	17	21	21	32	24
Recruitment expenses	-	-	-	8	-	-
Total	513	2,345	3,195	4,273	1,327	1,639

- (2) Others mainly comprise COVID-19 related expenses, branding expenses, gift and donation, insurance, printing and stationery, security charges and utilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (*Cont'd*)

FYE 31 December 2019 as compared to FYE 31 December 2018

Southern Score's administrative expenses increased by RM1.9 million or 322.1% from RM0.6 million in FYE 31 December 2018 to RM2.5 million in FYE 31 December 2019, mainly due to:

- (i) increase in staff costs of RM1.8 million, mainly due to the hiring of 19 additional employees in the middle of FYE 31 December 2019;
- (ii) increase in rental of RM18,640, mainly for a new office located in Setapak, Kuala Lumpur, commencing July 2019; and
- (iii) increase in other administrative expenses of RM28,404, mainly incurred for website design and development which amounted to RM20,382.

FYE 31 December 2020 as compared to FYE 31 December 2019

Southern Score's administrative expenses increased by RM1.0 million or 41.3% from RM2.5 million in FYE 31 December 2019 to RM3.5 million in FYE 31 December 2020, mainly due to:

- (i) increase in staff costs of RM0.9 million, mainly attributed to the full year salaries incurred for the 19 additional employees hired in the middle of the previous FYE 31 December 2019;
- (ii) increase in professional costs of RM64,864 due to higher audit fees attributed to the increase in construction contracts, higher tax advisory fees incurred for tax investigation by LHDN for year of assessment ("YA") 2015 to YA 2017 and higher professional fees incurred for addendum to articles of agreement submitted to Persatuan Arkitek Malaysia in relation to the Standard Form of Contract 2006. The tax investigation by LHDN for YA 2015 to YA 2017 had been closed on 28 May 2020. No additional tax amount or penalty was imposed in the abovementioned tax investigation;
- (iii) higher depreciation of RM39,346, mainly due to hardware and peripheral for networking system and extra low voltage systems of RM0.1 million acquired in FYE 31 December 2020; and
- (iv) increase in other administrative expenses of RM51,938, mainly due to corporate branding expenses of RM31,800 and office security charges of RM19,786. The corporate branding expenses include fees paid for Southern Scores' logo artwork, website design and preparation of corporate profile.

FYE 31 December 2021 as compared to FYE 31 December 2020

Southern Score's administrative expenses increased by RM1.7 million or 47.1% from RM3.5 million in FYE 31 December 2020 to RM5.2 million in FYE 31 December 2021, mainly due to:

- (i) increase in staff costs of RM1.1 million, mainly attributed to directors' remuneration of RM0.8 million and increase in staff's salaries of RM0.3 million due to hiring of 9 additional employees in FYE 31 December 2021;

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

- (ii) increase in upkeep and maintenance of office and motor vehicles of totaling RM70,873, due to setup of a new office in Jalan Pahang for construction management department; and
- (iii) increase in other administrative expenses of RM0.4 million mainly comprising donation of RM0.3 million for the procurement 4,000 doses of COVID-19 vaccines for Southern Score's staff, consultants, contractors, site workers and their immediate family members as well as community members, as part of its corporate social responsibility initiative.

FPE 30 April 2022 as compared to FPE 30 April 2021

Southern Score's administrative expenses increased by RM0.4 million or 26.7% from RM1.5 million in FPE 30 April 2021 to RM1.9 million in FPE 30 April 2022, mainly due to an increase in staff costs of RM0.3 million which was attributed to the hiring of 10 additional employees in FPE 30 April 2022 as well as higher bonus payable to employees.

3.6 Finance income

	FYE 31 December							
	2018		2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Bank interest received	-(1)	-	1	100.0	19	100.0	79	64.8
Interest received from holding company	-	-	-	-	-	-	43 ⁽²⁾	35.2
Total	-	-	1	100.0	19	100.0	122	100.0

	FPE 30 April			
	2021		2022	
	RM'000	%	RM'000	%
Bank interest received	17	100.0	36	100.0
Interest received from holding company	-	-	-	-
Total	17	100.0	36	100.0

Notes:

(1) Negligible.

(2) Amount due from holding company bears interest at the rate of 3.94% per annum.

Finance income represents the bank interest income received from current bank account from FYE 31 December 2019 to FYE 31 December 2021 as well as for FPEs 30 April 2021 and 30 April 2022. In FYE 31 December 2018, Southern Score placed its cash in non-interest bearing current account. In FYE 31 December 2019, as the cash and bank balances grew, the management of Southern Score requested its bank for interest income on its deposits. This special request was subsequently approved by the bank. As such, Southern Score recorded interest income of RM619 in FYE 31 December 2019. Interest income increased from RM619 in FYE 31 December 2019 to RM19,528 in FYE 31 December 2020 and to RM79,208 in FYE 31 December 2021 as well as increased from RM16,431 in FPE 30 April 2021 to RM35,984 in FPE 30 April 2022, mainly due to higher bank balance during the year or period.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

In FYE 31 December 2021, Southern Score also received interest income of RM42,554 from its holding company in relation to the advances to its holding company, Super Advantage of RM1.2 million in FYE 31 December 2020. The said advances to Super Advantage was fully repaid in FYE 31 December 2021.

3.7 Finance cost

	FYE 31 December							
	2018		2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Revolving financing ⁽¹⁾	1,559	100.0	827	100.0	5	100.0	-	-
Lease liability ⁽¹⁾	-	-	-	-	-	-	4	100.0
Other	-	-	-	-	-	-	-(2)	-
Total	1,559	100.0	827	100.0	5	100.0	4	100.0

	FPE 30 April			
	2021		2022	
	RM'000	%	RM'000	%
Revolving financing ⁽¹⁾	-	-	-	-
Lease liability ⁽¹⁾	-	-	2	100.0
Other	-	-	-	-
Total	-	-	2	100.0

Notes:

(1) The interest rate for revolving financing and lease liability are as follows:

	FYE 31 December				FPE 30 April	
	2018	2019	2020	2021	2021	2022
Revolving financing	7.6% to 7.9%	7.7% to 8.0%	7.7%	-	-	-
Lease liability	-	-	-	4.0%	-	4.0%

(2) Negligible

Southern Score uses a cash line-i, an Islamic revolving financing facility, for its working capital requirements and contract financing for transactions.

In FYE 31 December 2018, the revolving financing cost was RM1.6 million. In FYE 31 December 2019, the revolving financing cost decreased by RM0.7 million or 47.0% to RM0.9 million due to the high repayment amount of this revolving financing facility with no further drawdown.

In FYE 31 December 2020, the revolving financing cost further decreased by RM0.8 million or 99.4% to RM5,420 due to full repayment of this revolving financing facility with no further drawdown. As at 31 December 2020, Southern Score did not have any borrowings.

In FYE 31 December 2021, the finance cost was in relation to the interest charged on the lease liability of RM4,137 where Southern Score purchased a unit of motor vehicle of RM0.2 million under finance lease arrangement during FYE 31 December 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

In FPE 30 April 2022, the finance cost was in relation to the interest charged on the lease liability of RM2,136 for a unit of motor vehicle of RM0.2 million under finance lease arrangement, which was purchased during FYE 31 December 2021. There was no finance cost incurred during FPE 30 April 2021.

3.8 PBT, PAT and margins

Southern Score's PBT, PAT and the corresponding PBT and PAT margins are as follows:

	FYE 31 December				FPE 30 April	
	2018	2019	2020	2021	2021	2022
PBT (RM'000)	10,735	9,031	25,512	46,487	18,792	12,627
PBT margin (%)	19.6	13.5	17.1	16.3	14.2	15.0
PAT (RM'000)	8,186	6,513	19,197	35,178	14,282	9,589
PAT margin (%)	14.9	9.7	12.9	12.3	10.8	11.4

FYE 31 December 2019 as compared to FYE 31 December 2018

Southern Score's PBT decreased by RM1.7 million or 15.9% from RM10.7 million in FYE 31 December 2018 to RM9.0 million in FYE 31 December 2019, which was in line with Southern Score's lower GP and higher administrative expenses. As such, Southern Score's PBT margin also decreased to 13.5% in FYE 31 December 2019 from 19.6% in FYE 31 December 2018.

Correspondingly, Southern Score's PAT decreased by RM1.7 million or 20.44% from RM8.2 million in FYE 31 December 2018 to RM6.5 million in FYE 31 December 2019. Southern Score's PAT margin dropped to 9.7% in FYE 31 December 2019 from 14.9% in FYE 31 December 2018.

FYE 31 December 2020 as compared to FYE 31 December 2019

Southern Score's PBT increased by RM16.5 million or 182.5% from RM9.0 million in FYE 31 December 2019 to RM25.5 million in FYE 31 December 2020 which was in line with Southern Score's higher GP and lower finance cost. As such, Southern Score's PBT margin also increased to 17.1% in FYE 31 December 2020 from 13.5% in FYE 31 December 2019.

Correspondingly, Southern Score's PAT increased by RM12.7 million or 194.8% from RM6.5 million in FYE 31 December 2019 to RM19.2 million in FYE 31 December 2020, while PAT margin increased from 9.7% in FYE 31 December 2019 to 12.9% in FYE 31 December 2020.

FYE 31 December 2021 as compared to FYE 31 December 2020

Southern Score's PBT increased by RM21.0 million or 82.2% from RM25.5 million in FYE 31 December 2020 to RM46.5 million in FYE 31 December 2021 which was in line with Southern Score's higher GP and finance income. Southern Score's PBT margin decreased to 16.3% in FYE 31 December 2021 from 17.1% in FYE 31 December 2020, mainly due to the lower GP margin and the increase in administrative expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

Corresponding the higher PBT and lower PBT margin, Southern Score's PAT increased by RM16.0 million or 83.2% from RM19.2 million in FYE 31 December 2020 to RM35.2 million in FYE 31 December 2021, while PAT margin decreased slightly from 12.9% in FYE 31 December 2020 to 12.3% in FYE 31 December 2021.

FPE 30 April 2022 as compared to FPE 30 April 2021

Southern Score's PBT decreased by RM6.2 million or 32.8% from RM18.8 million in FPE 30 April 2021 to RM12.6 million in FPE 30 April 2022 which was in line with Southern Score's lower GP and higher administrative expenses. Southern Score's PBT margin increased slightly to 15.0% in FPE 30 April 2022 from 14.2% in FPE 30 April 2021, mainly due to the higher GP margin.

Corresponding the lower PBT and higher PBT margin, Southern Score's PAT decreased by RM4.7 million or 32.9% from RM14.3 million in FPE 30 April 2021 to RM9.6 million in FPE 30 April 2022, while PAT margin increased slightly from 10.8% in FPE 30 April 2021 to 11.4% in FPE 30 April 2022.

3.9 Income tax expense

Southern Score's income tax expense and tax rates are as follows:

	FYE 31 December				FPE 30 April	
	2018	2019	2020	2021	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Income tax expense	2,552	2,511	6,297	11,271	4,510	3,011
Deferred tax liabilities	(3)	7	18	38	-	27
Total	2,549	2,518	6,315	11,309	4,510	3,038
Statutory tax rate	24% ⁽¹⁾	24% ⁽¹⁾	24% ⁽¹⁾	24%	24%	24%
Effective tax rate	23.7%	27.9%	24.8%	24.3%	24.0%	24.1%

Note:

- (1) Southern Score qualified for lower statutory tax rate of 17.0% on the first chargeable income of RM0.50 million for FYE 31 December 2018 and 2019 and RM0.6 million for FYE 31 December 2020.

Southern Score's effective tax rates for FYEs 31 December 2018, 2019, 2020 and 2021 as well as FPE 30 April 2022 and FPE 30 April 2021 were 23.7%, 27.9%, 24.8%, 24.3%, 24.0% and 24.1% respectively. The tax rate applicable to Southern Score was statutory tax rates of 24.0% throughout FYEs 31 December 2018, 2019, 2020 and 2021 as well as FPE 30 April 2022 and FPE 30 April 2021.

Southern Score's effective tax rate increased from 23.7% in FYE 31 December 2018 to 27.9% in FYE 31 December 2019, mainly due to the under provision of the prior year's taxation of RM0.4 million and higher non-deductible expenses.

Southern Score's effective tax rate decreased from 27.9% in FYE 31 December 2019 to 24.8% in FYE 31 December 2020, mainly due to the lower under provision of the prior year's taxation of RM0.2 million and increase in the first tranche of chargeable income from RM0.5 million to RM0.6 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (*Cont'd*)

Southern Score's effective tax rate decreased from 24.8% in FYE 31 December 2020 to 24.3% in FYE 31 December 2021, mainly due to the lower under provision of the prior year's taxation of RM0.2 million.

Southern Score's effective tax rate in FPE 30 April 2022 of 24.1% was slightly higher than the statutory tax rate of 24%, mainly due to the deferred tax for FPE 30 April 2022.

Southern Score has not established any other place of business outside of Malaysia and derives revenue solely from Malaysia. Malaysia is under the single-tier tax system and does not impose withholding tax on dividends paid to shareholder. Dividends are exempt in the hands of shareholder.

4. Liquidity and capital resources

4.1 Working capital

Southern Score's business has been financed by a combination of internal and external sources of funds. Its internal sources of funds were shareholders' equity and cash generated from its operations whereas its external sources of funds were the credit facilities extended to Southern Score by financial institutions and credit terms granted by its suppliers. The average credit period granted to Southern Score ranges between 30 days and 60 days. The principal utilisation of these funds has been for Southern Score's business operations.

As at 30 April 2022, Southern Score had no borrowings other than an available banking facility (excluding lease financing) in the form of revolving financing for RM20.0 million from Bank Islam Berhad. The utilisation of the existing bank facility is against the certified claims from the approved subcontractors or supplier invoice(s)/purchase order(s)/delivery order(s) or such other documentary evidence acceptable to Bank Islam Berhad pertaining to the implementation of the construction of the PR1MA Jalan Jubilee project. The PR1MA Jalan Jubilee project had been completed in May 2020, and thus, utilisation of the banking facility for any other construction project is subject to Bank Islam Berhad's approval.

The Board of Southern Score is of the opinion that Southern Score will have adequate working capital to meet its present and foreseeable requirements for at least a period of 12 months from the date of this Circular. This opinion is formed after taking into consideration the following:

- (i) Southern Score's cash and cash equivalents and the funds to be generated from its business;
- (ii) the future plans as set out in Section 7.23 of Appendix III(A) of this Circular; and
- (iii) the net current asset position as at 30 April 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

4.2 Cash flows

The following should be read in conjunction with Section 1.1.3 of this appendix.

Statement of cash flows	FYE 31 December				FPE 30 April	
	2018	2019	2020	2021	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net cash from operating activities	5,889	71,702	1,023	40,871	15,338	7,511
Net cash (used in) / from investing activities	-	(288)	(1,318)	584	910	(45)
Net cash used in financing activities	(5,866)	(65,238)	(3,183)	(40,023)	-	(10,013)
Net increase/(decrease) in cash and cash equivalents	23	6,176	(3,478)	1,432	16,248	(2,547)
Cash and cash equivalents at beginning of financial year	7	30	6,206	2,728	2,728	4,160
Cash and cash equivalents at end of financial year	30	6,206	2,728	4,160	18,976	1,613

There are no legal, financial or economic restrictions on TSPC's (being Southern Score's associate) ability to transfer funds to Southern Score in the form of cash dividends, subject to the availability of distributable reserves, loans or advances in compliance with any applicable financial covenants.

FYE 31 December 2018

Net cash from operating activities

Southern Score recorded net cash inflow from operating activities of RM5.9 million due to cash receipts from its customers which were mainly offset by cash paid to subcontractors, suppliers, staff costs, tax authorities and a related party details of which are as follows:

- (i) Cash receipts amounted to RM34.6 million mainly from the following items:
 - (a) RM33.6 million from PR1MA Jalan Jubilee project; and
 - (b) RM0.5 million tax refund from LHDN.
- (ii) Cash paid amounted to RM28.7 million mainly for the following:
 - (a) RM8.5 million for joint project development costs paid to Platinum Victory Development Sdn Bhd, a related party to Southern Score. This was in relation to the PV 18 Residences project which was initially a joint property development project between Southern Score and Platinum Victory Development Sdn Bhd. Under this arrangement, Southern Score would play the role of co-developer. Subsequently in FYE 31 December 2019, as Southern Score realigned its business focus to construction management, all the joint development costs paid by Southern Score to Platinum Victory Development Sdn Bhd were refunded;

**MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION,
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- (b) RM1.5 million for payment made on behalf of a terminated sub main contractor (i.e. a contractor that Southern Score appointed to carry out main building works for a construction project) of PR1MA Jalan Jubilee project to settle its debts owing to its subcontractors before a newly appointed sub main contractor could take over the site. This amount was subsequently recognised as an additional construction cost to PR1MA Jalan Jubilee project in FYE2020, upon finalisation of cost incurred to-date;
- (c) RM15.6 million for suppliers and subcontractors;
- (d) RM0.5 million for other payables; and
- (e) RM2.4 million for income tax expense.

Net cash from/ (used in) investing activities

Southern Score did not record any net cash from/(used in) investing activities in FYE 31 December 2018.

Net cash used in financing activities

Southern Score recorded net cash outflow for financing activities of RM5.9 million due to the repayment of revolving financing of RM16.1 million and interest paid of RM1.6 million.

The repayment of revolving financing and interest paid were partially offset by the drawdown of the revolving financing facility of RM11.8 million for working capital purposes.

FYE 31 December 2019

Net cash from operating activities

Southern Score recorded net cash inflow from operating activities of RM71.7 million due to cash receipts from its customers and a related party which were mainly offset by cash paid to subcontractors, suppliers, staff costs and tax authorities, details of which are as follows:

- (i) Cash receipts amounted to RM140.2 million mainly from the following items:
 - (a) RM34.8 million from PR1MA Jalan Jubilee project;
 - (b) RM10.0 million from Platinum Teratai Residences project;
 - (c) RM4.9 million from Platinum Arena Residences project;
 - (d) RM12.9 million from Vista Wirajaya 1 @ PV9 Residences project;
 - (e) RM3.5 million from Vista Sentul Residences project (piling works); and

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

- (f) RM72.1 million from the repayment received from Platinum Victory Development Sdn Bhd, being, refund of all joint project development costs in relation to the PV 18 Residences project, as Southern Score strategically realigned its business to focus on construction management for turnkey and main building construction activities. In this respect, Southern Score intends to focus on the provision of professional project management services from the point of project initiation until the completion of construction works.

Subsequent to the refund of all joint project development costs to Southern Score, Platinum Victory Development Sdn Bhd took over the PV 18 Residences project as the sole developer. The project was completed in 2021.

- (ii) Cash paid amounted to RM68.5 million mainly for the following:
- (a) RM60.3 million for suppliers and subcontractors;
 - (b) RM1.5 million for other payables;
 - (c) RM0.7 million for other receivables and prepayments; and
 - (d) RM4.6 million for income tax expense.

Net cash used in investing activities

Southern Score recorded net cash outflow for investing activities of RM0.3 million for the purchase of office furniture and renovation for its then newly rented office in Setapak, Kuala Lumpur which amounted to RM0.1 million and RM0.2 million respectively.

Net cash used in financing activities

Southern Score recorded net cash outflow for financing activities of RM65.2 million due to a dividend payout of RM49.0 million in respect of FYE 31 December 2019 and repayment of revolving financing of RM15.4 million as well as interest paid of RM0.8 million.

FYE 31 December 2020

Net cash from operating activities

Southern Score recorded net cash inflow from operating activities of RM1.0 million due to cash receipts from its customers which were mainly offset by cash paid to subcontractors, suppliers, staff costs, and tax authorities, details of which are as follows:

- (i) Cash receipts amounted to RM104.3 million mainly from the following items:
- (a) RM10.2 million from PR1MA Jalan Jubilee project;
 - (b) RM26.1 million from Platinum Arena Residences project;
 - (c) RM61.8 million from Vista Wirajaya 1 @ PV9 Residences project;

**MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION,
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- (d) RM1.2 million from Vista Sentul Residences project (piling works) and RM3.8 million from Vista Sentul Residences project (main building works); and
- (e) RM1.0 million tax refund from LHDN.
- (ii) Cash paid amounted to RM103.3 million mainly for the following:
 - (a) RM93.1 million for suppliers and subcontractors;
 - (b) RM3.6 million for other payables;
 - (c) RM0.9 million for other receivables and prepayments; and
 - (d) RM5.0 million for income tax expense.

Net cash used in investing activities

Southern Score recorded net cash outflow for investing activities of RM1.3 million for advances to holding company that amounted to RM1.2 million and purchase of computers and equipment of RM0.1 million.

Net cash used in financing activities

Southern Score recorded net cash outflow for financing activities of RM3.2 million due to repayment of revolving financing.

FYE 31 December 2021

Net cash from operating activities

Southern Score recorded net cash inflow from operating activities of RM40.9 million due to cash receipts from its customers which were mainly offset by cash paid to subcontractors, suppliers, staff costs, and tax authorities, details of which are as follows:

- (i) Cash receipts amounted to RM151.0 million mainly from the following items:
 - (a) RM0.1 million from PR1MA Jalan Jubilee project;
 - (b) RM68.1 million from Platinum Arena Residences project;
 - (c) RM32.9 million from Vista Wirajaya 1 @ PV9 Residences project;
 - (d) RM5.9 million from Vista Sentul Residences project (piling works) and RM34.0 million from Vista Sentul Residences project (main building works);
 - (e) RM9.9 million from PV18 Residences project (external road works); and
 - (f) refund of deposits of RM0.1 million.

**MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION,
RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)**

(ii) Cash paid amounted to RM110.1 million mainly for the following:

- (a) RM97.5 million for suppliers and subcontractors;
- (b) RM4.8 million for other payables; and
- (c) RM7.8 million for income tax expense.

Net cash from investing activities

Southern Score recorded net cash inflow from investing activities of RM0.6 million mainly due to the repayment received from Southern Score's holding company of RM1.2 million for the advances to holding company in FYE 31 December 2021.

The increase in cash inflow was offset by:

- (i) RM0.4 million which was used to fund part of the total purchases of RM0.6 million for property, plant and equipment and right-of-use assets comprising 5 motor vehicles amounting to RM0.4 million as well as computers, office furniture and equipment totaling of RM0.2 million; and
- (ii) RM0.3 million was used to acquire TSPC, Southern Score's 35% associate.

Net cash used in financing activities

Southern Score recorded net cash outflow for financing activities of RM40.0 million due to dividend paid of RM40.0 million in respect of FYE 31 December 2020 and 2021.

FPE 30 April 2021

Net cash from operating activities

Southern Score recorded net cash inflow from operating activities of RM15.3 million due to cash receipts from its customers which were mainly offset by cash paid to subcontractors, suppliers, staff costs and tax authorities, details of which are as follows:

- (i) Cash receipts amounted to RM57.3 million from the following items:
 - (a) RM23.4 million from Vista Wirajaya 1 @ PV9 Residences project;
 - (b) RM13.7 million from Vista Sentul Residences project (main building works);
 - (c) RM12.1 million from Platinum Arena Residences project;
 - (d) RM5.6 million from Vista Sentul Residences project (piling works); and
 - (e) RM2.5 million from PV 18 Residences project (external road works).

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

(ii) Cash paid amounted to RM42.0 million for the following:

- (a) RM23.9 million for suppliers and subcontractors;
- (b) RM17.0 million for other payables; and
- (c) RM1.1 million for income tax expense.

Net cash from investing activities

Southern Score recorded net cash inflow from investing activities of RM0.9 million due to the repayment received from Southern Score's holding company of RM1.2 million for the advances to holding company in FPE 30 April 2021.

The increase in cash inflow was offset by purchase of 3 units of motor vehicles for RM0.3 million.

Net cash from/(used in) financing activities

There was no net cash from or used in financing activities for FPE 30 April 2021.

FPE 30 April 2022

Net cash from operating activities

Southern Score recorded net cash inflow from operating activities of RM7.5 million due to cash receipts from its customers which were mainly offset by cash paid to subcontractors, suppliers, staff costs and tax authorities, details of which are as follows:

- (i) Cash receipts amounted to RM59.6 million mainly from the following items:
 - (a) RM35.4 million from Platinum Arena Residences project;
 - (b) RM7.3 million from Vista Wirajaya 1 @ PV9 Residences project; and
 - (c) RM16.9 million from Vista Sentul Residences project (main building works);
- (ii) Cash paid amounted to RM52.1 million mainly for the following:
 - (a) RM46.5 million for suppliers and subcontractors;
 - (b) RM2.5 million for other payables; and
 - (c) RM3.1 million for income tax expense.

Net cash used in investing activities

Southern Score recorded net cash outflow for investing activities of RM45,425 mainly due to purchases of computers, office furniture and equipment as well as renovation.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

Net cash used in financing activities

Southern Score recorded net cash outflow for financing activities of RM10.0 million due to dividend paid of RM10.0 million in respect of FYE 31 December 2021.

4.3 Borrowings

Other than lease liability, Southern Score did not have any outstanding borrowings as at 30 April 2022.

Southern Score has not defaulted on payments of principal sums and/or interests in respect of any borrowings from FYE 31 December 2018 up to the LPD. As at the LPD, Southern Score is not in breach of any terms and conditions or covenants associated with credit arrangements or bank loans which can materially affect Southern Score's financial position and results or business operations, or the investments in Southern Score's securities. Southern Score does not encounter any seasonality in its borrowings trend and there is no restriction on its committed facilities.

4.4 Lease under finance lease arrangement

Southern Score had purchased a new motor vehicle under finance lease arrangement in FYE 31 December 2021. The lease liability is secured, interest-bearing and denominated in RM. Southern Score's total outstanding lease liability as at 30 April 2022 stood at RM0.1 million, details of which are set out below:

Purpose		Tenure	Effective interest rate (%)	As at 30 April 2022 (RM'000)
Interest bearing short-term borrowings, payable within 1 year:				
Lease liability	Purchase of a motor vehicle	1 - 5 year	4.04	34
Interest bearing long-term borrowings, payable after 1 year:				
Lease liability	Purchase of a motor vehicle	1 - 5 year	4.04	115
Total lease liability				149

Southern Score has not defaulted on payments of principal sums and/or interests in respect of the lease from the date of purchase up to the LPD. As at the LPD, Southern Score is not in breach of any terms and conditions within the lease agreement which can materially affect Southern Score's financial position and results or business operations, or the investments in Southern Score's securities.

**MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION,
RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)**

4.5 Type of financial instruments used

As at the LPD, Southern Score does not have any bank borrowings (excluding lease financing as detailed at Section 4.4).

The financial instruments of Southern Score which are used in the ordinary course of business, from an accounting perspective, may include financial assets such as cash and bank balances, trade receivables, other receivables as well as financial liabilities such as trade payables, other payables and bank borrowings.

As at the LPD, Southern Score does not use any financial instruments for hedging purposes.

4.6 Treasury policies and objectives

One of the main treasury responsibilities is to ensure that Southern Score has the liquidity and cash to meet its obligations as they fall due. Southern Score's principal sources of liquidity are its cash and bank balances, borrowings from financial institutions and credit terms granted by its suppliers. Using appropriate governance and policies, it is the responsibility of treasury to identify, quantify, monitor and control the risks (liquidity, interest, currency, credit, legal and regulatory) associated with these activities, using appropriate mitigation techniques.

Southern Score maintains sufficient working capital to finance its operations, coupled with adequate credit facilities to meet anticipated commitments arising from its operational expenditure and financial liabilities. Southern Score's funding policy is to obtain the most suitable form of financing at acceptable costs of funding.

4.7 Material commitment

As at the LPD, Southern Score does not have any material capital commitment that may have a material and adverse impact on Southern Score's financial position.

4.8 Material contingent liabilities

As at the LPD, there is no material contingent liabilities incurred by Southern Score which may have a substantial impact on Southern Score's financial position.

4.9 Material litigation

As at the LPD, Southern Score has not been engaged in any government, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on the financial position or profitability of Southern Score, in the 12 months immediately preceding the date of this Circular.

4.10 Exchange controls

Southern Score has not established any other place of business outside of Malaysia and is not subject to government laws, decrees, regulations or other legislations that may affect the repatriation of capital and remittance of profits by or to Southern Score.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

4.11 Accounting standards issued but not yet effective

For a description of accounting standards issued but are not yet effective, please refer to Note 2.4.2 of the Accountants' Report included in Appendix IV of this Circular.

4.12 Key financial ratios

The key financial ratios of Southern Score for FYE 31 December 2018 to FYE 31 December 2021 as well as FPE 30 April 2022 are as follows:

	FYE 31 December				FPE 30 April
	2018	2019	2020	2021	2022
Trade receivable turnover (days) ⁽¹⁾	137	153	79	49	61
Trade payable turnover (days) ⁽²⁾	129	145	51	36	55
Current ratio (times) ⁽³⁾	1.8	1.2	1.2	1.3	1.3
Gearing ratio (times) ⁽⁴⁾	0.4	0.4	-	-(6)	-(6)
Net gearing ratio (times) ⁽⁵⁾	0.4	-	-	-	-

Notes:

- (1) Computed based on the average trade receivables (excluding retention sums) multiplied by 365 days or 120 days, and divided by total revenue.

	FYE 31 December				FPE 30 April
	2018	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening trade receivables	9,108	32,114	24,090	40,664	36,078
Closing trade receivables	32,114	24,090	40,664	36,078	50,059
Revenue	54,885	66,990	148,808	285,001	84,232
Average trade receivable turnover period (days)	137	153	79	49	61

- (2) Computed based on the average trade payables (excluding accruals and retention sums) multiplied by 365 days or 120 days, and divided by cost of sales.

	FYE 31 December				FPE 30 April
	2018	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening trade payables	2,720	26,906	16,528	16,736	29,840
Closing trade payables	26,906	16,528	16,736	29,840	34,365
Cost of sales	42,000	54,636	119,837	233,438	69,796
Average trade payable turnover period (days)	129	145	51	36	55

- (3) Computed based on current assets divided by current liabilities as at 31 December 2018 to 31 December 2021 and as at 30 April 2022.
- (4) Computed based on the total borrowings divided by total equity as at 31 December 2018 to 31 December 2021 and as at 30 April 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

(5) Computed based on net borrowings (total borrowings net of cash and bank balances) divided by total equity as at 31 December 2018 to 31 December 2021 and as at 30 April 2022.

(6) Negligible.

(a) Trade receivables

The normal credit terms that Southern Score gives its customers are generally within 30 days from the date of invoice, but this may be extended in certain cases after taking into consideration the background and credit-worthiness of the customer, payment history of the customer and relationship with customer.

Southern Score's trade receivables turnover period was computed on the basis of excluding retention sums. Due to the nature of the construction industry, generally, Southern Score's customers are entitled to retain 10.0% of each progress billing as retention sum, up to a maximum of 5.0% of the awarded contract sum. The customer will retain the entire retention sum throughout the contract period until the issuance of CPC, upon which half of the retention sum will be released. The remaining half retention sum will be released to Southern Score at the end of the contracted defect liability period and upon the issuance of the CMGD. As such, the exclusion of the retention sums in the computation of trade receivables turnover period presents a more realistic measure of the average number of days that is required for the collection of debts that are due.

Southern Score's trade receivables turnover period for FYE 31 December 2018 to FYE 31 December 2020 ranged between 79 days and 153 days, which is longer than its general credit terms. Southern Score's trade receivables turnover period increased from 137 days in FYE 31 December 2018 to 153 days in FYE 31 December 2019, mainly due to delay in payment from the PV 18 Residences and PR1MA Jalan Jubilee projects. Further, the additional amount outstanding from its ongoing 5 projects also contributed to the higher trade receivables turnover period of 153 days in FYE 31 December 2019.

Southern Score's trade receivables turnover period subsequently decreased to 79 days in FYE 31 December 2020, an improvement in comparison to the 153 days in FYE 31 December 2019. This improvement was mainly due to tightened policy and procedures on credit control as well as increased collection efforts through close monitoring of outstanding trade receivables and various reminders to customers on their outstanding dues. Southern Score continued these efforts in FYE 31 December 2021 and its trade receivables turnover period further decreased to 49 days in FYE 31 December 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

Southern Score's trade receivables turnover period increased to 61 days in FPE 30 April 2022, mainly due to delay in payment from Vista Wirajaya 1 @ PV9 Residences project and Vista Sentul Residences project. Further, the outstanding amount from Vista Harmoni Residences project and Berlian Setapak 2 Residences project also contributed to the higher trade receivables turnover period of 61 days in FPE 30 April 2022.

The ageing analysis of Southern Score's trade receivables as at 30 April 2022 and the subsequent collections up to the LPD are set out below:

Trade receivables as at 30 April 2022	Within credit period (within 30 days)	Exceeding credit period(days)			Total
	Not past due	31-60	61-90	>90	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Trade receivables	50,573	24,562	9,075	-	84,210
Less: Retention sum	(34,151)		-	-	(34,151)
Net trade receivables	16,422	24,562	9,075	-	50,059
% of total net receivables	32.8	49.1	18.1	-	100.0
Subsequent collections as at the LPD	(16,422)	(24,562)	(9,075)	-	(50,059)
Trade receivables net of subsequent collections	-	-	-	-	-
% of trade receivables net of subsequent collections	-	-	-	-	-

As at 30 April 2022, Southern Score's retention sum amounted to RM34.2 million, of which RM3.9 million was from completed construction project, namely the PR1MA Jalan Jubilee project. The retention sum will be released to Southern Score in accordance to the terms of the contract.

As at the LPD, Southern Score had collected all of the net trade receivables which were outstanding as at 30 April 2022.

Southern Score's management closely monitors the recoverability of the overdue trade receivables on a regular basis, and, when appropriate, provides for specific impairment of these trade receivables. The Board of Southern Score is of the view that the remaining trade receivables are recoverable and no further provision for impairment is required after taking into consideration its relationship with customers as well as its effort to improve collection with various credit control measures to reduce the potential exposure on credit risk.

**MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION,
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(b) Trade payables

Southern Score's normal credit granted by its suppliers ranges from 30 to 60 days. Southern Score did not experience any material disruptions in supplies from its subcontractors and suppliers during FYE 31 December 2018 to FYE 31 December 2021 and FPE 30 April 2022. Retention sums and accruals are excluded in arriving at the trade payables turnover period.

Southern Score's trade payables turnover period for FYEs 31 December 2018, 2019, 2020 and 2021 as well as FPE 30 April 2022 were 129 days, 145 days, 51 days, 36 days and 55 days, respectively. The longer payment periods were due to steps taken by Southern Score to manage its working capital requirements after taking into consideration, amongst others, collections from its customers particularly for FYE 31 December 2018 and 2019 and the established relationships that Southern Score has with its subcontractors and suppliers.

Southern Score's trade payables turnover period rose to 145 days in FYE 31 December 2019 from the 129 days in FYE 31 December 2018, as a result of steps taken by Southern Score to manage its working capital due to slow collections from trade receivables, and hence resulted in a longer period taken for the issuance of payments to subcontractors and suppliers. In FYE 31 December 2020, Southern Score's trade payable turnover period improved significantly to 51 days as a result of improving collections from trade receivables and hence, Southern Score made more prompt payments to subcontractors and suppliers. In FYE 31 December 2021, Southern Score's trade payable turnover period further improved to 36 days arising from the favourable collection received during FYE 31 December 2021 and Southern Score was able to settle outstanding bills in time.

In FPE 30 April 2022, Southern Score's trade payable turnover period increased to 55 days arising from slow collections from trade receivables which subsequently resulted in longer periods taken to pay its subcontractors and suppliers.

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APPENDIX III(B)

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

The ageing analysis of Southern Score's trade payables as at 30 April 2022 and the subsequent payments up to the LPD are set out below:

Trade payables as at 30 April 2022	Within credit period (within 30 days)	Exceeding credit period(days)			Total
	Not past due	31-60	61-90	>90	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Trade payables	54,743	17,635	6,247	49	78,674
Less: Retention sum	(26,303)	-	-	-	(26,303)
Less: Accrued construction costs	(18,006)	-	-	-	(18,006)
Net trade payables	10,434	17,635	6,247	49	34,365
% of total trade payables	30.4	51.3	18.2	0.1	100.0
Subsequent payments as at the LPD	(10,434)	(15,061)	(6,247)	(49)	(31,791)
Trade payables net of subsequent payments	-	2,574	-	-	2,574
% of trade payables net of subsequent payments	-	14.6	-	-	7.5

As at 30 April 2022, Southern Score's retention sum amounted to RM26.3 million, of which RM4,000 of the retention sum has been released to subcontractors up to the LPD. In general, Southern Score will release half of the retention sum to its subcontractors upon the issuance of the CPC, while the remaining half will be released at the end of the defect liability period and upon the issuance of CMGD. Further, RM18.0 million is the accrual provided by Southern Score in relation to the work performed on the construction projects for which Southern Score has yet to receive the corresponding invoices from its subcontractors or suppliers.

As at the LPD, Southern Score had settled RM31.8 million of the total net trade payables which were outstanding as at 30 April 2022. The remaining amount owing to a subcontractor of RM2.6 million shall be settled through an instalment plan that is mutually agreed.

There was no matter in dispute with respect to trade payables, as well as no legal action initiated by any of the suppliers and/or subcontractors to demand for payment for FYE 31 December 2018 to FYE 31 December 2021 as well as FPE 30 April 2022.

(c) Current ratio

Southern Score's current ratio decreased from 1.8 times as at 31 December 2018 to 1.2 times as at 31 December 2019, mainly due to payment of dividends.

As at 31 December 2020, Southern Score's current ratio remained at 1.2 times. This was due to the proportionally similar change in both current assets and current liabilities as at 31 December 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

As at 31 December 2021, Southern Score's current ratio improved to 1.3 times. This was due to higher contract assets as at 31 December 2021.

As at 30 April 2022, Southern Score's current ratio remained at 1.3 times.

(d) Gearing ratio

Southern Score's gearing ratio was maintained at 0.4 times as at 31 December 2018 and 31 December 2019, respectively. As at 31 December 2020, Southern Score's gearing ratio was zero. Southern Score had fully settled its borrowing as at 31 December 2020. As at 31 December 2021, Southern Score's gearing ratio was less than 0.1 times, due to the lease liability of RM0.2 million where Southern Score purchased one unit of motor vehicle under hire purchase arrangement. As at 30 April 2022, Southern Score's gearing ratio remained at less than 0.1 times.

5. Impact of government, economic, fiscal or monetary policies

There was no government, economic, fiscal or monetary policy or factor which had materially affected Southern Score's financial performance from FYE 31 December 2018 to FYE 31 December 2021 as well as FPE 30 April 2022 except for the imposition of the MCO, as detailed in Section 7.22 of Appendix III(A).

Southern Score derives revenue solely from Malaysia. The nature of Southern Score's business and the local construction industry, are subject to prevailing political, economic and regulatory conditions in Malaysia. Any adverse developments in government, economic, fiscal or monetary policies in Malaysia could unfavourably affect Southern Score's financial and business prospects.

6. Impact of inflation

During FYE 31 December 2018 to FYE 31 December 2021 as well as FPE 30 April 2022, Southern Score's financial results were not materially affected by the impact of inflation.

The areas that inflation may affect Southern Score's financial performance include increase in subcontractor costs and construction material costs. Southern Score's Board believes that the fluctuation in these costs would always be within the budgeted costs. However, there is no assurance that Southern Score's financial performance will not be adversely affected by the impact of inflation moving forward.

7. Impact of foreign exchange rates and/or interest rates

(a) Impact of foreign exchange rates

During FYE 31 December 2018 to FYE 31 December 2021 as well as FPE 30 April 2022, Southern Score was not exposed to foreign exchange rate risk.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

(b) Impact of interest rates

Southern Score's exposure to changes in interest rate relates primarily to its borrowings from banks for the FYE 31 December 2018 to 2021 as well as FPE 30 April 2022.

Interest coverage ratio measures the number of times a company can make its interest payments with EBIT. The interest coverage ratio for FYE 31 December 2018 to FYE 31 December 2021 as well as FPE 30 April 2021 and FPE 30 April 2022 is as follows:

	Audited				Unaudited	Audited
	FYE 31 December				FPE 30 April	
	2018	2019	2020	2021	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
EBIT	12,294	9,857	25,498	46,369	18,775	12,593
Finance cost	1,559	827	5	4	-	2
Interest coverage ratio (times) ⁽¹⁾	7.9	11.9	5,099.6	11,592.3	⁽²⁾ -	6,296.5

Notes:

(1) Computed based on EBIT over finance cost.

(2) Not applicable.

Southern Score's interest coverage ratio was between 7.9 times and 11,592.3 times for the FYE 31 December 2018 to FYE 31 December 2021 as well as FPE 30 April 2021 and FPE 30 April 2022 which indicates that Southern Score has been able to generate sufficient profits before interest and tax to meet its interest serving obligations.

Southern Score's financial results for the FYE 31 December 2018 to FYE 31 December 2021 and FPE 30 April 2022 were not materially affected by the fluctuations in interest rates. However, any major increase in interest rates would raise the cost of borrowings and finance costs for Southern Score's working capital, which may have an adverse effect on the performance of Southern Score.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (*Cont'd*)

8. Trend analysis

As at the LPD, after making all reasonable enquiries and to the best of the Board of Southern Score's knowledge and belief, and save as disclosed in Sections 2, 3, and 4 of this appendix, Southern Score's operations have not been and are not expected to be affected by any of the following:

- (i) known trends, demands, commitments, events or uncertainties that have had, or that Southern Score reasonably expects to have, material favourable or unfavourable impact on Southern Score's financial performance, position and operations, liquidity and capital resources, save as disclosed in this section and Section 7 of this appendix, Section 9 of Part A of this Circular and Section 7.22 of Appendix III(A);
- (ii) material commitment for capital expenditure and contingent liabilities, as set out in Sections 4.7 and 4.8 of this appendix;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of Southern Score, save as disclosed in this section and Section 7 of this appendix, Section 9 of Part A of this Circular and Section 7.22 of Appendix III(A);
- (iv) known trends, demands, commitments, events or uncertainties that are reasonably likely to make Southern Score's historical financial statements not indicative of the future financial performance and position, save as disclosed in this section and Section 7 of this appendix, Section 9 of Part A of this Circular and Section 7.22 of Appendix III(A); and
- (v) known trends, demands, commitments, events or uncertainties that have resulted in a material impact on Southern Score's revenue and/or profits, save as disclosed in this section and Section 7 of this appendix, Section 9 of Part A of this Circular and Section 7.22 of Appendix III(A).

The Board of Southern Score is optimistic about the future prospects of Southern Score given Southern Score's competitive strengths set out in Section 7.4 of Appendix III(A) and Southern Score's intention to implement the business strategies as set out in Section 7.23 of Appendix III(A).

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

9. Order book

The unbilled order book of Southern Score relates to the contract value of ongoing projects and less amount billed up to LPD, as the case may be. This unbilled order book will be billed progressively over the next 1 to 4 financial years based on the expected progress of work.

Southern Score's order book as at the LPD is contributed by the following on-going projects:

Project	RM'000
Vista Wirajaya 1 @ PV9 Residences (main building works)	30,708
Platinum Arena Residences (main building works)	41,158
Vista Sentul Residences (main building works)	60,153
Vista Harmoni Residences (turnkey construction service)	123,490
Berlian Setapak 2 Residences (turnkey construction service)	105,162
Residential development project from Magna Sutera Development Sdn Bhd (turnkey construction service)	167,000
Total	527,671

Southern Score's order book as at the LPD, which is expected to be billed over the following financial years is as follows:

	RM'000
FYE 31 December 2022 (from 23 July 2022 to 31 December 2022)	160,155
FYE 31 December 2023	175,611
FYE 31 December 2024	130,900
FYE 31 December 2025	50,795
FYE 31 December 2026	3,285
FYE 31 December 2027	6,925
Total	527,671

As at the LPD, the total value of the projects that Southern Score has tendered for amounts to RM634.3 million, of which Southern Score has received letter of intent for a project valuing RM181.3 million. These projects, if awarded to Southern Score, will further increase its order book.

**MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION,
RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)**
10. Significant changes

Save for the COVID-19 pandemic and as disclosed in Section 7.22 of Appendix III(A), there is no significant changes that have occurred which may have a material effect on the financial position and results of Southern Score subsequent to FPE 30 April 2022 up to the LPD. Please refer to Section 7.22 of Appendix III(A) of this circular for further details on the impact of the COVID-19 pandemic on Southern Score's business and financial performance.

11. Dividend policy

Southern Score presently does not have a fixed dividend policy. However, it is the intention of Southern Score's Board to provide an attractive dividend return to all shareholders as this has been its practice since its incorporation. Southern Score's ability to distribute dividends or make other distributions to its shareholder is subject to various factors such as operating results, profits recorded and excess of funds not required to be retained for working capital of the business. The actual dividend that Southern Score's Directors may recommend or declare in any particular financial year or period will take into consideration the following factors or any other factors deemed relevant by Southern Score's Directors:

- (i) The working capital needs and availability of cash;
- (ii) Southern Score's financial performance and condition;
- (iii) Southern Score's anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans; and
- (iv) the general economic and business conditions.

The dividends declared by the Southern Score for FYEs 31 December 2018, 2019, 2020 and 2021 as well as FPEs 30 April 2021 and 30 April 2022 are as follows:

	FYE 31 December				FPE 30 April	
	2018	2019	2020	2021	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared	-	49,000	15,000	25,000	-	10,000

The dividends declared above were paid and funded via internally generated funds. Southern Score's Board confirms that the dividends are not expected to affect the execution and implementation of Southern Score's future plans and strategies moving forward.

Subsequent to FPE 30 April 2022 and up to the LPD, Southern Score did not declare or pay any dividends.

The level of dividends should also not be treated as an indication of Southern Score's future profitability or ability to pay dividend. There can be no assurance that dividends will be paid out in the future or on the timing of any dividends that are to be paid in the future.

SOUTHERN SCORE SDN BHD
(Registration No: 201001042073 (926001 - X))
(Incorporated in Malaysia)

ACCOUNTANTS' REPORT
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2022
AND FINANCIAL YEARS ENDED 31 DECEMBER 2021, 31
DECEMBER 2020, 31 DECEMBER 2019
AND 31 DECEMBER 2018

GRANT THORNTON MALAYSIA PLT

CHARTERED ACCOUNTANTS

Member Firm of Grant Thornton International Ltd.



Date: 2 August 2022

The Board of Directors
Southern Score Sdn Bhd
No. 21-3, Jalan Melati Utama 2
Taman Melati Utama
Setapak
53100 Kuala Lumpur

Grant Thornton Malaysia PLT

Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

T +603 2692 4022

F +603 2691 5229

Dear Sirs,

Reporting Accountants' Opinion on the Financial Information (as defined herein) Contained in the Accountants' Report of Southern Score Sdn Bhd ("the Company")

Opinion

We have audited the accompanying financial statements ("Financial Information") of the Company which comprise the statement of financial position as at 30 April 2022, 31 December 2021, 31 December 2020, 31 December 2019 and 31 December 2018 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial period ended 30 April 2022 and for the financial years ended 31 December 2021, 31 December 2020, 31 December 2019 and 31 December 2018 and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 49.

In our opinion, the accompanying Financial Information give a true and fair view of the statement financial position of the Company as at 30 April 2022, 31 December 2021, 31 December 2020, 31 December 2019 and 31 December 2018, and of its financial performance and its cash flows for the financial period ended 30 April 2022 and for the financial years ended 31 December 2021, 31 December 2020, 31 December 2019 and 31 December 2018 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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



Responsibilities of the Directors for the Financial Information

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

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

Reporting Accountants' Responsibilities for the Audit of the Financial Information

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

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

- Identify and assess the risks of material misstatement of the Financial Information of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountants' report to the related disclosures in the Financial Information 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 report. However, future events or conditions may cause the Company to cease to continue as a going concern.

**Reporting Accountants' Responsibilities for the Audit of the Financial Information (cont'd)**

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

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

We communicated 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 identified during our audit.

Other Matters

1. The comparative information for the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows and related explanatory notes for the financial period ended 30 April 2021 has not been audited.
2. This report is made solely to the Directors of the Company and to comply with the Prospectus Guidelines, Ace Market Listing Requirements issued by Bursa Malaysia Securities Berhad and Equity Guidelines issued by the Securities Commission Malaysia for inclusion in the Circular of G Neptune Berhad in connection with the proposed acquisition of 100% equity interest held by Super Advantage Property Sdn Bhd in Southern Score Sdn Bhd and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A stylized handwritten signature in black ink.

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

Kuala Lumpur

A stylized handwritten signature in black ink.

LEE LEE PING
(No: 03334/1/2023(J))
CHARTERED ACCOUNTANT

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**SOUTHERN SCORE SDN BHD**

(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2022, 31 DECEMBER 2021, 31 DECEMBER 2020, 31 DECEMBER 2019 AND 31 DECEMBER 2018

	Note	30.4.2022 Audited RM	31.12.2021 Audited RM	31.12.2020 Audited RM	31.12.2019 Audited RM	31.12.2018 Audited RM
ASSETS						
Non-current assets						
Property, plant and equipment	4	816,997	823,878	365,939	295,359	28,234
Investment in an associate	5	257,287	257,983	-	-	-
Total non-current assets		1,074,284	1,081,861	365,939	295,359	28,234
Current assets						
Trade receivables	6	84,209,627	71,251,409	59,770,371	35,297,714	39,950,167
Contract assets	7	17,797,115	21,514,696	16,648,168	3,334,792	-
Other receivables	8	1,021,148	4,611,505	2,738,664	2,500,011	73,902,258
Tax recoverable		-	-	-	1,734,106	-
Cash and bank balances		1,612,546	4,159,649	2,727,061	6,206,081	29,920
Total current assets		104,640,436	101,537,259	81,884,264	49,072,704	113,882,345
TOTAL ASSETS		105,714,720	102,619,120	82,250,203	49,368,063	113,910,579
EQUITY AND LIABILITIES						
Equity						
Share capital	9	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Retained earnings		20,989,494	21,399,299	11,221,516	7,025,034	49,512,023
TOTAL EQUITY		21,989,494	22,399,299	12,221,516	8,025,034	50,512,023
Liabilities						
Non-current liabilities						
Lease liability	10	114,785	126,347	-	-	-
Deferred tax liabilities	11	95,000	68,000	30,000	11,617	4,939
Total non-current liabilities		209,785	194,347	30,000	11,617	4,939
Current liabilities						
Trade payables	12	78,673,645	74,033,807	53,260,833	28,891,041	33,891,156
Contract liability	7	58,585	462,637	-	8,067,582	10,399,694
Other payables	13	718,547	1,356,974	16,112,120	1,195,134	129,553
Borrowing	14	-	-	-	3,177,655	18,588,753
Lease liability	10	34,188	33,690	-	-	-
Tax payable		4,030,476	4,138,366	625,734	-	384,461
Total current liabilities		83,515,441	80,025,474	69,998,687	41,331,412	63,393,617
TOTAL LIABILITIES		83,725,226	80,219,821	70,028,687	41,343,029	63,398,556
TOTAL EQUITY AND LIABILITIES		105,714,720	102,619,120	82,250,203	49,368,063	113,910,579

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

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**SOUTHERN SCORE SDN BHD**

(Incorporated in Malaysia)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIODS ENDED 30 APRIL 2022 AND 30 APRIL 2021 AND FINANCIAL YEARS ENDED 31 DECEMBER 2021, 31 DECEMBER 2020, 31 DECEMBER 2019 AND 31 DECEMBER 2018

	Note	1.1.2022 to 30.4.2022 Audited RM	1.1.2021 to 30.4.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM	1.1.2018 to 31.12.2018 Audited RM
Revenue	15	84,231,517	132,194,290	285,000,645	148,807,528	66,989,924	54,885,336
Cost of sales		<u>(69,795,699)</u>	<u>(111,900,242)</u>	<u>(233,437,452)</u>	<u>(119,836,782)</u>	<u>(54,636,125)</u>	<u>(42,000,203)</u>
Gross profit		14,435,818	20,294,048	51,563,193	28,970,746	12,353,799	12,885,133
Other income		20,484	25,998	4,798	58,692	2,229	500
Administrative expenses		(1,861,259)	(1,544,641)	(5,193,673)	(3,531,760)	(2,499,308)	(592,222)
Finance income	16	35,984	16,431	121,762	19,528	619	421
Finance cost	17	(2,136)	-	(4,145)	(5,420)	(826,708)	(1,559,090)
Share of net loss of an associate		<u>(696)</u>	<u>-</u>	<u>(4,517)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit before tax	18	12,628,195	18,791,836	46,487,418	25,511,786	9,030,631	10,734,742
Tax expense	19	<u>(3,038,000)</u>	<u>(4,510,041)</u>	<u>(11,309,635)</u>	<u>(6,315,304)</u>	<u>(2,517,620)</u>	<u>(2,548,827)</u>
Profit for the financial period/ year/Total comprehensive income for the financial period/year		<u>9,590,195</u>	<u>14,281,795</u>	<u>35,177,783</u>	<u>19,196,482</u>	<u>6,513,011</u>	<u>8,185,915</u>

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

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**SOUTHERN SCORE SDN BHD**

(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIODS ENDED 30 APRIL 2022 AND 30 APRIL 2021 AND FINANCIAL YEARS ENDED 31 DECEMBER 2021, 31 DECEMBER 2020, 31 DECEMBER 2019 AND 31 DECEMBER 2018

	<u>Note</u>	<u>Share capital</u> RM	<u>Retained earnings</u> RM	<u>Total</u> RM
Audited				
At 1 January 2018		1,000,000	41,326,108	42,326,108
Total comprehensive income for the financial year		-	8,185,915	8,185,915
At 31 December 2018		1,000,000	49,512,023	50,512,023
Transaction with owner:-				
Dividends paid	20	-	(49,000,000)	(49,000,000)
Total comprehensive income for the financial year		-	6,513,011	6,513,011
At 31 December 2019		1,000,000	7,025,034	8,025,034
Transaction with owner:-				
Dividend payable	20	-	(15,000,000)	(15,000,000)
Total comprehensive income for the financial year		-	19,196,482	19,196,482
At 31 December 2020		1,000,000	11,221,516	12,221,516
Transaction with owner:-				
Dividend paid	20	-	(25,000,000)	(25,000,000)
Total comprehensive income for the financial year		-	35,177,783	35,177,783
At 31 December 2021		1,000,000	21,399,299	22,399,299
Transaction with owner:-				
Dividend paid	20	-	(10,000,000)	(10,000,000)
Total comprehensive income for the financial period		-	9,590,195	9,590,195
At 30 April 2022		1,000,000	20,989,494	21,989,494
Unaudited				
At 1 January 2021		1,000,000	11,221,516	12,221,516
Total comprehensive income for the financial period		-	14,281,795	14,281,795
At 30 April 2021		1,000,000	25,503,311	26,503,311

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

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**SOUTHERN SCORE SDN BHD**

(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIODS ENDED 30 APRIL 2022 AND 30 APRIL 2021 AND FINANCIAL YEARS ENDED 31 DECEMBER 2021, 31 DECEMBER 2020, 31 DECEMBER 2019 AND 31 DECEMBER 2018

	<u>Note</u>	1.1.2022 to 30.4.2022 Audited RM	1.1.2021 to 30.4.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM	1.1.2018 to 31.12.2018 Audited RM
OPERATING ACTIVITIES							
Profit before tax		12,628,195	18,791,836	46,487,418	25,511,786	9,030,631	10,734,742
Adjustments for:-							
Depreciation of property, plant and equipment		52,306	22,491	103,784	59,868	20,522	12,952
Interest expense		2,136	-	4,145	5,420	826,708	1,559,090
Interest income		(35,984)	(16,431)	(121,762)	(19,528)	(619)	(421)
Share of net loss of an associate		696	-	4,517	-	-	-
Operating profit before working capital changes		12,647,349	18,797,896	46,478,102	25,557,546	9,877,242	12,306,363
Changes in working capital:-							
Receivables		(9,367,861)	(6,769,308)	(14,540,879)	(23,524,310)	76,054,700	(33,192,631)
Contract assets/liability		3,313,529	(843,361)	(4,403,891)	(21,380,958)	(5,666,904)	433,141
Payables		4,001,411	5,301,265	21,017,828	24,286,778	(3,934,534)	28,176,983
Cash generated from operations		10,594,428	16,486,492	48,551,160	4,939,056	76,330,504	7,723,856
Interest received		35,984	16,431	79,208	19,528	619	421
Tax refunded		-	-	-	1,017,987	-	540,097
Tax paid		(3,118,890)	(1,164,342)	(7,759,003)	(4,955,068)	(4,629,509)	(2,375,238)
Net cash from operating activities		7,511,522	15,338,581	40,871,365	1,021,503	71,701,614	5,889,136
INVESTING ACTIVITIES							
Repayment from/ (Advance to) holding company		-	1,187,000	1,187,000	(1,187,000)	-	-
Purchase of property, plant and equipment	A	(45,425)	(276,462)	(382,723)	(130,448)	(287,647)	-
Acquisition of an associate		-	-	(262,500)	-	-	-
Interest received		-	-	42,554	-	-	-
Net cash (used in)/from investing activities		(45,425)	910,538	584,331	(1,317,448)	(287,647)	-

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**SOUTHERN SCORE SDN BHD**

(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIODS ENDED 30 APRIL 2022 AND 30 APRIL 2021 AND FINANCIAL YEARS ENDED 31 DECEMBER 2021, 31 DECEMBER 2020, 31 DECEMBER 2019 AND 31 DECEMBER 2018 (CONT'D)

	Note	1.1.2022 to 30.4.2022 Audited RM	1.1.2021 to 30.4.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM	1.1.2018 to 31.12.2018 Audited RM
FINANCING ACTIVITIES							
Interest paid		(2,136)	-	(4,145)	(5,420)	(826,708)	(1,559,090)
Repayment to a Director		-	-	-	-	-	(3,179)
Repayment of revolving financing		-	-	-	(3,177,655)	(15,411,098)	(16,098,352)
Dividends paid		(10,000,000)	-	(40,000,000)	-	(49,000,000)	-
Drawdown of revolving financing		-	-	-	-	-	11,793,910
Repayment of lease liability		(11,064)	-	(18,963)	-	-	-
Net cash used in financing activities		(10,013,200)	-	(40,023,108)	(3,183,075)	(65,237,806)	(5,866,711)
CASH AND CASH EQUIVALENTS							
Net changes		(2,547,103)	16,249,119	1,432,588	(3,479,020)	6,176,161	22,425
Brought forward		4,159,649	2,727,061	2,727,061	6,206,081	29,920	7,495
Carried forward		1,612,546	18,976,180	4,159,649	2,727,061	6,206,081	29,920

NOTE TO THE STATEMENT OF CASH FLOWS**A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT**

	1.1.2022 to 30.4.2022 Audited RM	1.1.2021 to 30.4.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM	1.1.2018 to 31.12.2018 Audited RM
Total addition	45,425	276,462	561,723	130,448	287,647	-
Purchase through finance lease arrangement	-	-	(179,000)	-	-	-
Cash payment	45,425	276,462	382,723	130,448	287,647	-

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

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**SOUTHERN SCORE SDN BHD**

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 APRIL 2022, 31 DECEMBER 2021, 31 DECEMBER 2020, 31 DECEMBER 2019 AND 31 DECEMBER 2018**1. GENERAL INFORMATION****1.1 Introduction**

This report is made solely to the Directors of the Company and to comply with the Prospectus Guidelines, ACE Market Listing Requirements issued by Bursa Malaysia Securities Berhad and Equity Guidelines - Equity issued by the Securities Commission of Malaysia for inclusion in the Circular of G Neptune Berhad in connection with the proposed acquisition of 100% equity interest held by Super Advantage Property Sdn Bhd in Southern Score Sdn Bhd and for no other purpose.

1.2 Background

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office is located at C-6-12, Streetmall, One South, Jalan OS, Taman Serdang Perdana, Seksyen 6, 43300 Seri Kembangan, Selangor Darul Ehsan. The principal place of business of the Company is located at No. 21-3, Jalan Melati Utama 2, Taman Melati Utama, Setapak, 53100 Kuala Lumpur.

1.3 Principal Activities

The Company is principally engaged in the business of construction, contractors and subcontractors.

There have been no significant changes in the nature of these activities during the financial period/years.

1.4 Auditors

The relevant financial period/years of the audited financial statements used for the purpose of preparation of the financial statements ("Relevant Financial Period/Years") and the auditors are as follows:-

Company	Relevant Financial Period/Years	Auditors
Southern Score Sdn Bhd	Financial period ended 30 April 2022	Grant Thornton Malaysia PLT
	Financial year ended 31 December 2021	Grant Thornton Malaysia PLT
	Financial year ended 31 December 2020	Grant Thornton Malaysia PLT
	Financial year ended 31 December 2019	Grant Thornton Malaysia PLT
	Financial year ended 31 December 2018	Grant Thornton Malaysia PLT

The audited financial statements of Southern Score Sdn Bhd for the Relevant Financial Period/Years reported above were not subject to any audit qualification or modification.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**2.1 Statement of Compliance**

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)****2.2 Basis of Measurement**

The financial statements of the Company are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is 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 is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market takes into account a market participant's ability 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 Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, recognised the use of relevant observable inputs and recognised the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are recognised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

- | | |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| Level 1 | - Quoted (unadjusted) market prices in active markets for identical assets or liabilities. |
| Level 2 | - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable. |
| Level 3 | - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable. |

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting year.

The Company has established control framework in respect of measurement of fair values of financial instruments.

2.3 Functional and Presentation Currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and all values are rounded to the nearest RM except otherwise stated.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)****2.4 MFRSs****2.4.1 Adoption of New Standards/Amendments/Improvements to MFRSs**

The Company has consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

At the beginning of the current financial period, the Company adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2022.

Initial application of the new standards/amendments/improvements to the standards did not have material impact to the financial statements.

2.4.2 Standards Issued but Not yet Effective

The new and amended standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards, if applicable, when they become effective.

MFRSs and Amendments to MFRSs effective 1 January 2023:-

MFRS 17*	Insurance contracts
Amendments to MFRS 17*	Insurance contracts
Amendments to MFRS 17*	Insurance contracts: Initial application of MFRS 17 and MFRS 9 - comparative information
Amendments to MFRS 4*	Insurance contracts: Extension of the temporary exemption from applying MFRS 9
Amendments to MFRS 101	Presentation of financial statements: Classification of liabilities as current or non-current
Amendments to MFRS 101	Presentation of financial statements: Disclosure of accounting policies
Amendments to MFRS 108	Accounting policies, change in accounting estimates and errors - definition of accounting estimates
Amendments to MFRS 112	Income taxes: Deferred tax related to assets and liabilities arising from a single transaction

Amendments to MFRSs - effective date deferred indefinitely:-

Amendments to MFRS 10* and MFRS 128	Consolidated financial statements and investments in associate and joint ventures - Sale or Contribution of assets between an investor and its associate or joint venture
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* Not applicable to Company's operation.

The initial application of the above new and amended standards are not expected to have any financial impact to the financial statements.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**2.5 Significant Accounting Estimates and Judgements**

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

2.5.1 Key Sources of Estimation Uncertainty

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Useful Lives of Depreciable Assets

The management estimates the useful lives of the property, plant and equipment and to be within 5 to 10 years and reviews the useful lives of depreciable assets at each reporting date. The management assesses that the useful lives represent the expected utility of the assets to the Company. Actual results, however, may vary due to change in the expected level of usage and technological developments, which may result in an adjustment to the Company's assets.

Construction Contract

The Company recognises contract revenue based on stage of completion method. The stage of completion is measured by reference to the contract costs incurred up to reporting date as a percentage of total estimated cost for each contract. Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract costs, the profitability of the contracts, including the foreseeable losses, potential claims (variation orders) to owners of the projects and counter claims from subcontractor and liquidated ascertained damages ("LAD") based on expected completion dates of the contracts.

In making this judgement, the Directors took into consideration the current circumstances and relied on input from the Company's project managers, external consultants, where appropriate and past experience. In addition, in determining the provision for LAD to be recorded, the Directors also assessed the ability of the Company to recover from the subcontractors, the potential LAD imposed on the Company by the project owners for delays in projects caused directly by the subcontractor.

Provision for Expected Credit Losses ("ECLs") of Trade Receivables and Contract Assets

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**2.5 Significant Accounting Estimates and Judgements (cont'd)****2.5.1 Key Sources of Estimation Uncertainty (cont'd)**Provision for Expected Credit Losses ("ECLs") of Trade Receivables and Contract Assets (cont'd)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Impairment of Non-financial Assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management make assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Income Taxes/Deferred Tax Liabilities

Significant judgement is involved in determining the Company's 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 Company recognised tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

2.5.2 Significant Management Judgement

There are no significant areas of management judgements in applying the accounting policies that have any significant effect on the amount recognised in the financial statements.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES**

The Company applies the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements, unless otherwise stated.

3.1 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent cost is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of the part of the asset being replaced is derecognised. All other repair and maintenance costs are charged to profit or loss in the period in which they incurred.

Depreciation of property, plant and equipment is computed on the straight-line method based on the estimated useful lives of the various assets. The annual rates of depreciation based on the estimated useful lives of the various classes of depreciable assets are as follows:-

Air conditioner	10%
Computer hardware and software	20%
Furniture and fittings	10%
Office equipment	10%
Renovation	10%
Motor vehicles	20%

Where major parts of an item of plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately.

At each reporting date, the residual values and useful lives of the property, plant and equipment are reviewed, and the effects of any changes are recognised prospectively as a change in accounting estimate.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss in the financial period in which the asset is derecognised.

Leased asset (motor vehicle under lease arrangement) that fulfills the conditions to be recognised as right-of-use asset is presented as right-of-use asset in property, plant and equipment. Refer to accounting policy Note 3.3 to the financial statements on recognition and initial and subsequent measurements of leased asset.

3.2 Investment in an Associate

Associate is entity in which the Company has significant influence, but no control, over its financial and operating policies.

The Company's investment in an associate is accounted for using the equity method. Under the equity method, investment in an associate is carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.2 Investment in an Associate (cont'd)**

The share of the results of an associate is reflected in profit or loss. Any change in other comprehensive income of those investees is presented as part of the Company's other comprehensive income. In addition, where there has been a change recognised directly in the equity of an associate, the Company recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate is eliminated to the extent of the interest in the associate.

When the Company's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the associate.

The financial statements of the associate are prepared as of the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies of the associate in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognise an additional impairment loss on the Company's investment in its associate. The Company determines at each end of the reporting period whether there is any objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the amount in the "share of profit of investments accounted for using the equity method" in profit or loss.

Upon loss of significant influence over the associate, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

3.3 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liability to make lease payments and right-of-use asset representing the right to use the underlying assets.

Right-of-use Asset

The Company recognises right-of-use asset at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability. The cost of right-of-use asset includes the amount of lease liability recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the asset, as follows:-

Motor vehicle	20%
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ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.3 Leases (cont'd)**Company as a Lessee (cont'd)*Right-of-use Asset (cont'd)*

If the ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease Liability

At the commencement date of the lease, the Company recognises lease liability measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term Leases and Leases of Low-value Assets

The Company applies the short-term lease recognition exemption to its short-term leases of office and carpark (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low-value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.4 Financial Instruments

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

3.4.1 Financial AssetsInitial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.4 Financial Instruments (cont'd)****3.4.1 Financial Assets (cont'd)**Initial Recognition and Measurement (cont'd)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- (a) Financial assets at amortised cost (debt instruments);
- (b) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- (c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- (d) Financial assets at fair value through profit or loss.

The Company only has financial assets at amortised cost on its statement of financial position.

Financial Assets at Amortised Cost

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes trade and most of the other receivables and cash and bank balances.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- (a) The rights to receive cash flows from the asset have expired; or
- (b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.4 Financial Instruments (cont'd)****3.4.1 Financial Assets (cont'd)**Derecognition (cont'd)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment

The Company recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECLs). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECLs).

Impairment for Trade Receivables and Contract Assets

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure ECLs, trade receivables and contract assets are grouped into categories. The categories are differentiated by the different business risks and are subject to different credit assessments. Contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company considers the expected credit loss rates for trade receivables as a reasonable approximation of the loss rates for contract assets with similar risk characteristics.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.4 Financial Instruments (cont'd)****3.4.1 Financial Assets (cont'd)**Impairment (cont'd)*Impairment for Financial Assets other than Trade Receivables and Contract Assets*

The Company considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The assessment considers available, reasonable and supportable forward-looking information.

Credit Impaired

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The Company considers a receivable as credit impaired when one or more events that have a detrimental impact on the estimated cash flows have occurred. These instances include adverse changes in the financial capability of the debtor and default or significant delay in payments. However, in certain cases, the Company may also considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

3.4.2 Financial LiabilitiesInitial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent Measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- (a) Financial liabilities at fair value through profit or loss; or
- (b) Financial liabilities at amortised cost.

The Company only has financial liabilities at amortised cost on its statement of financial position.

Financial Liabilities at Amortised Cost

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss.

The Company's financial liabilities include trade and other payables and borrowing which are measured at amortised cost.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.4 Financial Instruments (cont'd)****3.4.2 Financial Liabilities (cont'd)**Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

3.4.3 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.5 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and bank balances which are readily available to known amount of cash and which are subject to an insignificant risk of changes in value.

3.6 Contract Assets and Contract Liabilities

For each contract, contract asset is where the net amount of costs incurred plus recognised profits (less recognised losses) exceeds progress billings. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the net amount is presented as contract liability. Contract liability includes downpayments received from customers and other deferred income where the Company has billed or has collected the payment before the goods are delivered or services are provided to the customers.

Refer to accounting policy Note 3.4.1 to the financial statements on impairment on contract assets.

3.7 Impairment of Non-financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows 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.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.7 Impairment of Non-financial Assets (cont'd)**

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of three periods. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the third year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

3.8 Revenue and Other Income**3.8.1 Revenue Recognition**

Revenue arises mainly from the construction contracts. To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied.

Transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

The control of the promised goods or services may be transferred over time or at a point in time. Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to-date.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.8 Revenue and Other Income (cont'd)****3.8.1 Revenue Recognition (cont'd)****3.8.1.1 Revenue from Construction Contracts**

The revenue from construction contracts is measured at the fixed transaction price agreed under the respective agreements with the project owners net of expected LAD payment, based on the expected value method.

Revenue from construction contract is recognised as and when the control of the asset is transferred to the customer and it is probable that the Company will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Control of the asset is transferred over time if the Company's performance does not create an asset with an alternative use to the Company. The Company has an enforceable right to payment for performance completed to-date. The Company recognises revenue over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The Company recognises revenue from construction contracts over time using the input method, which is based on the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from the contract costs in determining the stage of completion. Such costs are presented as contract assets. Refer to accounting policy Note 3.6 to the financial statements on contract assets and contract liabilities.

3.8.2 Interest Income

Interest income is recognised in the profit or loss on time proportion basis taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Company.

3.9 Tax Expense

Tax expense comprises current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

3.9.1 Current Tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

Current tax is recognised in the statement of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.9 Tax Expense (cont'd)****3.9.2 Deferred Tax**

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting date.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.10 Goods and Services Tax

Goods and services tax ("GST") is a consumption tax based on value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate 6%. Input GST that the Company paid on purchases of business inputs can be deducted from output GST.

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a purchase of assets or services is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item, as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables payables in the statement of financial position.

The Malaysian Government has zero rated the GST effective from 1 June 2018. This mean the GST rate on the supplies of goods or services or on the importation of goods has been revised from 6% to 0% and Sales and Service Tax ("SST") was enacted with effective on 1 September 2018 to replace GST.

The Company's principal business activity business activity is exempted from SST registration.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.11 Employee Benefits Expense**Short-term Employee Benefits

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

Defined Contribution Plan

The Company is required by law to make monthly contributions to the Employees Provident Fund, a statutory defined contribution plan for all their eligible employees, based on certain prescribed rates of the employees' salaries. Once the contributions have been paid, the Company has no further payment obligations. The contributions are recognised as expenses as and when incurred.

3.12 Equity, Reserves and Distribution to Owner

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Retained earnings include all current period and prior years' retained profits.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grants the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Final dividends proposed by the Directors are not accounted for in shareholder's equity as an appropriation of retained earnings, until they have been approved by the shareholder in a general meeting. When these dividends have been approved by the shareholder and declared, they are recognised as a liability.

The distribution of non-cash assets to owner is recognised as a dividend payable when the dividend was approved by shareholder. The dividend payable is measured at the fair value of the shares to be distributed. At the end of the financial year, the Company reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable are recognised in equity. When the Company settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

All transactions with owner of the Company are recorded separately within equity.

3.13 Borrowing Cost

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.13 Borrowing Cost (cont'd)**

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

When the construction of a qualifying asset is completed in parts and each part is capable of being used while construction continues on other parts, capitalisation of borrowing costs shall cease when substantially all the activities necessary to prepare that part of its intended use or sale are completed.

3.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.15 Contingencies**3.15.1 Contingent Liabilities**

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.15.2 Contingent Assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statement of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.16 Related Parties**

A related party is a person or entity that is related to the Company. A related party transaction is a transfer of resources, services or obligations between the Company and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the Company if that person:-
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the holding company or the Company.
- (b) An entity is related to the Company if any of the following conditions applies:-
 - (i) The entity and the Company are members of the same group.
 - (ii) The entity is an associate or joint venture of the Company.
 - (iii) Both the Company and the entity are joint ventures of the same third party.
 - (iv) The Company is a joint venture of a third entity and the other entity is an associate of the same third entity.
 - (v) The entity is a post-employment benefit plan for the benefits of employees of either the Company or an entity related to the Company.
 - (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
 - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the holding company or the Company.
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the holding company or the Company.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

	← Owned assets →					Right-of-use asset		
	Air <u>conditioner</u> RM	Computer hardware and <u>software</u> RM	Furniture and <u>fittings</u> RM	Office <u>equipment</u> RM	<u>Renovation</u> RM	Motor <u>vehicles</u> RM	Motor <u>vehicle</u> RM	<u>Total</u> RM
Cost								
At 1 January 2018/31 December 2018	-	14,180	-	2,268	102,000	-	-	118,448
Addition	30,734	9,690	91,253	-	155,970	-	-	287,647
At 31 December 2019	30,734	23,870	91,253	2,268	257,970	-	-	406,095
Addition	-	82,106	2,280	46,062	-	-	-	130,448
At 31 December 2020	30,734	105,976	93,533	48,330	257,970	-	-	536,543
Addition	31,840	53,626	44,429	30,683	13,081	188,000	200,064	561,723
At 31 December 2021	62,574	159,602	137,962	79,013	271,051	188,000	200,064	1,098,266
Addition	3,310	33,405	5,520	3,190	-	-	-	45,425
At 30 April 2022	65,884	193,007	143,482	82,203	271,051	188,000	200,064	1,143,691
Accumulated depreciation								
At 1 January 2018	-	5,144	-	718	71,400	-	-	77,262
Charge for the financial year	-	2,525	-	227	10,200	-	-	12,952
At 31 December 2018	-	7,669	-	945	81,600	-	-	90,214
Charge for the financial year	768	3,146	2,282	227	14,099	-	-	20,522
At 31 December 2019	768	10,815	2,282	1,172	95,699	-	-	110,736
Charge for the financial year	3,073	17,359	9,220	4,420	25,796	-	-	59,868
At 31 December 2020	3,841	28,174	11,502	5,592	121,495	-	-	170,604
Charge for the financial year	3,604	23,406	10,577	5,597	15,924	14,667	30,009	103,784
At 31 December 2021	7,445	51,580	22,079	11,189	137,419	14,667	30,009	274,388
Charge for the financial period	2,169	11,299	4,645	2,687	5,635	12,533	13,338	52,306
At 30 April 2022	9,614	62,879	26,724	13,876	143,054	27,200	43,347	326,694

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	← Owned assets →					Right-of-use asset		
	Air conditioner RM	Computer hardware and software RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Motor vehicles RM	Motor vehicle RM	Total RM
Net carrying amount								
At 30 April 2022	56,270	130,128	116,758	68,327	127,997	160,800	156,717	816,997
At 31 December 2021	55,129	108,022	115,883	67,824	133,632	173,333	170,055	823,878
At 31 December 2020	26,893	77,802	82,031	42,738	136,475	-	-	365,939
At 31 December 2019	29,966	13,055	88,971	1,096	162,271	-	-	295,359
At 31 December 2018	-	6,511	-	1,323	20,400	-	-	28,234

The above right-of-use asset is under finance lease arrangement and pledged as security for the related lease liability.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**5. INVESTMENT IN AN ASSOCIATE**

	<u>30.4.2022</u> Audited RM	<u>31.12.2021</u> Audited RM	<u>31.12.2020</u> Audited RM	<u>31.12.2019</u> Audited RM	<u>31.12.2018</u> Audited RM
Unquoted shares in Malaysia, at cost	262,500	262,500	-	-	-
Share of net loss of TCS SS Precast Construction Sdn Bhd	(5,213)	(4,517)	-	-	-
	<u>257,287</u>	<u>257,983</u>	<u>-</u>	<u>-</u>	<u>-</u>

The details of the associate are as follows:

Name of company	Effective interest					Principal activities
	<u>30.4.2022</u> %	<u>31.12.2021</u> %	<u>31.12.2020</u> %	<u>31.12.2019</u> %	<u>31.12.2018</u> %	
TCS SS Precast Construction Sdn Bhd	35 [#]	35	-	-	-	Provision of construction service for buildings, infrastructure and civil works.*

[#] Share of net loss based on management account for the financial period ended 30 April 2022.

* The Company has not commenced its business operation.

The summarised financial information of the associate is as follows:

	<u>30.4.2022</u> RM	<u>31.12.2021</u> RM	<u>31.12.2020</u> RM	<u>31.12.2019</u> RM	<u>31.12.2018</u> RM
<u>Financial position</u>					
Current assets	737,770	739,093	-	-	-
Current liability	(2,665)	(2,000)	-	-	-
	<u>735,105</u>	<u>737,093</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Result</u>					
Revenue	-	-	-	-	-
Loss for the financial period/year	(1,988)	(12,907)	-	-	-

The associate has no contingent liability and capital commitment as at the reporting date.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**6. TRADE RECEIVABLES**

	<u>30.4.2022</u> Audited RM	<u>31.12.2021</u> Audited RM	<u>31.12.2020</u> Audited RM	<u>31.12.2019</u> Audited RM	<u>31.12.2018</u> Audited RM
Trade receivables	50,059,205	36,077,891	40,664,727	24,089,876	32,114,241
Retention sum	<u>34,150,422</u>	<u>35,173,518</u>	<u>19,105,644</u>	<u>11,207,838</u>	<u>7,835,926</u>
	<u>84,209,627</u>	<u>71,251,409</u>	<u>59,770,371</u>	<u>35,297,714</u>	<u>39,950,167</u>

The normal credit terms granted to customers are 30 days (31.12.2021, 31.12.2020, 31.12.2019 and 31.12.2018: 30 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables is an amount of RM19,156,923 (31.12.2021: RM20,443,785, 31.12.2020: RM45,852,939, 31.12.2019: RM12,827,389 and 31.12.2018: RM9,954,755) due from companies in which a Director has interest. The said amount is unsecured, interest free and subject to normal trade terms.

Included in trade receivables is an amount of RM51,808,718 (31.12.2021: RM46,889,661, 31.12.2020, 31.12.2019 and 31.12.2018: Nil) due from companies in which a person connects to a Director has interest. The said amount is unsecured, interest free and subject to normal trade terms.

7. CONTRACT ASSETS/(CONTRACT LIABILITY)

	<u>30.4.2022</u> Audited RM	<u>31.12.2021</u> Audited RM	<u>31.12.2020</u> Audited RM	<u>31.12.2019</u> Audited RM	<u>31.12.2018</u> Audited RM
Contract assets -					
Current					
- Construction contracts	<u>17,797,115</u>	<u>21,514,696</u>	<u>16,648,168</u>	<u>3,334,792</u>	<u>-</u>
Contract liability -					
Current					
- Construction contract	<u>(58,585)</u>	<u>(462,637)</u>	<u>-</u>	<u>(8,067,582)</u>	<u>(10,399,694)</u>

The contract assets primarily relate to the Company's rights to consideration for work completed on construction contracts but not yet billed at the reporting date. Typically, the amount will be billed once the subcontractors' works have been inspected by customer's quantity surveyor and payment is expected within 30 days.

Contract liability consists of advance billings in excess of revenue recognised, typically resulting from the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect the physical completion of the contracts.

	<u>30.4.2022</u> Audited RM	<u>31.12.2021</u> Audited RM	<u>31.12.2020</u> Audited RM	<u>31.12.2019</u> Audited RM	<u>31.12.2018</u> Audited RM
Contract liability at the beginning of the year recognised as revenue	<u>462,637</u>	<u>-</u>	<u>8,067,582</u>	<u>10,399,694</u>	<u>9,966,553</u>

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**7. CONTRACT ASSETS/(CONTRACT LIABILITY) (CONT'D)**

As at the reporting date, revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) of the Company is RM364,546,445 (31.12.2021: RM338,777,962, 31.12.2020: RM508,190,548, 31.12.2019: RM495,090,817 and 31.12.2018: RM30,344,071). The Company expects to recognise this revenue over the next 38 months (31.12.2021: 40 months, 31.12.2020, 31.12.2019: 36 months and 31.12.2018: 24 months).

8. OTHER RECEIVABLES

	<u>30.4.2022</u>	<u>31.12.2021</u>	<u>31.12.2020</u>	<u>31.12.2019</u>	<u>31.12.2018</u>
	Audited	Audited	Audited	Audited	Audited
	RM	RM	RM	RM	RM
Amount due from a company in which a Director has interest	-	-	-	-	72,085,795
Amount due from holding company	-	-	1,187,000	-	-
Non-trade receivables	343,264	3,963,283	449,338	1,941,554	1,467,209
Deposits	98,077	56,931	123,643	113,167	90,092
Prepayments	579,807	591,291	978,683	445,290	48,870
GST recoverable	-	-	-	-	210,292
	<u>1,021,148</u>	<u>4,611,505</u>	<u>2,738,664</u>	<u>2,500,011</u>	<u>73,902,258</u>

Amount due from a company in which a Director has interest was non-trade in nature, unsecured, interest free and repayable on demand.

Amount due from holding company was non-trade in nature, unsecured, repayable on demand and bears interest at the rate of Nil (31.12.2021: 3.94%, 31.12.2020, 31.12.2019 and 31.12.2018: Nil) per annum.

In financial year ended 31.12.2020, included in deposits are marginal deposits pledged to a licensed bank amounted to RM58,300 (31.12.2019: RM58,300 and 31.12.2018: RM20,000) for banking facility granted to the Company.

9. SHARE CAPITAL

	<u>30.4.2022</u>	<u>31.12.2021</u>	<u>31.12.2020</u>	<u>31.12.2019</u>	<u>31.12.2018</u>
	Audited	Audited	Audited	Audited	Audited
	RM	RM	RM	RM	RM
Issued and fully paid with no par value:-					
1,000,000 units of ordinary shares	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**10. LEASE LIABILITY**

	<u>30.4.2022</u> Audited RM	<u>31.12.2021</u> Audited RM	<u>31.12.2020</u> Audited RM	<u>31.12.2019</u> Audited RM	<u>31.12.2018</u> Audited RM
<u>Current</u>					
- less than 1 year	34,188	33,690	-	-	-
<u>Non-current</u>					
- between 1 to 5 years	114,785	126,347	-	-	-
	<u>148,973</u>	<u>160,037</u>	<u>-</u>	<u>-</u>	<u>-</u>

The lease liability is secured by:-

- i) The related asset acquired under the finance lease arrangement; and
- ii) Personal guarantee by a Director of the Company.

The expenses relating to payments not included in the measurement of lease liability are as follows:-

	<u>1.1.2022</u> to <u>30.4.2022</u> Audited RM	<u>1.1.2021</u> to <u>30.4.2021</u> Unaudited RM	<u>1.1.2021</u> to <u>31.12.2021</u> Audited RM	<u>1.1.2020</u> to <u>31.12.2020</u> Audited RM	<u>1.1.2019</u> to <u>31.12.2019</u> Audited RM	<u>1.1.2018</u> to <u>31.12.2018</u> Audited RM
Short-term leases	33,600	14,100	58,600	41,300	18,000	-
Lease of low-value assets	<u>3,000</u>	<u>3,000</u>	<u>9,000</u>	<u>8,300</u>	<u>2,240</u>	<u>1,600</u>

The total cash outflow for leases of the Company are as follows:-

	<u>1.1.2022</u> to <u>30.4.2022</u> Audited RM	<u>1.1.2021</u> to <u>30.4.2021</u> Unaudited RM	<u>1.1.2021</u> to <u>31.12.2021</u> Audited RM	<u>1.1.2020</u> to <u>31.12.2020</u> Audited RM	<u>1.1.2019</u> to <u>31.12.2019</u> Audited RM	<u>1.1.2018</u> to <u>31.12.2018</u> Audited RM
Total cash outflows for leases	<u>49,800</u>	<u>17,100</u>	<u>90,700</u>	<u>49,600</u>	<u>20,240</u>	<u>1,600</u>

The lease liability of the Company bears interest at rate of 4.04% (31.12.2021: 4.04%, 31.12.2020, 31.12.2019 and 31.12.2018: Nil) per annum.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**11. DEFERRED TAX LIABILITIES**

	<u>30.4.2022</u> Audited RM	<u>31.12.2021</u> Audited RM	<u>31.12.2020</u> Audited RM	<u>31.12.2019</u> Audited RM	<u>31.12.2018</u> Audited RM
At beginning of financial year	68,000	30,000	11,617	4,939	7,746
Recognised in profit or loss	<u>27,000</u>	<u>38,000</u>	<u>18,383</u>	<u>6,678</u>	<u>(2,807)</u>
At end of financial period/year	<u>95,000</u>	<u>68,000</u>	<u>30,000</u>	<u>11,617</u>	<u>4,939</u>

The components of deferred tax liabilities are made up of temporary difference arising from property, plant and equipment.

12. TRADE PAYABLES

	<u>30.4.2022</u> Audited RM	<u>31.12.2021</u> Audited RM	<u>31.12.2020</u> Audited RM	<u>31.12.2019</u> Audited RM	<u>31.12.2018</u> Audited RM
Trade payables	34,364,459	29,840,203	16,735,613	16,527,451	26,906,848
Accrued construction costs	18,006,273	15,925,743	22,868,337	7,420,140	4,430,628
Retention sum	<u>26,302,913</u>	<u>28,267,861</u>	<u>13,656,883</u>	<u>4,943,450</u>	<u>2,553,680</u>
	<u>78,673,645</u>	<u>74,033,807</u>	<u>53,260,833</u>	<u>28,891,041</u>	<u>33,891,156</u>

The normal credit terms granted by the suppliers are 30 to 60 days (31.12.2021, 31.12.2020, 31.12.2019 and 31.12.2018: 30 to 60 days). The retention sums are repayable upon the expiry of the defects liability period.

13. OTHER PAYABLES

	<u>30.4.2022</u> Audited RM	<u>31.12.2021</u> Audited RM	<u>31.12.2020</u> Audited RM	<u>31.12.2019</u> Audited RM	<u>31.12.2018</u> Audited RM
Dividend payable	-	-	15,000,000	-	-
Non-trade payables	149,003	117,317	34,565	223,009	-
Accruals	<u>569,544</u>	<u>1,239,657</u>	<u>1,077,555</u>	<u>972,125</u>	<u>129,553</u>
	<u>718,547</u>	<u>1,356,974</u>	<u>16,112,120</u>	<u>1,195,134</u>	<u>129,553</u>

Included in non-trade payables is an amount of Nil (31.12.2021: Nil and 31.12.2020: RM5,876, 31.12.2019: RM50 and 31.12.2018: Nil) due to companies in which a Director has interest. The said amount is unsecured, interest free and repayable on demand.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**14. BORROWING**

	<u>30.4.2022</u> Audited RM	<u>31.12.2021</u> Audited RM	<u>31.12.2020</u> Audited RM	<u>31.12.2019</u> Audited RM	<u>31.12.2018</u> Audited RM
Secured:-					
Revolving financing	-	-	-	3,177,655	18,588,753

- (a) Irrevocable Letter of Instruction and Letter of Undertaking from the Company to remit all the contract proceeds directly into the Non-checking Current Account maintained with the Bank;
 (b) Joint and several guarantee given by a Director and a former Director of the Company; and
 (c) Corporate guarantee by a related party.

The interest rate for the borrowing is Nil (31.12.2021: Nil, 31.12.2020: 7.72%, 31.12.2019: 7.72% to 7.98% and 31.12.2018: 7.60% to 7.85%) per annum.

15. REVENUE

	<u>1.1.2022</u> to <u>30.4.2022</u> Audited RM	<u>1.1.2021</u> to <u>30.4.2021</u> Unaudited RM	<u>1.1.2021</u> to <u>31.12.2021</u> Audited RM	<u>1.1.2020</u> to <u>31.12.2020</u> Audited RM	<u>1.1.2019</u> to <u>31.12.2019</u> Audited RM	<u>1.1.2018</u> to <u>31.12.2018</u> Audited RM
Revenue recognised over time						
- Construction	84,231,517	132,194,290	285,000,645	148,807,528	66,989,924	54,885,336

16. FINANCE INCOME

	<u>1.1.2022</u> to <u>30.4.2022</u> Audited RM	<u>1.1.2021</u> to <u>30.4.2021</u> Unaudited RM	<u>1.1.2021</u> to <u>31.12.2021</u> Audited RM	<u>1.1.2020</u> to <u>31.12.2020</u> Audited RM	<u>1.1.2019</u> to <u>31.12.2019</u> Audited RM	<u>1.1.2018</u> to <u>31.12.2018</u> Audited RM
Bank interest received	35,984	16,431	79,208	19,528	619	421
Interest received from holding company	-	-	42,554	-	-	-
	<u>35,984</u>	<u>16,431</u>	<u>121,762</u>	<u>19,528</u>	<u>619</u>	<u>421</u>

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**17. FINANCE COST**

	1.1.2022 to 30.4.2022 Audited RM	1.1.2021 to 30.4.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM	1.1.2018 to 31.12.2018 Audited RM
Revolving financing	-	-	-	5,420	826,708	1,559,090
Lease liability	2,136	-	4,137	-	-	-
Other	-	-	8	-	-	-
	<u>2,136</u>	<u>-</u>	<u>4,145</u>	<u>5,420</u>	<u>826,708</u>	<u>1,559,090</u>

18. PROFIT BEFORE TAX

Profit before tax has been determined after charging, amongst others, the following items:-

	1.1.2022 to 30.4.2022 Audited RM	1.1.2021 to 30.4.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM	1.1.2018 to 31.12.2018 Audited RM
Auditors' remuneration						
- current year	35,000	-	50,000	35,000	6,000	6,000
- under provision in prior financial year	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>-</u>

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

19. TAX EXPENSE

	1.1.2022 to <u>30.4.2022</u> Audited RM	1.1.2021 to <u>30.4.2021</u> Unaudited RM	1.1.2021 to <u>31.12.2021</u> Audited RM	1.1.2020 to <u>31.12.2020</u> Audited RM	1.1.2019 to <u>31.12.2019</u> Audited RM	1.1.2018 to <u>31.12.2018</u> Audited RM
Current tax						
- Current period/year	3,011,000	4,510,041	11,231,000	6,105,000	2,136,958	2,551,800
- Under/(Over) provision in prior financial year	-	-	40,635	191,921	373,984	(166)
	<u>3,011,000</u>	<u>4,510,041</u>	<u>11,271,635</u>	<u>6,296,921</u>	<u>2,510,942</u>	<u>2,551,634</u>
Deferred tax						
- Current period/year	27,000	-	37,000	5,000	6,280	(2,807)
- Under recognised in prior financial year	-	-	1,000	13,383	398	-
	<u>27,000</u>	<u>-</u>	<u>38,000</u>	<u>18,383</u>	<u>6,678</u>	<u>(2,807)</u>
	<u><u>3,038,000</u></u>	<u><u>4,510,041</u></u>	<u><u>11,309,635</u></u>	<u><u>6,315,304</u></u>	<u><u>2,517,620</u></u>	<u><u>2,548,827</u></u>

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**19. TAX EXPENSE (CONT'D)**

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

	1.1.2022 to <u>30.4.2022</u> Audited RM	1.1.2021 to <u>30.4.2021</u> Unaudited RM	1.1.2021 to <u>31.12.2021</u> Audited RM	1.1.2020 to <u>31.12.2020</u> Audited RM	1.1.2019 to <u>31.12.2019</u> Audited RM	1.1.2018 to <u>31.12.2018</u> Audited RM
Profit before tax	<u>12,628,195</u>	<u>18,791,836</u>	<u>46,487,418</u>	<u>25,511,786</u>	<u>9,030,631</u>	<u>10,734,742</u>
Tax at statutory tax rate of 24%	3,030,767	4,510,041	11,156,980	6,122,829	2,167,351	2,576,338
Tax effects in respects of:-						
Non-deductible expenses for tax purposes	7,233	-	111,020	29,171	10,887	2,655
Change in tax rate for the first tranche of chargeable income	-	-	-	(42,000)	(35,000)	(30,000)
Under recognised of deferred tax liabilities in prior financial year	-	-	1,000	13,383	398	-
Under/(Over) provision of tax expense in prior financial year	-	-	40,635	191,921	373,984	(166)
	<u>3,038,000</u>	<u>4,510,041</u>	<u>11,309,635</u>	<u>6,315,304</u>	<u>2,517,620</u>	<u>2,548,827</u>

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**20. DIVIDENDS**

	1.1.2022 to <u>30.4.2022</u> Audited RM	1.1.2021 to <u>30.4.2021</u> Unaudited RM	1.1.2021 to <u>31.12.2021</u> Audited RM	1.1.2020 to <u>31.12.2020</u> Audited RM	1.1.2019 to <u>31.12.2019</u> Audited RM	1.1.2018 to <u>31.12.2018</u> Audited RM
<u>In respect of the financial year ended 31 December 2018</u>						
- First interim dividend of RM20 per share declared on 1 April 2019 and paid on 30 April 2019	-	-	-	-	20,000,000	-
- Second interim dividend of RM29 per share declared on 12 June 2019 and paid on 12 July 2019	-	-	-	-	29,000,000	-
<u>In respect of the financial year ended 31 December 2020</u>						
- First interim dividend of RM15 per share declared on 30 December 2020 and paid on 8 January 2021	-	-	-	15,000,000	-	-
<u>In respect of the financial year ended 31 December 2021</u>						
- First interim dividend of RM25 per share declared on 24 June 2021 and paid on 29 June 2021	-	-	25,000,000	-	-	-
- Second interim dividend of RM10 per share declared on 15 February 2022 and paid on 18 February 2022	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>10,000,000</u>	<u>-</u>	<u>25,000,000</u>	<u>15,000,000</u>	<u>49,000,000</u>	<u>-</u>

The Directors do not recommend any final dividend for all financial periods/years.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**21. EMPLOYEE BENEFITS EXPENSE**

	1.1.2022 to 30.4.2022 Audited RM	1.1.2021 to 30.4.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM	1.1.2018 to 31.12.2018 Audited RM
<u>Staffs' remuneration</u>						
Salaries, wages and other emoluments	1,245,251	960,062	3,008,982	2,768,864	2,035,494	456,519
Defined contribution plan	113,956	90,774	434,982	407,622	296,637	52,542
Social security contribution	7,674	6,065	19,740	18,370	12,909	4,337
	<u>1,366,881</u>	<u>1,056,901</u>	<u>3,463,704</u>	<u>3,194,856</u>	<u>2,345,040</u>	<u>513,398</u>
<u>Directors' remuneration</u>						
Salaries, wages and other emoluments	242,400	240,000	720,000	-	-	-
Defined contribution plan	28,800	28,800	86,400	-	-	-
Social security contribution	923	924	2,770	-	-	-
	<u>272,123</u>	<u>269,724</u>	<u>809,170</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,639,004</u>	<u>1,326,625</u>	<u>4,272,874</u>	<u>3,194,856</u>	<u>2,345,040</u>	<u>513,398</u>

22. RELATED PARTY DISCLOSURES

- (a) In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other related party transactions.

	1.1.2022 to 30.4.2022 Audited RM	1.1.2021 to 30.4.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM	1.1.2018 to 31.12.2018 Audited RM
Progress billing and retention sum issued to companies in which a Director has interest	33,529,977	131,413,200	195,200,266	125,824,847	34,119,114	9,954,755

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**22. RELATED PARTY DISCLOSURES (CONT'D)**

- (a) In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other related party transactions (cont'd).

	1.1.2022 to <u>30.4.2022</u> Audited RM	1.1.2021 to <u>30.4.2021</u> Unaudited RM	1.1.2021 to <u>31.12.2021</u> Audited RM	1.1.2020 to <u>31.12.2020</u> Audited RM	1.1.2019 to <u>31.12.2019</u> Audited RM	1.1.2018 to <u>31.12.2018</u> Audited RM
Progress billing and retention sum issued to companies in which a person connected to a Director has interest	44,689,046	-	85,479,960	-	-	-
Motor vehicles purchase from a company in which a Director has interest	-	72,000	72,000	-	-	-
Dividends paid to former holding company	-	-	-	-	44,100,000	-
Dividends paid to Directors	-	-	-	-	4,900,000	-
Dividend paid/payable to holding company	10,000,000	-	25,000,000	15,000,000	-	-
Interest income charged to holding company	-	-	42,554	-	-	-
Management fee paid to company in which a Director has interest	-	-	3,308	-	-	-

- (b) The outstanding balances arising from the related party transactions as at the reporting date are disclosed in Notes 6, 8 and 13 to the financial statements.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**22. RELATED PARTY DISCLOSURES (CONT'D)**

- (c) Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly and entity that provides key management personnel services to the Company.

Key management includes all the Directors and certain members of senior management of the Company. The remuneration paid to the Directors during the financial period/year are disclosed in Note 21 to the financial statements and the remuneration paid to certain members of key management personnel are as follow:-

	1.1.2022 to <u>30.4.2022</u> Audited RM	1.1.2021 to <u>30.4.2021</u> Unaudited RM	1.1.2021 to <u>31.12.2021</u> Audited RM	1.1.2020 to <u>31.12.2020</u> Audited RM	1.1.2019 to <u>31.12.2019</u> Audited RM	1.1.2018 to <u>31.12.2018</u> Audited RM
Salaries, wages and other emoluments	856,454	850,867	1,404,300	1,390,300	473,200	-
Defined contribution plan	149,252	148,012	241,428	152,933	50,127	-
Social security contribution	<u>1,231</u>	<u>1,231</u>	<u>3,694</u>	<u>1,327</u>	<u>774</u>	<u>-</u>
	<u>1,006,937</u>	<u>1,000,110</u>	<u>1,649,422</u>	<u>1,544,560</u>	<u>524,101</u>	<u>-</u>

23. FINANCIAL INSTRUMENTS**Categories of Financial Instruments**

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities measured at amortised cost.

	<u>30.4.2022</u> Audited RM	<u>31.12.2021</u> Audited RM	<u>31.12.2020</u> Audited RM	<u>31.12.2019</u> Audited RM	<u>31.12.2018</u> Audited RM
Financial assets					
Trade receivables	84,209,627	71,251,409	59,770,371	35,297,714	39,950,167
Other receivables	441,341	4,020,214	1,759,981	2,054,721	73,643,096
Cash and bank balances	<u>1,612,546</u>	<u>4,159,649</u>	<u>2,727,061</u>	<u>6,206,081</u>	<u>29,920</u>
	<u>86,263,514</u>	<u>79,431,272</u>	<u>64,257,413</u>	<u>43,558,516</u>	<u>113,623,183</u>
Financial liabilities					
Trade payables	78,673,645	74,033,807	53,260,833	28,891,041	33,891,156
Other payables	718,547	1,356,974	16,112,120	1,195,134	129,553
Borrowing	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,177,655</u>	<u>18,588,753</u>
	<u>79,392,192</u>	<u>75,390,781</u>	<u>69,372,953</u>	<u>33,263,830</u>	<u>52,609,462</u>

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**23. FINANCIAL INSTRUMENTS (CONT'D)****Financial Risk Management**

The Company is exposed to financial risks arising from its operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of the Company's business whilst managing its credit risk, liquidity risk and interest rate risk. The Company operates within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Company and the policies of the Company in respect of the major areas of treasury activities are set out as follows:-

(a) Credit Risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Company's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Company does not expect to incur material credit losses on its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Company does not offer credit terms without the approval of the management.

The areas where the Company is exposed to credit risk are as follows:-

Receivables

The net carrying amount of receivables is considered a reasonable approximate of fair value.

With a credit policy in place to ensure the credit risk is monitored on an on-going basis, the management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of the receivables are regular customers that have been transacting with the Company. The Company uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually.

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Company. None of the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial period/year.

Trade receivables of RM33,636,695 (31.12.2021: RM8,616,090, 31.12.2020: RM21,985,832, 31.12.2019: RM13,631,618 and 31.12.2018: RM22,895,931) were past due but not impaired. The Directors are of the opinion that the receivables are collectible in view of long-term business relationship with the customers and no recent history of default.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**23. FINANCIAL INSTRUMENTS (CONT'D)****Financial Risk Management (cont'd)**

The main areas of financial risks faced by the Company and the policies of the Company in respect of the major areas of treasury activities are set out as follows (cont'd):-

(a) Credit Risk (cont'd)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on overall past trend payments of the customers, financial performance of each individual customer and base lending rate and gross domestic product rate. All of these customers have low risk of default. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

None of the Company's financial assets are secured by collateral or other credit enhancement.

Set out below is the information about the credit risk exposure and ECLs on the Company's trade receivables and contract assets which are grouped together as they are expected to have similar risk nature:-

		Days past due				
	Current	1 to	31 to	61 to	More than	Total
	RM	30 days	60 days	90 days	90 days	RM
		RM	RM	RM	RM	
Audited						
30.4.2022						
Trade receivables	50,572,932	24,562,287	9,074,408	-	-	84,209,627
Contract assets	17,797,115	-	-	-	-	17,797,115
Audited						
31.12.2021						
Trade receivables	62,635,319	8,616,090	-	-	-	71,251,409
Contract assets	21,514,696	-	-	-	-	21,514,696
Audited						
31.12.2020						
Trade receivables	37,784,539	2,849,695	1,243,643	1,473,631	16,418,863	59,770,371
Contract assets	16,648,168	-	-	-	-	16,648,168
Audited						
31.12.2019						
Trade receivables	21,666,096	2,656,429	6,074,530	661,363	4,239,296	35,297,714
Contract assets	3,334,792	-	-	-	-	3,334,792
Audited						
31.12.2018						
Trade receivables	17,054,236	5,931,527	4,416,804	4,291,535	8,256,065	39,950,167

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**23. FINANCIAL INSTRUMENTS (CONT'D)****Financial Risk Management (cont'd)**

The main areas of financial risks faced by the Company and the policies of the Company in respect of the major areas of treasury activities are set out as follows (cont'd):-

(a) Credit Risk (cont'd)

In respect of trade receivables, the Company is subject to significant credit risk exposure to a single counterparty or a group of counterparties having similar characteristics, as disclosed below:-

	RM	%
Audited		
<u>30.4.2022</u>		
Trade receivables (Top 3 customers)	70,965,641	84
Non-trade receivables (Top 2 debtors)	343,264	100
Contract assets (Top 3 customers)	<u>14,918,216</u>	<u>84</u>
Audited		
<u>31.12.2021</u>		
Trade receivables (Top 3 customers)	67,333,446	95
Non-trade receivables (Top 3 debtors)	3,963,283	100
Contract assets (Top 2 customers)	<u>19,955,502</u>	<u>93</u>
Audited		
<u>31.12.2020</u>		
Trade receivables (Top 3 customers)	48,063,041	80
Non-trade receivables (Top 1 debtor)	1,187,000	73
Contract assets (Top 2 customers)	<u>15,121,342</u>	<u>91</u>
Audited		
<u>31.12.2019</u>		
Trade receivables (Top 3 customers)	30,219,332	86
Non-trade receivables (Top 2 debtors)	1,879,099	97
Contract assets (Top 2 customers)	<u>3,321,670</u>	<u>100</u>
Audited		
<u>31.12.2018</u>		
Trade receivables (Top 2 customers)	39,950,167	100
Non-trade receivables (Top 1 debtor)	<u>72,085,795</u>	<u>98</u>

Intercompany Balance

The Company provides unsecured advances to holding company and monitors the results of the holding company regularly.

As at the end of the reporting date, there was no indication that the carrying amount of amount due from holding company is not recoverable.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**23. FINANCIAL INSTRUMENTS (CONT'D)****Financial Risk Management (cont'd)**

The main areas of financial risks faced by the Company and the policies of the Company in respect of the major areas of treasury activities are set out as follows (cont'd):-

(a) Credit Risk (cont'd)Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings and have no history of default. Consequently, the Company is of the view that the allowance is not material and hence, it is not provided for.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when they fall due as a result of shortage of funds.

In managing its exposures to liquidity risk arises principally from its various payables, borrowing and lease liability, the Company maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as and when they fall due.

The Company aims at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

The summary of the maturity profile based on contractual undiscounted repayment obligations of non-derivative financial liabilities are as follows:-

	Carrying amount RM	Total contractual cash flows RM	Current Less than 1 year RM	Non-current 1 to 5 years RM
Audited				
30.4.2022				
Lease liability	148,973	161,674	39,600	122,074
Trade payables	78,673,645	78,673,645	78,673,645	-
Other payables	718,547	718,547	718,547	-
	<u>79,541,165</u>	<u>79,553,866</u>	<u>79,431,792</u>	<u>122,074</u>
Audited				
31.12.2021				
Lease liability	160,037	174,874	39,600	135,274
Trade payables	74,033,807	74,033,807	74,033,807	-
Other payables	1,356,974	1,356,974	1,356,974	-
	<u>75,550,818</u>	<u>75,565,655</u>	<u>75,430,381</u>	<u>135,274</u>

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**23. FINANCIAL INSTRUMENTS (CONT'D)****Financial Risk Management (cont'd)**

The main areas of financial risks faced by the Company and the policies of the Company in respect of the major areas of treasury activities are set out as follows (cont'd):-

(b) Liquidity Risk (cont'd)

The summary of the maturity profile based on contractual undiscounted repayment obligations of non-derivative financial liabilities are as follows (cont'd):-

	Carrying amount RM	Total contractual cash flows RM	Current Less than 1 year RM	Non-current 1 to 5 years RM
Audited				
31.12.2020				
Trade payables	53,260,833	53,260,833	53,260,833	-
Other payables	16,112,120	16,112,120	16,112,120	-
	<u>69,372,953</u>	<u>69,372,953</u>	<u>69,372,953</u>	<u>-</u>
Audited				
31.12.2019				
Borrowing	3,177,655	3,177,655	3,177,655	-
Trade payables	28,891,041	28,891,041	28,891,041	-
Other payables	1,195,134	1,195,134	1,195,134	-
	<u>33,263,830</u>	<u>33,263,830</u>	<u>33,263,830</u>	<u>-</u>
Audited				
31.12.2018				
Borrowing	18,588,753	18,588,753	18,588,753	-
Trade payables	33,891,156	33,891,156	33,891,156	-
Other payables	129,553	129,553	129,553	-
	<u>52,609,462</u>	<u>52,609,462</u>	<u>52,609,462</u>	<u>-</u>

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of financial liabilities at the reporting date.

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Company's variable rate borrowing is exposed to a risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**23. FINANCIAL INSTRUMENTS (CONT'D)****Financial Risk Management (cont'd)**

The main areas of financial risks faced by the Company and the policies of the Company in respect of the major areas of treasury activities are set out as follows (cont'd):-

(c) Interest Rate Risk (cont'd)

The Company's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Company targets a mix of fixed and floating debt based on assessment of its existing exposure and desired interest rate profile.

	<u>30.4.2022</u> Audited RM	<u>31.12.2021</u> Audited RM	<u>31.12.2020</u> Audited RM	<u>31.12.2019</u> Audited RM	<u>31.12.2018</u> Audited RM
Fixed rate instrument					
<u>Financial liability</u>					
Lease liability	148,973	160,037	-	-	-
Floating rate instrument					
<u>Financial liability</u>					
Borrowing	-	-	-	3,177,655	18,588,753

Fair value sensitivity analysis for fixed rate instrument

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivative as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instrument

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rate of +/-25 (31.12.2021, 31.12.2020, 31.12.2019 and 31.12.2018: +/-25) basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each reporting date, and the financial instruments held at each reporting date that are sensitive to change in interest rates. All other variables are held constant.

	<u>30.4.2022</u> Audited RM	<u>31.12.2021</u> Audited RM	<u>31.12.2020</u> Audited RM	<u>31.12.2019</u> Audited RM	<u>31.12.2018</u> Audited RM
Increase/(Decrease)					
<u>Effect on profit/</u> <u>equity for the</u> <u>period/year</u>					
+25bp	-	-	-	(7,944)	(46,472)
-25bp	-	-	-	7,944	46,472

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**23. FINANCIAL INSTRUMENTS (CONT'D)****Fair Value of Financial Instruments**

The carrying amounts of financial assets and financial liabilities, as reported in the financial statements, approximate their respective values.

Fair Value Hierarchy

No fair value hierarchy has been disclosed as the Company does not have financial instruments measured at fair value.

Reconciliation of Liabilities arising from Financing Activities

		1 January <u>2022</u> Audited RM	<u>Cash flows</u> Audited RM	30 April <u>2022</u> Audited RM
Lease liability		<u>160,037</u>	<u>(11,064)</u>	<u>148,973</u>
	1 January <u>2021</u> Audited RM	<u>Addition</u> Audited RM	<u>Cash flows</u> Audited RM	31 December <u>2021</u> Audited RM
Lease liability	<u>-</u>	<u>179,000</u>	<u>(18,963)</u>	<u>160,037</u>
		1 January <u>2020</u> Audited RM	<u>Cash flows</u> Audited RM	31 December <u>2020</u> Audited RM
Revolving financing		<u>3,177,655</u>	<u>(3,177,655)</u>	<u>-</u>
		1 January <u>2019</u> Audited RM	<u>Cash flows</u> Audited RM	31 December <u>2019</u> Audited RM
Revolving financing		<u>18,588,753</u>	<u>(15,411,098)</u>	<u>3,177,655</u>
		1 January <u>2018</u> Audited RM	<u>Cash flows</u> Audited RM	31 December <u>2018</u> Audited RM
Revolving financing		22,893,195	(4,304,442)	18,588,753
Amount due to a Director		<u>3,179</u>	<u>(3,179)</u>	<u>-</u>
		<u>22,896,374</u>	<u>(4,307,621)</u>	<u>18,588,753</u>

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

24. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder's value.

The Company manages its capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholder, return capital to shareholder or issue new share capital. No changes were made in the objective, policies or processes during the financial period/year.

25. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD AND SUBSEQUENT TO THE REPORTING PERIOD

- (a) On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Company operates.

The World Health Organisation declared the 2019 Novel Coronavirus Disease ("COVID-19") outbreak as a pandemic on 11 March 2020. The Government of Malaysia imposed a Movement Control Order ("MCO") on 18 March 2020 and subsequently imposed various phases of the MCO and total lockdowns with recovery phases.

The Company has performed an assessment on the overall impact of the situation on the Company's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there is no material adverse effect on the financial statements of the Company for the financial period ended 30 April 2022.

Given the fluidity of the situation, the Company will continuously monitor the impact of the COVID-19 and take appropriate and timely measures to minimise the impact of the outbreak on the Company's operations.

- (b) On 8 July 2022, Bursa Malaysia Securities Berhad had approved the Revised Proposed Regularisation Plan of G Neptune Berhad for the proposed acquisition of 100% equity interest of the Company from Super Advantage Property Sdn Bhd.

As at the date of the approval of the financial statements, the proposed acquisition process has not been completed.

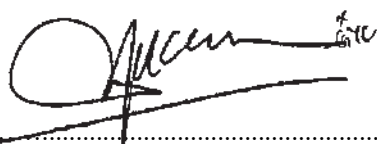
ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

SOUTHERN SCORE SDN BHD

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, the undersigned, being the Directors of the Company, do hereby state that, in our opinion, the accompanying financial statements set out on pages 4 to 49 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position as at 30 April 2022, 31 December 2021, 31 December 2020, 31 December 2019 and 31 December 2018, and of its financial performance and its cash flows for the financial periods ended 30 April 2022 and 30 April 2021 and financial years ended 31 December 2021, 31 December 2020, 31 December 2019 and 31 December 2018.

.....
TAN SRI DATUK SERI GAN YU CHAI.....
GAN YEE HIN

Kuala Lumpur
2 August 2022

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON**

G NEPTUNE BERHAD
(Registration No.: 200301019817 (622237-D))
(Incorporated in Malaysia)

PRO FORMA
FINANCIAL INFORMATION
(PREPARED FOR INCLUSION IN THE CIRCULAR TO
SHAREHOLDERS OF G NEPTUNE BERHAD ONLY)

GRANT THORNTON MALAYSIA PLT
CHARTERED ACCOUNTANTS
Member Firm of Grant Thornton International Ltd.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**



**REPORT ON THE PRO FORMA FINANCIAL INFORMATION
OF G NEPTUNE BERHAD INCLUDED IN THE CIRCULAR TO
SHAREHOLDERS OF G NEPTUNE BERHAD IN RELATION
TO THE PROPOSALS**

Date: 2 August 2022

G Neptune Berhad
Unit 621, 6th Floor, Block A
Kelana Centre Point
No. 3, Jalan SS7/19, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan

Grant Thornton Malaysia PLT
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

T +603 2692 4022
F +603 2691 5229

Dear Sirs,

PRO FORMA FINANCIAL INFORMATION OF G NEPTUNE BERHAD

- (I) PROPOSED SHARE CONSOLIDATION;**
 - (II) PROPOSED ACQUISITION;**
 - (III) PROPOSED DEBT SETTLEMENT;**
 - (IV) PROPOSED PRIVATE PLACEMENT; AND**
 - (V) PROPOSED EXEMPTION**
- (COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)**

We have completed our assurance engagement to report on the compilation of Pro Forma Financial Information of G Neptune Berhad (“G Neptune” or “the Company”). The Pro Forma Financial Information consists of the Pro Forma Consolidated Statements of Financial Position as at 30 April 2022, the Pro Forma Consolidated Statements of Profit or Loss and Other Comprehensive Income for the financial years ended 30 June 2019, 30 June 2020 and 30 June 2021 and financial period ended 30 April 2022, the Pro Forma Consolidated Statements of Cash Flows for the financial period ended 30 April 2022 and together with the accompanying notes thereon, as set out in the accompanying statements, for which we have stamped for the purpose of identification.

The Pro Forma Financial Information as at 30 April 2022 have been compiled by the Directors of G Neptune and Southern Score Sdn Bhd (“SSSB”) (“Directors”) based on the requirements of Chapter 9 of the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Guidelines”), Equity Guidelines issued by Securities Commission Malaysia, the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants and described in the notes as set out in Basis of Preparation of Pro Forma Financial Information (“Applicable Criteria”).

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**



The Pro Forma Financial Information have been compiled by the Directors for illustrative purposes only and for inclusion into the Circular to shareholders of G Neptune in connection with the Proposals (“Circular”). The Pro Forma Financial Information have been compiled for the purpose to illustrate the impact of the Proposals set out in Notes to the Pro Forma Financial Information.

This letter is required by and is given for the purpose of complying with the Bursa Guidelines, Equity Guidelines, Guidance Note and for no other purpose.

The Auditors’ report on the financial statements of G Neptune contained a disclaimer of opinion and material uncertainty related to going concern paragraph for the financial period ended 30 April 2022. The basis of the disclaimer of opinion is as follows:

Statutory Auditors of G Neptune (“Statutory Auditors”) were unable to confirm or verify by alternative means the opening balances making up the statements of financial position due to the following matter which included in their audit reports dated 12 October 2018, 9 October 2019, 16 October 2020 and 8 October 2021 in respect of the financial statements for the financial years ended 30 June 2018, 30 June 2019, 30 June 2020 and 30 June 2021 respectively:

Statutory Auditors were unable to obtain sufficient appropriate audit evidence to confirm the accuracy of the carrying amount of the outstanding loan payables and accrued interest of G Neptune and its subsidiary (“the Group”) and crystallisation of corporate guarantee granted to its subsidiary by G Neptune or whether any further liabilities are required to be provided in the financial statements in relation to these loan payables as Statutory Auditors were unable to obtain external confirmations from the lenders.

The Statutory Auditors were also unable to obtain sufficient appropriate audit evidence to confirm the accuracy of the G Neptune’s payables or whether any further liabilities are required to be provided in the financial statements.

During the financial period:

- (i) G Neptune completed the strike-off of its sole subsidiary and de-consolidated the financial statements of the subsidiary and resulted gain on dissolution of the subsidiary; and
- (ii) G Neptune conducted a review of the payables balances as at 30 April 2022 through verification to creditors statements. Adjustments to the payables balance have been taken as current period adjustments in the statements of profit or loss and other comprehensive income for the financial period ended 30 April 2022.

Since the opening balances enter into the determination of the financial performance and cash flows, Statutory Auditors were unable to obtain sufficient appropriate audit evidence as to whether the adjustments made are appropriate in respect of the profit/(loss) for the financial period reported in the statements of profit or loss and other comprehensive income and the net cash flows from operating activities reported in the statements of cash flows. These adjustments made may or may not be in relation to the current financial period or to prior financial years.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**



The material uncertainty related to going concern paragraph is as follows:

Material Uncertainty Related to Going Concern

The Statutory Auditors drew attention to the financial statements which indicated G Neptune has incurred net loss of RM654,020 for the financial period ended 30 April 2022 and, as of that date, the Group had deficit in shareholders' equity of RM6,397,619 and the Group's current liabilities exceeded their current assets by the same amount. The Group has also ceased their operations and recorded no revenue during the financial period. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on G Neptune's ability to continue as going concern.

Directors' Responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information on the basis of the Applicable Criteria.

Our Independence and Quality Control

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

Our firm applies *International Standard on Quality Control ("ISQC") 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* 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 as required by the Bursa Guidelines, Equity Guidelines and Guidance Note, about whether the Pro Forma Financial Information have been compiled, in all material respects, by the Directors on the basis of the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**



The purpose of Pro Forma Financial Information included in the Circular is solely to illustrate the impact as if the Proposals had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposals or transactions would have been as presented.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the Proposals or transactions in respect of which the Pro Forma Financial Information have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:-

- (a) The Pro Forma Financial Information, which have been prepared by the Directors, have been properly compiled on the basis of the Applicable Criteria using Audited Consolidated Financial Statements prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and in a manner consistent with both the formats of the Audited Consolidated Financial Statements and the accounting policies adopted by the Company; and
- (b) Each material adjustment made to the information used in the preparation of the Pro Forma Financial Information is appropriate for the purposes of preparing the Pro Forma Financial Information.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**



Other Matter

This letter is issued for the sole purpose of complying with Bursa Guidelines, Equity Guidelines and Guidance Note for inclusion in the Circular in connection with the Proposals of the Company. It is not intended to be used for any other purposes. We do not assume responsibility to any other person to the content of this letter.

Yours faithfully,

A handwritten signature in black ink, appearing to be "C. W. S.", written over the printed name of the firm.

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

Kuala Lumpur

A handwritten signature in black ink, appearing to be "LUI LEE PING", written over the printed name of the Chartered Accountant.

LUI LEE PING
(NO: 03334/M/2023(J))
CHARTERED ACCOUNTANT

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

BASIS OF PREPARATION OF PRO FORMA FINANCIAL INFORMATION

1. The Pro Forma Financial Information consists of the followings:
 - (a) The Pro Forma Consolidated Statements of Financial Position of G Neptune as at 30 April 2022;
 - (b) The Pro Forma Consolidated Statements of Profit or Loss and Other Comprehensive Income of G Neptune for the financial years ended 30 June 2019, 30 June 2020 and 30 June 2021 and financial period ended 30 April 2022; and
 - (c) The Pro Forma Consolidated Statements of Cash Flows of G Neptune for the financial period ended 30 April 2022.

The Applicable Criteria on the basis of which the Directors of the Company have compiled the Pro Forma Financial Information of Financial Position are based on the requirements of Chapter 9 of the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Guidelines"), Equity Guidelines issued by Securities Commission Malaysia, the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

2. The Pro Forma Financial Information have been prepared using the financial statements prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs") and in a manner consistent with both the format of the audited financial statements and the accounting policies adopted by G Neptune.
3. The Pro Forma Consolidated Statements of Financial Position and Pro Forma Consolidated Statements of Cash Flows, for which the Directors are solely responsible, have been prepared for illustrative purposes only to illustrate the impact of the Proposals on the financial position and cash flows of G Neptune as at 30 April 2022 if the Proposals as described in the Note 1 to the Pro Forma Financial Information had taken place on 30 April 2022.

As part of this process, the information about the financial position and cash flows have been extracted by the Directors from the followings:

- (a) The audited financial statements of G Neptune as at 30 April 2022 which the Auditors' report contained a disclaimer of opinion and material uncertainty related to going concern paragraph; and
- (b) The audited financial statements of SSSB as at 30 April 2022 and the audit opinion issued was not subject to any qualification or modification.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

BASIS OF PREPARATION OF PRO FORMA FINANCIAL INFORMATION (CONT'D)

3. (cont'd)

The Auditors' report on the financial statements of G Neptune contained a disclaimer of opinion and material uncertainty related to going concern paragraph for the financial period ended 30 April 2022. The basis of the disclaimer of opinion is as follows:

Statutory Auditors of G Neptune ("Statutory Auditors") were unable to confirm or verify by alternative means the opening balances making up the statements of financial position due to the following matter which included in their audit reports dated 12 October 2018, 9 October 2019, 16 October 2020 and 8 October 2021 in respect of the financial statements for the financial years ended 30 June 2018, 30 June 2019, 30 June 2020 and 30 June 2021 respectively:

Statutory Auditors were unable to obtain sufficient appropriate audit evidence to confirm the accuracy of the carrying amount of the outstanding loan payables and accrued interest of G Neptune and its subsidiary ("the Group") and crystallisation of corporate guarantee granted to its subsidiary by G Neptune or whether any further liabilities are required to be provided in the financial statements in relation to these loan payables as Statutory Auditors were unable to obtain external confirmations from the lenders.

The Statutory Auditors were also unable to obtain sufficient appropriate audit evidence to confirm the accuracy of the G Neptune's payables or whether any further liabilities are required to be provided in the financial statements.

During the financial period:

- (i) G Neptune completed the strike-off of its sole subsidiary and de-consolidated the financial statements of the subsidiary and resulted gain on dissolution of the subsidiary; and
- (ii) G Neptune conducted a review of the payables balances as at 30 April 2022 through verification to creditors statements. Adjustments to the payables balance have been taken as current period adjustments in the statements of profit or and other comprehensive income for the financial period ended 30 April 2022.

Since the opening balances enter into the determination of the financial performance and cash flows, Statutory Auditors were unable to obtain sufficient appropriate audit evidence as to whether the adjustments made are appropriate in respect of the profit/(loss) for the financial period reported in the statements of profit or loss and other comprehensive income and the net cash flows from operating activities reported in the statements of cash flows. These adjustments made may or may not be in relation to the current financial period or to prior financial years.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

3. (cont'd)

The material uncertainty related to going concern paragraph is as follows:

Material Uncertainty Related to Going Concern

The Statutory Auditors drew attention to the financial statements which indicated G Neptune has incurred net loss of RM654,020 for the financial period ended 30 April 2022 and, as of that date, the Group had deficit in shareholders' equity of RM6,397,619 and the Group's current liabilities exceeded their current assets by the same amount. The Group has also ceased their operations and recorded no revenue during the financial period. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on G Neptune's ability to continue as going concern.

4. The Pro Forma Consolidated Statements of Profit or Loss and Other Comprehensive Income, for which the Directors are solely responsible, have been prepared for illustrative purposes only in connection with the Proposals as set out in Note 1 to the Pro Forma Financial Information, assuming the Proposals were completed on 30 June 2018 and had been in existence throughout the 3 financial years ended 30 June 2019, 30 June 2020 and 30 June 2021 and a financial period ended 30 April 2022. Accordingly, SSSB is assumed to become a subsidiary of G Neptune on 30 June 2018.

The fair value adjustment arising from the provisional purchase price allocation review on the fair values of the assets and liabilities acquired is assumed as completed on 30 June 2018 and there has not been any subsequent adjustment after the assumed completion date of 30 June 2018.

As part of this process, the information about the Pro Forma Consolidated Statements of Profit or Loss and Other Comprehensive Income has been extracted by the Directors from the followings:

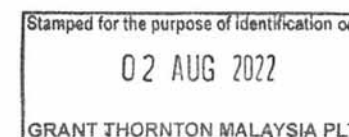
- (a) The audited financial statements of G Neptune as at 30 June 2019, 30 June 2020, 30 June 2021 which contained disclaimer of opinions and for 30 April 2022, the Auditors' report contained a disclaimer of opinion and material uncertainty related to going concern paragraph; and
 - (b) The audited financial statements of SSSB as at 30 June 2019, 30 June 2020, 30 June 2021 and 30 April 2022 and the audit opinion issued was not subject to any qualification or modification.
5. The Pro Forma Financial Information, because of their nature, may not give a true picture of the actual financial position of G Neptune. Furthermore, such information does not purport to predict the future Statements of Financial Position, Statements of Profit or Loss and Other Comprehensive Income and Statements of Cash Flows of G Neptune after completion of the Proposals.
6. The financial information of G Neptune is measured using the currency of the primary economic environment in which G Neptune operates. The functional currency of G Neptune is Ringgit Malaysia ("RM") and all values are rounded to the nearest RM except when otherwise indicated.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2022

The Pro Forma Consolidated Statements of Financial Position of G Neptune as at 30 April 2022 as set out below are provided for illustrative purposes only to show the effects of the Proposals as described in Note 1 on the assumption that the Proposals were completed on 30 April 2022, and should be read in conjunction with the accompanying notes to the Pro Forma Consolidated Financial Information.

	Note	Audited as at 30 April 2022 RM	Pro Forma I After Proposed Share Consolidation RM	Pro Forma II After Proposed Acquisition RM	Pro Forma III After Proposed Debt Settlement RM	Pro Forma IV After Proposed Private Placement RM
ASSETS						
Non-current assets						
Property, plant and equipment	3.01	-	-	816,997	816,997	816,997
Investment in an associate	3.02	-	-	257,287	257,287	257,287
Total non-current assets		-	-	1,074,284	1,074,284	1,074,284
Current assets						
Trade receivables	3.03	-	-	84,209,627	84,209,627	84,209,627
Contract assets	3.04	-	-	17,797,115	17,797,115	17,797,115
Other receivables	3.05	-	-	1,021,148	1,021,148	1,021,148
Cash and bank balances	3.06	6,530	6,530	1,619,076	1,619,076	105,828,656
Total current assets		6,530	6,530	104,646,966	104,646,966	208,856,546
Total assets		6,530	6,530	105,721,250	105,721,250	209,930,830
EQUITY AND LIABILITIES						
Equity						
Equity attributable to owners of the Company:-						
Share capital	3.07	9,792,835	9,792,835	5,332,132	8,432,132	117,041,712
Capital reserve	3.08	622,480	622,480	-	-	-
(Accumulated losses)/Retained earnings	3.09	(16,812,934)	(16,812,934)	10,259,743	10,259,743	5,859,743
Total equity		(6,397,619)	(6,397,619)	15,591,875	18,691,875	122,901,455



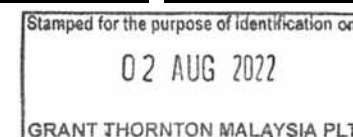
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2022 (CONT'D)

The Pro Forma Consolidated Statements of Financial Position of G Neptune as at 30 April 2022 as set out below are provided for illustrative purposes only to show the effects of the Proposals as described in Note 1 on the assumption that the Proposals were completed on 30 April 2022, and should be read in conjunction with the accompanying notes to the Pro Forma Consolidated Financial Information (cont'd).

	Note	Audited as at 30 April 2022 RM	Pro Forma I After Proposed Share Consolidation RM	Pro Forma II After Proposed Acquisition RM	Pro Forma III After Proposed Debt Settlement RM	Pro Forma IV After Proposed Private Placement RM
EQUITY AND LIABILITIES (CONT'D)						
Liabilities						
Non-current liabilities						
Lease liability	3.10	-	-	114,785	114,785	114,785
Deferred tax liabilities	3.11	-	-	95,000	95,000	95,000
Total non-current liabilities		-	-	209,785	209,785	209,785
Current liabilities						
Trade payables	3.12	-	-	78,673,645	78,673,645	78,673,645
Contract liability	3.04	-	-	58,585	58,585	58,585
Other payables	3.13	1,096,444	1,096,444	1,814,991	1,814,991	1,814,991
Amount due to a Director	3.14	5,307,705	5,307,705	5,307,705	2,207,705	2,207,705
Lease liability	3.10	-	-	34,188	34,188	34,188
Tax payable	3.15	-	-	4,030,476	4,030,476	4,030,476
Total current liabilities		6,404,149	6,404,149	89,919,590	86,819,590	86,819,590
Total liabilities		6,404,149	6,404,149	90,129,375	87,029,375	87,029,375
Total equity and liabilities		6,530	6,530	105,721,250	105,721,250	209,930,830
Issued ordinary share capital (Unit)	3.07	288,750,000	28,875,000	1,708,875,000	1,729,541,667	2,272,589,567
Net (liabilities)/assets per share (sen)		(2.22)	(22.16)	0.91	1.08	5.41
Borrowings		-	-	148,973	148,973	148,973
Gearing ratio (times)		-	-	0.01	0.01	*

* Less than 0.01



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

PRO FORMA CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2022 AND FINANCIAL YEARS ENDED 30 JUNE 2021, 30 JUNE 2020 AND 30 JUNE 2019

The Pro Forma Consolidated Statements of Profit or Loss and Other Comprehensive Income of G Neptune for the financial period ended 30 April 2022 and financial years ended 30 June 2021, 30 June 2020 and 30 June 2019 as set out below are provided for illustrative purposes only to show the effects of the transactions as described in Note 1 on the assumption that these transactions were completed on 30 June 2018.

	<u>30 April 2022</u>	<u>30 June 2021</u>	<u>30 June 2020</u>	<u>30 June 2019</u>
	RM	RM	RM	RM
Revenue	84,231,517	285,000,645	148,807,528	66,989,924
Cost of sales	(69,795,699)	(233,437,452)	(119,836,782)	(54,636,125)
Gross profit	14,435,818	51,563,193	28,970,746	12,353,799
Other income	2,300,470	85,923	58,692	2,229
Administrative expenses	(3,034,008)	(7,032,096)	(5,418,121)	(3,311,481)
Other expenses	-	(39,607)	(10,830)	(13,379)
Finance income	35,984	121,762	19,528	619
Finance cost	(2,136)	(199,095)	(203,662)	(1,003,424)
Share of net loss of an associate	(696)	(4,517)	-	-
Profit before tax	13,735,432	44,495,563	23,416,353	8,028,363
Tax expense	(3,038,000)	(11,309,635)	(6,315,304)	(2,517,620)
Profit for the financial period/year	10,697,432	33,185,928	17,101,049	5,510,743
Other comprehensive income, net of tax				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Foreign currency translation differences for foreign operations	12,171	97,238	(125,386)	(77,388)
Reclassification adjustment on derecognition of a foreign operation	728,724	-	-	-
Total comprehensive income for the financial period/year	<u>11,438,327</u>	<u>33,283,166</u>	<u>16,975,663</u>	<u>5,433,355</u>
Earnings per share attributable to owners of the Company (sen)	<u>0.47</u>	<u>1.46</u>	<u>0.75</u>	<u>0.24</u>

* The earnings per share computed based on profit after tax attributable to the owners of the Company divided by 2,272,589,567, being the total number of shares issued after the Proposals. Diluted earnings per share is not computed as there were no dilutive potential equity instruments in issue that gave diluted effect to the earnings per share.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

**PRO FORMA CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE
FINANCIAL PERIOD ENDED 30 APRIL 2022**

The Pro Forma Consolidated Statements of Cash Flows of G Neptune for the financial period ended 30 April 2022 as set out below are provided for illustrative purposes only to show the effects of the Proposals as described in Note 1 on the assumption that the Proposals were completed on 30 April 2022, and should be read in conjunction with the accompanying notes to the Pro Forma Consolidated Financial Information.

	<u>30 April 2022</u> RM
OPERATING ACTIVITIES	
Profit before tax	3,005,681
Adjustments for:-	
Depreciation of property, plant and equipment	52,306
Gain on dissolution of a subsidiary	(2,279,986)
Interest expense	2,136
Interest income	(35,984)
Share-based payment arising from reverse acquisition	10,729,751
Share of net loss of an associate	696
Operating profit before working capital change	11,474,600
Changes in working capital:-	
Receivables	(9,367,861)
Contract assets/liability	3,313,529
Payables	2,636,343
Cash generated from operations	8,056,611
Interest received	35,984
Tax paid	(3,118,890)
Net cash from operating activities	4,973,705
INVESTING ACTIVITIES	
Net cash outflow on dissolution of a subsidiary	(3,475)
Purchase of property, plant and equipment	(45,425)
Net cash used in investing activities	(48,900)
FINANCING ACTIVITIES	
Interest paid	(2,136)
Dividend paid	(10,000,000)
Estimated proceeds from the Private Placement	108,609,580
Estimated expenses in relation to the Proposals	(4,400,000)
Repayment of lease liability	(11,064)
Advances from a Director	2,537,817
Net cash from financing activities	96,734,197
CASH AND CASH EQUIVALENTS	
Net changes	101,659,002
Brought forward	4,169,668
Effect of exchange differences	(14)
Carried forward	105,828,656

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

NOTES TO THE PRO FORMA FINANCIAL INFORMATION

1. PROPOSALS

(i) Pro Forma I: Proposed Share Consolidation

The Company proposes to undertake a proposed consolidation of every 10 existing ordinary share into 1 new G Neptune Share ("Consolidated Share(s)"). For illustration purposes, the 288,750,000 GNB Shares will be consolidated into 28,875,000 Consolidated Shares pursuant to the Proposed Share Consolidation. The Proposed Share Consolidation will result in an adjustment to the reference share price of G Neptune Shares listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad. For illustration purposes, based on the last transacted market price of GNB Shares as at the latest practicable date of RM0.015, the theoretical adjusted reference share price of G Neptune Shares upon completion of the Proposed Share Consolidation is RM0.15 per Consolidated Share.

(ii) Pro Forma II: Proposed Acquisition

On 9 July 2021, pursuant to the sale of shares agreement signed between G Neptune and Super Advantage Property Sdn Bhd ("Super Advantage"), G Neptune was acquiring 100% equity interest held by the Super Advantage in SSSB comprising 1,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM252,000,000 which to be satisfied via issuance of 1,680,000,000 new G Neptune Shares ("Consideration Shares") at an issue price of RM0.15 per Consideration Share.

On 9 July 2021, G Neptune had entered into a profit guarantee agreement with Super Advantage, whereby Super Advantage covenants with and undertakes to G Neptune that Southern Score and its associate shall achieve a minimum profit after tax of RM10,000,000, RM20,000,000 and the remaining shortfall of the Profit Guarantee (as defined herein) guaranteed for the financial years ending 31 December 2022, 31 December 2023, and 31 December 2024, respectively, on a cumulative basis of RM80,000,000 ("Profit Guarantee").

(iii) Pro Forma III: Proposed Debt Settlement

On 9 July 2021, G Neptune had entered into a settlement arrangement with Mr Chai Tham Poh (an Executive Director of G Neptune).

The Company intends to undertake a proposed settlement of debt owing to Mr Chai Tham Poh for the advances of RM3,100,000 via the issuance of up to 20,666,667 new G Neptune Shares ("Settlement Shares") at an issue price of RM0.15 per Settlement Share.

(iv) Pro Forma IV: Proposed Private Placement

The Company proposed undertake an issuance of up to 543,047,900 new Shares at the issue price to be determined at a later date. For illustrative purpose, the new Shares are at initial placement price of RM0.20 per Placement Share ("Placement Shares") to independent third-party investors to be identified ("Proposed Private Placement") in order to ensure that the Company complies with the Public Spread Requirement following the issuance of the Consideration Shares.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONT'D)

1. PROPOSALS (CONT'D)

(iv) Pro Forma IV: Proposed Private Placement (cont'd)

The total gross proceeds to be raised from the Proposed Private Placement are intended to be utilised in the following manner:-

Details	Utilisation (from the date of listing of the Placement Shares)	RM'000
Not reflected in Pro Forma Consolidated Statements of Financial Position		
Injection of fund to the associate - TCS SS		
Precast Construction Sdn Bhd *	Within 18 months	21,800
Purchase of building materials **	Within 18 months	25,000
Repayment of contractors *	Within 12 months	25,000
Acquiring/Rent of construction assets **	Within 18 months	18,000
Acquiring of office **	Within 18 months	5,000
Working capital	Within 24 months	9,410
Reflected in Pro Forma Consolidated Statements of Financial Position		
Estimated expenses in relation to the Proposals ***	Within 1 month	4,400
Total gross proceeds		<u>108,610</u>

* As at the latest practicable date ("LPD"), the Group has yet to enter into any contractual binding agreement for the injection of fund to the associate and repayment of contractors. Accordingly, the use of proceeds earmarked for the injection of fund and repayment of contractors are not reflected in the Pro Forma Consolidated Statements of Financial Position and Pro Forma Consolidated Statements of Cash Flows.

** As at the LPD, the Group has yet to enter into any contractual binding agreement for the purchase of building materials, acquiring/rent of construction assets and acquiring of office. Accordingly, the use of proceeds earmarked for the purchase of building materials, acquiring/rent of construction assets and acquiring of office are not reflected in the Pro Forma Consolidated Statements of Financial Position and Pro Forma Consolidated Statements of Cash Flows.

*** For the purpose of this Pro Forma Consolidated Statements of Financial Position and Pro Forma Consolidated Statements of Cash Flows, these expenses have been reflected as a reduction from retained earnings with corresponding cash outflows of RM4,400,000.

(v) Pro Forma V: Proposed Exemption

Proposed Exemption under Paragraph 4.08, Rule 4 of the Rules from the obligation to undertake a mandatory take-over offer for the remaining G Neptune Shares not already held by Super Advantage and the Persons acting in concert after the Proposed Acquisition.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3.01 PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I	-
Pursuant to the Proposed Acquisition	<u>816,997</u>
As per Pro Forma II/III/IV	<u><u>816,997</u></u>

3.02 INVESTMENT IN AN ASSOCIATE

The movements of investment in an associate are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I	-
Pursuant to the Proposed Acquisition	<u>257,287</u>
As per Pro Forma II/III/IV	<u><u>257,287</u></u>

3.03 TRADE RECEIVABLES

The movements of trade receivables are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I	-
Pursuant to the Proposed Acquisition	<u>84,209,627</u>

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3.04 CONTRACT ASSETS/(CONTRACT LIABILITY)

The movements of contract assets/(contract liability) are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I	-
Pursuant to the Proposed Acquisition	
- Contract assets	17,797,115
- Contract liability	(58,585)
	<hr/>
As per Pro Forma II/III/IV	<u>17,738,530</u>

3.05 OTHER RECEIVABLES

The movements of other receivables are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I	-
Pursuant to the Proposed Acquisition	<hr/> 1,021,148
As per Pro Forma II/III/IV	<hr/> <u>1,021,148</u>

3.06 CASH AND BANK BALANCES

The movements of cash and bank balances are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I	6,530
Pursuant to the Proposed Acquisition	<hr/> 1,612,546
As per Pro Forma II/III	1,619,076
Pursuant to the Proposed Private Placement	108,609,580
Pursuant to the estimated expenses in relation to the Proposals	<hr/> (4,400,000)
As per Pro Forma IV	<hr/> <u>105,828,656</u>

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3.07 SHARE CAPITAL

The movements of the issued share capital are as follows:-

	<u>Number of Shares</u> Unit	<u>Amount</u> RM
At 30 April 2022	288,750,000	9,792,835
Pursuant to the Proposed Share Consolidation	<u>(259,875,000)</u>	<u>-</u>
As per Pro Forma I	28,875,000	9,792,835
Pursuant to the Proposed Acquisition	<u>1,680,000,000</u>	<u>(4,460,703)</u>
As per Pro Forma II	1,708,875,000	5,332,132
Pursuant to Proposed Debt Settlement	<u>20,666,667</u>	<u>3,100,000</u>
As per Pro Forma III	1,729,541,667	8,432,132
Pursuant to the Proposed Private Placement	<u>543,047,900</u>	<u>108,609,580</u>
As per Pro Forma IV	<u><u>2,272,589,567</u></u>	<u><u>117,041,712</u></u>

3.08 CAPITAL RESERVE

The movements of capital reserve are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I	622,480
Pursuant to the Proposed Acquisition	<u>(622,480)</u>
As per Pro Forma II/III/IV	<u><u>-</u></u>

3.09 (ACCUMULATED LOSSES)/RETAINED EARNINGS

The movements of (accumulated losses)/retained earnings are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I	(16,812,934)
Pursuant to the Proposed Acquisition	37,802,428
Adjustment arising from reverse acquisition	<u>(10,729,751)</u>
As per Pro Forma II/III	10,259,743
Pursuant to the estimated expenses in relation to the Proposals	<u>(4,400,000)</u>
As per Pro Forma IV	<u><u>5,859,743</u></u>

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3.10 LEASE LIABILITY

The movements of lease liability are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I Pursuant to the Proposed Acquisition	-
- Non-current	114,785
- Current	34,188
	<hr/>
As per Pro Forma II/III/IV	<u>148,973</u>

3.11 DEFERRED TAX LIABILITIES

The movements of deferred tax liabilities are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I Pursuant to the Proposed Acquisition	-
	95,000
	<hr/>
As per Pro Forma II/III/IV	<u>95,000</u>

3.12 TRADE PAYABLES

The movements of trade payables are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I Pursuant to the Proposed Acquisition	-
	78,673,645
	<hr/>
As per Pro Forma II/III/IV	<u>78,673,645</u>

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3.13 OTHER PAYABLES

The movements of other payables are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I Pursuant to the Proposed Acquisition	1,096,444 <u>718,547</u>
As per Pro Forma II/III/IV	<u><u>1,814,991</u></u>

3.14 AMOUNT DUE TO A DIRECTOR

The movements of amount due to a Director are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I/II Pursuant to Proposed Debt Settlement	5,307,705 <u>(3,100,000)</u>
As per Pro Forma III/IV	<u><u>2,207,705</u></u>

The amount due to a Director is amount owing by G Neptune to the Director - Mr Chai Tham Poh.

3.15 TAX PAYABLE

The movements of tax payable are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I Pursuant to the Proposed Acquisition	- <u>4,030,476</u>
As per Pro Forma II/III/IV	<u><u>4,030,476</u></u>

IMR REPORT



PROVIDENCE STRATEGIC PARTNERS SDN BHD
(1238910-A)
67-1, Block D, Jaya One, No. 72A, Jalan Universiti,
46200 Petaling Jaya, Selangor, Malaysia.
T: +603 7625 1769

25 July 2022

The Board of Directors
G NEPTUNE BERHAD
Unit 621, 6th Floor, Block A
Kelana Centre Point
Jalan SS7/19, Kelana Jaya
47301, Petaling Jaya
Selangor Darul Ehsan
Malaysia.

Dear Sirs,

Industry Outlook on the Construction Services and Industrialised Building Systems Industries in Malaysia in conjunction with the Proposed Regularisation Plan of G NEPTUNE BERHAD on the ACE Market of Bursa Malaysia Securities Berhad

PROVIDENCE STRATEGIC PARTNERS SDN BHD ("**PROVIDENCE**") has prepared this Industry Outlook on the Construction Services, Property Development and Industrialised Building Systems Industries in Malaysia for inclusion in the Circular to Shareholders of G NEPTUNE BERHAD.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of these industries within the confines of secondary statistics, primary research and evolving industry dynamics.

For and on behalf of PROVIDENCE:

ELIZABETH DHOSS
EXECUTIVE DIRECTOR

About PROVIDENCE STRATEGIC PARTNERS SDN BHD:

PROVIDENCE is an independent research and consulting firm based in Petaling Jaya, Selangor, Malaysia. Since our inception in 2017, PROVIDENCE has been involved in the preparation of independent market research reports for capital market exercises. Our reports aim to provide an independent assessment of industry dynamics, encompassing aspects such as industry performance, demand and supply conditions, competitive landscape and government regulations.

About ELIZABETH DHOSS:

Elizabeth Dhoss is the Executive Director of PROVIDENCE. She has more than 10 years of experience in market research for capital market exercises. Elizabeth Dhoss holds a Bachelor of Business Administration from the University of Malaya, Malaysia.



1 CONSTRUCTION SERVICES INDUSTRY IN MALAYSIA

The construction industry can be broadly segmented into building development and infrastructure development. Building development refers to the construction of residential, commercial and industrial properties, whereby:

- Residential properties are intended for dwelling purposes, and include terraced houses, semi-detached houses, apartments, and condominiums.
- Commercial properties are used for business purposes, and include institutional or purpose-built buildings.
- Industrial properties refer to buildings or structures where industrial or manufacturing activities are carried out, such as factories and production plants.

Infrastructure development refers to the development of public assets used for purposes such as transportation, utilities management and communication, as well as recreation and community use.

Typically, activities in the construction sector consist of:

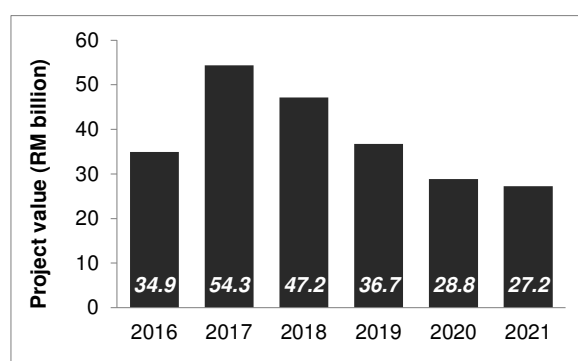
- Construction services comprising the initiation of construction projects, planning and development, central coordination and management of the overall construction project prior to handover within a specific contract period;
- Civil and structural works comprising building and infrastructure works as well as foundation and geotechnical works;
- Engineering works involving the design and/or installation of mechanical, electrical and plumbing works;
- Infrastructure works involving the construction of roadworks and utilities within the development area; and
- Landscaping of the development area.

Southern Score is principally involved in the provision of construction services mainly for high-rise residential buildings. The scope of Southern Score's construction services involves the provision of professional project management services from project initiation until the completion of construction works. In this respect, Southern Score Sdn Bhd's construction services encompass project initiation, planning and design; appointment of subcontractors; procurement; construction project management; as well as inspection and completion handover.

INDUSTRY SIZE, GROWTH POTENTIAL AND OUTLOOK

The construction industry in Malaysia, based on the value of awarded construction projects, grew from RM130.3 billion in 2016 to RM181.7 billion in 2019 at a compound annual growth rate ("CAGR") of 11.7%. During this period, the value of awarded residential construction projects also registered positive growth from RM34.9 billion to RM36.7 billion at a CAGR of 1.7%. The value of awarded projects construction projects contracted from RM181.7 billion in 2019 to RM86.2 billion in 2020 at a year-on-year rate of 52.6%, before rising to RM124.9 billion in 2021. Comparatively, the value of awarded residential construction projects also contracted from RM36.7 billion in 2019 to RM28.8 billion in 2020 (year-on-year rate of 21.5%) and RM27.2 billion (year-on-year rate of 5.6%) in 2021.

Value of projects awarded for residential properties



Source: Construction Industry Development Board ("CIDB"), PROVIDENCE analysis

In 2020, the construction industry contracted, reflecting reduced work capacity in compliance to containment measures, labour shortages due to international border closures, supply chain disruptions and site shutdowns following the COVID-19 outbreak. Despite some relaxation in operating constraints in May 2020, many project sites remained idle, as developers experienced financial, compliance, and supply-chain challenges in resuming work. Nonetheless, construction activities improved in the second half of 2020 as

IMR REPORT (Cont'd)



a result of better clarity and compliance with operating guidelines, more pervasive COVID-19 testing on workers and extended hours for construction activity.

Further, the rollout of stimulus packages supported many small-scale projects, and spurred growth in the special trade subsector in the second half of 2020. Residential construction activities benefitted from new housing projects and ramp up in progress of projects due for completion respectively in the second half of 2020, while the civil engineering subsector was supported by continued progress in large infrastructure projects.

In 2021, residential and non-residential construction activities were hampered by labour and operating capacity restrictions. Special trade works from selected commercial and civil engineering projects, as well as implementation of small-scale projects showed positive growth during the year. Special trade works include works such as electrical, plumbing, heat, air conditioning and other construction installation, as well as building completion and finishing. Nevertheless, the easing of the containment measures since August 2021 and the reopening of the economy supported the gradual improvement in the construction sector towards the end of 2021.

Growth in the construction sector is expected to rebound in 2022 following the reopening of Malaysia's economy. Ongoing construction activity in large infrastructure projects and implementation of small-scale projects under the Budget 2022 measures will support growth in the civil engineering and special trade subsectors. The residential subsector is projected to benefit from new housing projects and launches, in tandem with the expected recovery in demand as income and employment prospects improve. Growth in the non-residential subsector is expected to be lifted by both existing and new commercial and industrial projects.

Residential property sales began showing signs of recovery in 2021, as depicted by the growth in demand for household loans. In its Quarterly Bulletin for the Fourth Quarter of 2021, the Central Bank of Malaysia noted the growth in loans following the easing of movement restrictions. This was reflected in substantially higher loan applications of RM170.8 billion in the fourth quarter (3Q 2021: RM114.1 billion) and loan disbursements of RM109.0 billion in the fourth quarter (3Q 2021: RM75.3 billion), particularly for the purchase of houses and passenger cars. In particular, residential property developers began adapting with the containment measures and social distancing restrictions by diversifying to electronic marketing (e-marketing) platforms to reach potential target market while offering more attractive incentives and deals to boost sales. The improving demand for residential properties is anticipated to bode well for industry players and support demand for construction services.

PROVIDENCE expects residential construction activities to recover over the long term, with the value of awarded residential construction projects projected to rise from RM27.2 billion in 2021 to RM32.2 billion in 2025 at a CAGR of 4.3%. Growth in the affordable housing segment is expected to bounce back faster than mid-tier and luxury residential segments, while office and retail segments are expected to witness a slower recovery over the forecast period. Moving forward, the infrastructure construction sector is also expected to maintain growth momentum, supported by public spending.

DEMAND CONDITIONS: KEY GROWTH DRIVERS

Demand for residential properties stimulates demand for construction services

The demand for construction services, particularly that for new development projects, is dependent on construction activities undertaken to erect residential, commercial and industrial properties. Construction activities are largely economic-driven, whereby 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 properties.

Economic growth is a catalyst for development and growth in construction activities and demand for construction services. Between 2016 and 2019, Malaysia's wealth, as depicted by its real gross domestic product ("GDP"), increased from RM1.2 trillion to RM1.4 trillion at a CAGR of 5.3%. Total property transaction value increased from RM113.5 billion to RM116.2 billion during the same period at a CAGR of 0.8%. From this, residential property segment increased from RM65.6 billion to RM72.4 billion at a CAGR of 3.3%.

In 2020, all economic sectors registered a contraction in growth. While the COVID-19 pandemic containment measures aided Malaysia's efforts to rein in the outbreak, the tighter operating procedures (such as operating hours, capacity limit on premise, activity restrictions), mobility restrictions and supply-chain disruptions affected economic activity. Additionally, most industries also faced weaker demand conditions both domestically and externally, which further weighed on production and business activities.

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As a result, Malaysia's GDP contracted by 5.6% in 2020 and real GDP dipped to RM1.3 trillion (2019: RM1.4 trillion). Total property transaction value in 2020 was RM98.2 billion, a 15.5% drop from the RM116.2 billion recorded in 2019. Correspondingly in the same year, residential property transactions dropped to RM65.9 billion (from RM72.4 billion in 2019).

Malaysia's GDP registered a growth of 3.1% in 2021. The recovery momentum in the early part of the year was affected by the reimposition of nationwide containment measures from June to September 2021,

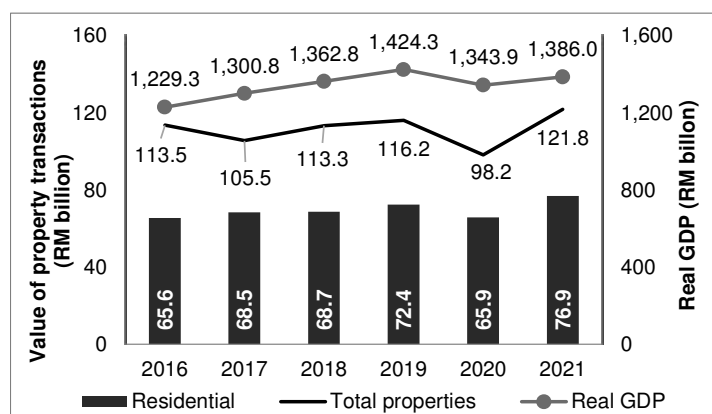
following a rapid resurgence of cases due to the Delta variant. However, unlike the movement restrictions in the second quarter of 2020, more essential economic sectors were allowed to operate, while businesses and households were better adapted to the containment measures and standard operating procedures. External demand also provided additional support to Malaysia's economic growth in 2021.

Construction activities in the residential and non-residential subsectors remained subdued following extended periods of lockdown and reduced operating capacity. Nevertheless, the easing of the containment measures since August 2021 and the reopening of the economy supported gradual improvement in construction activities towards the end of 2021. The reopening of the economy as well as ongoing construction activity in large infrastructure projects and implementation of small-scale projects under Budget 2022 is expected to positively impact the construction sector in 2022.

In 2021, the property market began showing signs of recovery as total property transactions rose to RM121.8 billion at a year-on-year growth rate of 24.0%. Correspondingly, residential property transactions rose to RM76.9 billion at a year-on-year growth rate of 16.7%. During the year, loan applications and approvals for purchase of residential properties rose to RM349.6 billion (2020: RM266.4 billion) and RM122.0 billion (2020: RM93.1 billion) respectively. The recovery of Malaysia's property market in 2021 was mainly supported by the implementation of various stimulus under Pelan Jana Semula Ekonomi Negara ("PENJANA") and Prihatin Rakyat Economic Stimulus Package ("PRIHATIN"), as well as measures under Budget 2021 which sustained consumer confidence and spending.

The property market is expected to continue recovering in 2022, supported by the reopening of the economy and country borders, which is expected to further improve domestic economic activities.

Economic impact on property transactions in Malaysia



Source: Department of Statistics Malaysia, Ministry of Finance Malaysia, National Property Information Centre (NAPIC), PROVIDENCE analysis

Demand for affordable housing supports demand for construction services

Affordable housing is broadly defined as housing which is adequate in quality and location, and is not so costly that it prevents its occupants from meeting other basic living needs. In 2016, houses in Malaysia were deemed unaffordable. During that period, the maximum affordable house price in Malaysia was estimated to be RM282,000. However, the actual median house price was RM313,000, beyond the means of many households, while the median monthly national household income was RM5,228.¹

A total of 203,064 transactions worth RM65.6 billion took place for residential properties in 2016. Demand focused on affordable residential properties that were priced up to RM300,000, which accounted for 65.0% of the total residential transactions, followed by RM300,001 to RM500,000 price range (19.8%), RM501,000 to RM1,000,000 price range (11.4%) and more than RM1,000,000 (3.8%).

In 2021, a total of 198,812 transactions worth RM76.9 billion took place for residential properties. Similarly, demand continued to focus on residential properties that were priced up to RM300,000, which accounted for 55.9% of total residential transactions, followed by RM300,001 to RM500,000 price range (24.6%), RM501,000 to RM1,000,000 price range (14.7%) and more than RM1,000,000 (4.8%).

¹ Affordable Housing: Challenges and the Way Forward, Central Bank of Malaysia Fourth Quarter Bulletin 2017



In 2020, the mean income in Malaysia was RM7,089 (2019: RM7,901) while Malaysia's median income was RM5,209 (2019: RM5,873). For many who do not qualify for public housing such as People's Housing Project (PPR) flats and PR1MA homes, their only option is the increasingly expensive private market, leaving many in the B40 and the M40 income category trapped.

The Department of Statistics published its findings on the effect of COVID-19 pandemic on household income and poverty in 2020 in the Household Income Estimates and Incidence of Poverty Report 2020. Findings from this report indicate that a majority of households experienced a decline in income and dropped to a lower income group. In 2020, there was an additional 12.5% of households with income less than RM2,500 in comparison to the previous year. Meanwhile, 20.0% of households from the M40 group with income between RM4,850 and RM10,959 slipped into the B40 group. Households in the T20 group were also affected by COVID-19 pandemic whereby 12.8% of this group had shifted to the M40 group.

The residential market is expected to see recovery in 2022. The Government of Malaysia has allocated a total of RM1.5 billion in funds for the provision of comfortable and quality housing, especially for the low-income group, under Budget 2022. This allocation will, amongst others, involve the continuation of rumah mesra rakyat and maintenance assistance programmes. At the same time, the Government will not impose Real Property Gains Tax ("RPGT") from the disposal of real property in the sixth year onwards by Malaysian citizens, permanent residents and other than companies. To improve access to financing and help gig workers, small business owners and farmers purchase a house, the Government will be providing guarantees of up to RM2.0 billion to banks via Skim Jaminan Kredit Perumahan.

Population growth and urbanisation promotes demand for construction services

Based on a projection by the United Nations Department of Economic and Social Affairs ("DESA"), it is estimated that Malaysia's population, similar to the rest of the world, will increase exponentially within three decades. According to the World Population Prospects: The 2017 Revision, the nation's population is expected to reach almost 33 million people in 2020, with numbers projected to rise to more than 40 million in 2050. The same trend has been projected for the nation's urbanisation rate, which stands at 75%. DESA, in its World Urbanisation Prospect: The 2014 Revision, projected that Malaysia was expected to register an urbanisation rate of 80% in 2020, and between 85% to 90% by 2050.

The increase in urbanisation will bring changes and challenges unless it can be supported by property development for housing and commercial activities as well as robust infrastructure for roads and highways, electricity, piped gas, water and sewerage as well as communications services. This will ensure that Kuala Lumpur and other cities will continue to experience growth and remain competitive. Thus, investments in property development and infrastructure to support population growth and urbanisation will benefit industry players that offer construction services.

Government initiatives to support construction and property development in Malaysia will create consequent demand for construction services

The construction sector declined by 5.2% in 2021 (2020: -19.4%) due to limitations on operating capacity and the stop-start nature of construction works, arising from the movement restrictions. Special trade activities showed positive growth during the year, supported by end-works from selected commercial and civil engineering projects as well as implementation of small-scale projects. Residential and non-residential construction activities remained subdued following extended periods of lockdown and reduced operating capacity. Nevertheless, the easing of the containment measures since August 2021 and the reopening of the economy supported the gradual improvement in the construction sector towards the end of the year.

To further promote home ownership, the Government announced the following initiatives under Budget 2021:

- Full stamp duty exemption on instruments of transfer and loan agreement for first time home buyers acquiring residential properties valued up to RM500,000 is extended until 31 December 2025. The limit of stamp duty for first residential home is also increased up to RM500,000. This exemption is effective for sale and purchase agreement executed from 1 January 2021 to 31 December 2025; and
- Stamp duty exemption on loan agreements and instruments of transfer given to rescuing contractors and the original house purchasers is extended for another 5 years. This exemption is effective for loan agreements and instruments of transfer executed from 1 January 2021 to 31 December 2025 for abandoned housing projects certified by Ministry of Housing and Local Government.

Under Budget 2022, the Government announced several initiatives in addition to that for the affordable housing segment, that will support the construction industry and boost demand for construction services, among which include:

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- RGPT will not be levied on disposals of real property made from the sixth year onwards;
- RM398.0 million allocation for 11,800 apartment units under Project Perumahan Rakyat;
- RM315.0 million allocation for 3,000 house units under Program Rumah Mesra Rakyat;
- RM266.0 million allocation for Program Perumahan Penjawat Awam;
- RM361.0 million allocation for the construction of new houses and repair of 14,000 houses under Program Bantuan Rumah;
- RM125.0 million allocation for Program Penyelenggaraan Perumahan dan Tabung Penyelenggaraan Perumahan Malaysia;
- RM2.0 billion allocation for housing loans to those without fixed income under Skim Jaminan Kredit Perumahan;
- RM230.0 million will be prepared for maintenance and repair works for schools in military camps, military facilities and military quarters, namely Rumah Keluarga Angkatan Tentera. The allocation will also be used for the repair and replacement of lifts in Polis Diraja Malaysia quarters; and
- RM365.0 million allocation for the repairs and maintenance of quarters and buildings under the supervision of the Property Management Division.

To ensure that efforts to stimulate economic recovery are intensified, the Government will continue the implementation of national infrastructure development projects worth RM3.5 billion such as the construction of the Sabah Pan Borneo Highway from Sindumin to Rampayan Laut; Sarawak Pan Borneo Highway from Semantan to Jalan Pujut Link; Jeniang Transfer project, Kedah; continue the Central Spine Road project at the Paloh 2 alignment to Gua Musang and completed the Kg Orang Asli Sungai Chandan alignment to Kg Asap and Raub ByPass; build highway packages from Kok Lanas to Bukit Tiu, Kota Bharu Highway to Kuala Krai, Kelantan; slope and road improvements from Kg. Tuit to Kg. Mat Daling (Section 2), Jerantut, Pahang; and construction of the Rantau Panjang Floodwall. To further boost high-impact infrastructure development activities through Public-Private Partnerships, the Government has allocated an initial fund of RM200.0 million through the creation of the Infrastructure Facilitation Fund 3.0 under the supervision of the Public Private Partnership Unit, Prime Minister's Office

The Government will also continue to implement small scale projects worth RM2.9 billion collectively earmarked for G1 to G4 class contractors nationwide. This allocation will, among others, encompass road maintenance projects, repair aging infrastructure and upkeep of public universities, polytechnics and community colleges as well as other projects that involve rural social amenities.

Budget 2022 further highlights efforts to balance development between states and regions. For the five regional economic development corridors, development projects will be continued with an allocation of RM690.0 million comprising six new projects and 66 extension projects such as the Smart Agriculture project in Igan, Sarawak. The Government will also assist the State Governments in enhancing economic development of the states. In this regard, a special allocation of RM260.0 million, or RM20.0 million for each state, will be provided to focus on projects relating to food security, tourism and environmental preservation and conservation. Additionally, Sabah and Sarawak will receive an increase in development expenditure allocation worth RM5.2 billion and RM4.6 billion, respectively. These allocations are for, among others, implementation of water, electricity, and road infrastructure projects, as well as for education and health facilities.

The outlook for the property market in 2022 is promising as domestic economic activities are anticipated to improve following the reopening of the economy and country borders. Further, measures under Budget 2022 are expected to positively contribute to the construction and property industries.

SUPPLY CONDITIONS

Dependency on imports

The construction industry in Malaysia has a certain degree of dependency on the imports of construction materials, metals, and mineral products such as steel, aluminium and copper, that are used for the construction of properties and infrastructure. 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.

Industry challenges

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

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from neighbouring developing nations in the Southeast Asia region, as a result of poor response from local labour.

Further, construction activities are 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. Project delays typically lead to increased overheads and cost overruns. Increased overheads affect the ability of industry players to complete projects on time as a result of financial shortages or budget overruns, and loss of opportunity if resources have been committed to a delayed project.

In 2020, the construction industry faced the COVID-19 pandemic which resulted in reduced work capacity to comply with containment measures, labour shortages due to international border closures, supply chain disruptions and site shutdowns. This resulted in many industry players experiencing cash flow issues, as well as being exposed to liquidated damages and termination.

Governing laws and regulations

The relevant laws and regulations pertaining to the construction industry in Malaysia include, but are not limited to, the Construction Industry Development Board Act 1994; The Construction Industry Payment and Adjudication Act 2012; Mandatory Standards in Construction; Factories and Machinery Act 1967; Factories and Machinery (Building Operations and Works of Engineering Construction) (Safety) Regulations 1986; Employment Act 1955; Occupational Safety and Health Act 1994; Environmental Quality Act 1974; and Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order 1987.

COMPETITIVE LANDSCAPE

Construction services are vital for the delivery of residential, commercial and industrial properties as well as infrastructures. The range of services offered by construction industry players differ depending on their capabilities, with some construction industry players being able to offer integrated design, build, commissioning and completion expertise, while other companies may only possess build capabilities. Selected industry players may also produce building materials, where such value chain integration enables them to leverage on internal capabilities to secure building materials for their construction projects. Further, selected industry players may also be part of a group of companies that are involved in property development activities, thereby allowing them access to property development projects undertaken by the said group of companies.

There are distinct barriers to entry, with industry players possessing a CIDB license, experienced employees with engineering experience who can carry out planning and design as well as construction project management and project track record.

Southern Score Sdn Bhd has undertaken public and private sector projects with a focus on high-rise residential property developments. Southern Score Sdn Bhd's customers are primarily landbank owners and project developers who engage Southern Score Sdn Bhd for its construction services.

In the FYE 31 December 2021, Southern Score Sdn Bhd secured a revenue of RM285.0 million for the provision of construction services for high-rise residential property developments. In 2021, residential construction activities, based on the value of projects awarded for residential properties, was RM27.2 billion. Thus, in comparison to the value of projects awarded for residential properties in Malaysia of RM27.2 billion, Southern Score Sdn Bhd secured a market share of 1.0%.

The following sets forth the profiles of selected industry players that are involved in the provision of construction services, most of whom are directly involved in undertaking construction activities. Comparatively, Southern Score Sdn Bhd focuses on project initiation and construction project management.

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Industry player	Latest available financial year ended	Segmental revenue for construction services (RM)	Total revenue (RM)	Gross profit (RM)	Gross profit margin (%)	Profit before tax (RM)	Profit after tax (RM)	Profit after tax margin (%)
Advancecon Holdings Berhad ^a	31 December 2021	267,994,241	270,802,450	18,898,749	7.0	3,976,529	2,049,957	0.8
Ageson Berhad ^a	30 June 2021	163,547,630	166,247,630	32,477,308	19.5	31,714,982	31,437,874	18.9
Ahmad Zaki Resources Berhad ^a	30 June 2021	690,290,000	846,982,000	42,526,000	5.0	-55,385,000	-75,062,000	-8.9
Aneka Jaringan Holdings Berhad ^b	31 August 2021	113,272,740	122,102,058	431,813	0.4	-22,108,074	-22,884,781	-18.7
Fajarbaru Builder Group Bhd ^a	30 June 2021	84,959,000	153,113,000	Not available	Not available	36,954,000	28,096,000	18.3
Gabungan AQRS Berhad ^a	31 December 2021	265,047,216	331,205,450	52,184,301	15.8	25,677,793	16,026,752	4.8
Gadang Holdings Berhad ^a	31 May 2021	365,982,735	574,767,491	76,791,957	13.4	20,069,028	11,154,867	1.9
Gagasan Nadi Cergas Berhad ^b	31 December 2021	119,635,000	199,256,000	16,949,000	8.5	17,855,000	7,341,000	3.7
Kimlun Corporation Berhad ^a	31 December 2021	503,981,530	691,087,067	50,104,985	7.3	970,961	-728,032	-0.1
Lebtech Berhad ^a	31 December 2021	26,333,767	26,333,767	4,139,549	15.7	636,855	301,701	1.1
Melati Ehsan Holdings Berhad ^a	31 August 2021	92,747,317	111,425,494	12,514,894	11.2	4,569,514	2,288,528	18.3
MGB Berhad ^a	31 December 2021	557,590,050	593,758,902	96,978,302	16.3	39,977,425	26,577,720	4.5
Mitrajaya Holdings Berhad ^a	31 December 2021	237,311,705	288,717,477	30,096,052	10.4	-11,872,956	-14,113,074	-4.9
Pamir Development Sdn Bhd ^c	31 December 2020		439,289,169	66,603,292	15.2	24,170,016	13,977,821	3.2
Pesona Metro Holdings Berhad ^a	31 December 2021	596,063,897	604,217,278	Not available	Not available	-1,907,161	-2,089,917	-0.3
Pintaras Jaya Berhad ^a	30 June 2021	335,599,759	370,436,883	81,043,848	21.9	75,122,590	64,120,970	17.3
SQA Builders Sdn Bhd ^c	31 December 2020		107,407,428	8,854,747	8.2	-319,364	-316,782	-0.3
Southern Score Sdn Bhd	31 December 2021	285,001,000	285,001,000	51,563,000	18.1	46,487,000	35,178,000	12.3
TCS Group Holdings Berhad ^b	31 December 2021	204,047,472	204,047,472	19,704,739	9.7	3,215,270	2,472,690	1.2
TRC Synergy Berhad ^a	31 December 2021	595,664,000	762,123,000	56,990,000	7.5	24,241,000	18,143,000	2.4
TRIpIc Berhad ^c	31 December 2020		225,274,000	Not available	Not available	45,509,000	49,018,000	21.8
Vivocom Enterprise Sdn Bhd ^c	30 June 2021		66,485,081	12,818,663	19.3	13,531,178	11,114,341	16.7
Vizione Holdings Berhad ^a	30 November 2021	219,800,880	285,990,535	42,576,100	14.9	-82,035,589	-82,681,241	-28.9

Notes:

^a Listed on the Main Market of Bursa Securities Malaysia Berhad^b Listed on the ACE Market of Bursa Securities Malaysia Berhad^c The segmental revenue for private companies is not publicly available from the Companies Commission of Malaysia

Latest available as at 25 July 2022

Source: Various annual reports, Companies Commission of Malaysia, PROVIDENCE analysis



2 INDUSTRIALISED BUILDING SYSTEMS INDUSTRY IN MALAYSIA

Over the years, the construction industry in Malaysia has been moving from conventional techniques towards the adoption of Industrialised Building System (“IBS”). IBS is a systematic construction technique in which components are manufactured in a controlled environment (either onsite or off-site), transported, positioned and assembled into a structure with minimal additional site work.

IBS uses precast component systems, fabricated steel structures, innovative mould systems, modular block systems and prefabricated timber structures as construction components. Parts of the building that are repetitive but difficult, time consuming and labour intensive to be casted onsite, are designed and detailed as standardised components at the factory, and are then transported to the construction site for assembly and installation.

The CIDB classifies IBS as:

- Precast concrete framed buildings: The most common group of IBS products which includes among others, precast concrete columns, beams, slabs, walls and 3-D components (such as balconies, staircases, toilets, lift chambers, refuse chambers), lightweight precast concrete, as well as permanent concrete formwork;
- Formwork systems: Considered as one of the lowest levels or the least prefabricated IBS, as the system generally involves site casting and is therefore subject to structural quality control. Formwork system products offer high-quality finishes, and fast construction with less site labour and material requirement;
- Steel framing systems: Commonly used with precast concrete slabs, steel columns and beams, steel framing systems are used widely in the fast-track construction of skyscrapers;
- Prefabricated timber framing systems: Consists of timber building frames and timber roof trusses. While the latter is more popular, timber building frame systems also have their own niche market, offering interesting designs from simple dwelling units to buildings requiring high aesthetical values such as chalets for resort; and
- Blockwork systems: The development and usage of interlocking concrete masonry units (CMU) and lightweight concrete blocks to replace traditional brick-laying tasks.

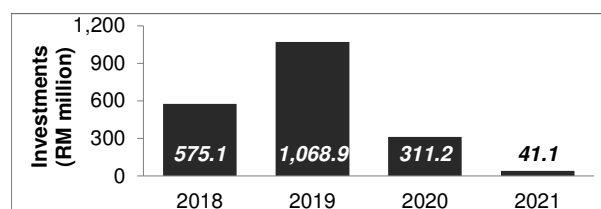
IBS has been introduced in Malaysia since early 1960s when the Public Work Department (PWD) and Ministry of Housing and Local Government (MHLG) of Malaysia visited several European countries and evaluate their housing development program. Following this, the Government started its first IBS project to speed up the build time of affordable and quality houses. About 22.7 acres of land along Jalan Pekeliling, Kuala Lumpur was dedicated to this project. IBS has since been applied in the development of several buildings, among which include AIMST University in Kedah; Forest City and Sunway Emerald Boulevard 88 in Johor; as well as Sunway Serene Service Residences, Sunway GEOLake Residences, Sunway Velocity 2 Office and Service Residences, Setia City Mall, Rumah Selangorku Idaman Residensi apartments and Rumah Selangorku Jade Hills development in the Klang Valley.

INDUSTRY SIZE AND GROWTH POTENTIAL

The construction industry in Malaysia is moving towards the use of IBS, driven by Government initiatives, the expected growth in residential property construction, and a growing awareness about the benefits of IBS products.

In 2018, a total of 14 projects were approved in the IBS industry with an investment of RM575.1 million. Of these, RM335.8 million (58%) were from local companies and RM239.3 million (42%) were from foreign companies. Subsequently in 2019, 15 projects were approved with total investments worth RM1.1 billion. Of these, domestic direct investment amounted to RM477.8 million, or 44.7% of total investments, while foreign direct investment was slightly higher with investments totalling RM591.1 million or 55.3%. In 2020, Malaysia recorded lower investments in the IBS industry arising from the COVID-19 pandemic which dampened investment activities. Eight projects were approved to manufacture IBS components in 2020, with investments valued at RM311.2 million. Further in 2021, three IBS projects were approved with investments valued at RM41.1 million.

Investments in IBS components manufacturing



Source: Malaysian Investment Development Authority (“MIDA”), PROVIDENCE analysis

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**DEMAND CONDITIONS: KEY GROWTH DRIVERS****The benefits of IBS support its demand potential**

The construction industry has started to embrace IBS as a method of attaining better construction quality and productivity, reducing risks related to occupational safety and health, alleviating issues for skilled workers and dependency on manual foreign labour, and achieving the ultimate goal of reducing the overall cost of construction. The adoption of IBS offers minimal wastage, fewer site materials, a cleaner and neater environment, controlled quality, and lower total construction costs.

The COVID-19 pandemic revealed that existing, conventional, labour-intensive construction methods may no longer be feasible. Embracing new construction technologies through prefabricated construction methods is required for developers and builders. Industry players are being encouraged to adopt and develop innovative construction technologies by adopting digitisation and automation. This is anticipated to support boosting knowledge levels and result in a fully-integrated, automated, optimal production flow within the industry.

IBS can enhance construction productivity and improve quality by reducing construction time, lowering overall construction costs, and reducing the amount of waste generated onsite. The use of prefabricated components can lead to enhanced durability and greater material conservation as they are manufactured off-site. IBS is more environmentally-friendly, resulting in reduced emissions, as well as energy and water consumption. It also helps with occupational health and safety.

Government initiatives support the adoption of IBS

The Malaysian Government has been continually encouraging the construction industry to use IBS, which is an important part of the nation's sustainable construction initiative. IBS was introduced to Malaysia as a solution to issues related to over-dependence on foreign workers, increasing demand for affordable accommodation, and improving the image, quality and productivity of the construction industry. IBS is one of the targeted sectors for the manufacturing-related construction industry.

One of the milestones of IBS policy in Malaysia is regulation on the use of IBS in the construction of public buildings. In November 2008, the Treasury Malaysia issued a Treasury Circular Letter, now referred to as SPP 7/2008, to all Malaysian Government agencies directing them to increase the IBS contents of their building development projects to a level not less than 70 points of the IBS score and IBS must be incorporated as part of the contract document for tender. The abovementioned circular letter took effect immediately and the Implementation and Coordination Unit (ICU) of the Prime Minister's Department was given the task of monitoring the level of compliance to this directive by the respective agencies. The decision was to create sufficient momentum for the demand for IBS components and to create a spill-out effect throughout the nation. To monitor its implementation, the Government then established the National IBS Secretariat. Between October 2008 and May 2010, an estimated 331 projects under 17 ministries were awarded and constructed using IBS.² The majority of the projects were construction of public schools, hospitals, higher learning institutions and government offices throughout Malaysia, where the total cost of these projects was about RM 9.6 billion.³

To ensure that the design of government and private buildings were more uniform, incurred lower costs, and required shorter construction time periods, the Government required the use of IBS in private construction projects in excess of RM50.0 million and government projects in excess of RM10.0 million.

The CIDB was established in 1994 to stimulate the development of the construction industry. CIDB has always promoted the use of IBS to modernise the industry and improve quality, as well as increase the productivity of industrial workers. The Malaysian Investment Development Authority ("MIDA") and CIDB signed a memorandum of understanding in August 2016 to promote the adoption of IBS.

According to the IBS Compliance and Implementation Report for Government Projects (January – July 2019) produced by the Implementation Coordination Unit of the Prime Minister's Department, IBS implementation in public-sector projects had reached a level of 86.6% while private-sector implementation was around 40% in 2019, compared to 14% in 2014. Subsequently in 2020, the adoption rate of IBS in public projects was 85.0%, in comparison to the 41.0% adoption rate in private projects.⁴

The Government had previously outlined several initiatives under Budget 2020 to increase the adoption of IBS and to improve the digital infrastructure of the country, to develop the Integrated Digital Delivery platform for the construction industry, and promote the use of Building Information Modelling ("BIM"), which

² Source: CIDB

³ Source: CIDB

⁴ Twelfth Malaysia Plan, 2021-2025, Economic Planning Unit Malaysia



is an intelligent 3-dimensional model-based process that gives architecture, engineering, and construction professionals the insight and tools to more efficiently plan, design, construct, and manage buildings and infrastructure which will help the construction industry in preparing for Industry 4.0.

MIDA works closely with the Ministry of Works and CIDB to promote Construction Revolution 4.0. Specifically, MIDA provides assistance in terms of incentives for IBS manufacturers and construction companies looking to embrace automation and cutting-edge technology such as BIM, advanced materials and systems, 3-dimensional / 4-dimensional / 5-dimensional printing, and innovative systems that improve speed, flexibility, productivity, labour productivity, and product quality.

MIDA and CIDB continued to support the IBS industry with the signing of a memorandum of understanding in November 2021 to jointly promote technology adoption and global best practices among Malaysian construction industry players. The memorandum of understanding aims to strengthen the Construction 4.0 Strategic Plan, in-line with Wawasan Kemakmuran Bersama 2030 and the National Policy on Industry 4.0 (Industry4WRD). Both parties are committed to enhancing the areas of policy development and advocacy; research and development, training, and promotion of IBS; Industrial Revolution 4.0 and Construction Revolution 4.0 technologies; green initiatives and building materials quality; as well as investment promotions in relevant sectors.

3 PROSPECTS AND OUTLOOK

The construction industry in Malaysia, based on the value of awarded construction projects, grew from RM130.3 billion in 2016 to RM181.7 billion in 2019 at a CAGR of 11.7%. During this period, the value of awarded residential construction projects also registered positive growth from RM34.9 billion to RM36.7 billion at a CAGR of 1.7%. The value of awarded projects construction projects contracted from RM181.7 billion in 2019 to RM86.2 billion in 2020 at a year-on-year rate of 52.6% before rising to RM124.9 billion in 2021. Comparatively, the value of awarded residential construction projects also contracted from RM36.7 billion in 2019 to RM28.8 billion in 2020 (year-on-year rate of 21.5%) and RM27.2 billion (year-on-year rate of 5.6%) in 2021).

Residential property sales gradually began showing signs of recovery in 2021, as depicted by the growth in demand for household loans. In its Quarterly Bulletin for the Fourth Quarter of 2021, the Central Bank of Malaysia noted the growth in loans following the easing of movement restrictions. This was reflected in substantially higher loan applications of RM170.8 billion in the fourth quarter (3Q 2021: RM114.1 billion) and loan disbursements of RM109.0 billion in the fourth quarter (3Q 2021: RM75.3 billion), particularly for the purchase of houses and passenger cars. In particular, residential property developers began adapting with the containment measures and social distancing restrictions by diversifying to electronic marketing (e-marketing) platforms to reach potential target market while offering more attractive incentives and deals to boost sales. The improving demand for residential properties is anticipated to bode well for industry players and support demand for construction services.

PROVIDENCE expects residential construction activities to recover over the long term, with the value of awarded residential construction projects projected to rise from RM27.2 billion in 2021 to RM32.2 billion in 2025 at a CAGR of 4.3%. Growth in the affordable housing segment is expected to bounce back faster than mid-tier and luxury residential segments, while office and retail segments are expected to witness a slower recovery over the forecast period.

Growth in the construction sector is expected to rebound in 2022 following the reopening of Malaysia's economy. Ongoing construction activity in large infrastructure projects and implementation of small-scale projects under the Budget 2022 measures will support growth in the civil engineering and special trade subsectors. The residential subsector is projected to benefit from new housing projects and launches, in tandem with the expected recovery in demand as income and employment prospects improve. Growth in the non-residential subsector is expected to be lifted by both existing and new commercial and industrial projects.

The property market is expected to continue recovering in 2022, supported by the reopening of the economy and country borders, which is expected to further improve domestic economic activities.

PROVIDENCE believes that the prospects for Southern Score Sdn Bhd will be supported by the overall recovery of Malaysia's economy and the construction industry, demand for residential properties particularly for affordable housing, population growth and urbanisation as well as supportive Government initiatives.

EXPERT REPORT BY MALACCA SECURITIES ON THE FAIRNESS OF THE PURCHASE CONSIDERATION OF THE PROPOSED ACQUISITION

MALACCA SECURITIES SDN BHD

Registration No: 197301002760 (16121-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

30 August 2021

The Board of Directors

G Neptune Berhad

Unit 621, 6th Floor
Block A, Kelana Centre Point
No. 3, Jalan SS7/19
Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs,

G NEPTUNE BERHAD ("GNB" OR "COMPANY")

FAIRNESS OPINION ON THE PURCHASE CONSIDERATION OF THE PROPOSED ACQUISITION OF THE ENTIRE EQUITY INTEREST IN SOUTHERN SCORE SDN BHD ("PROPOSED ACQUISITION")

1. INTRODUCTION

Malacca Securities Sdn Bhd ("**Malacca Securities**") has been appointed by the Board of Directors ("**Board**") of GNB on 9 July 2021 as an Independent Expert to provide an independent valuation to ascribe the fair value for the entire equity interest in Southern Score Sdn Bhd ("**Southern Score**") ("**Expert's Report**").

This Expert's Report is prepared for the inclusion in the circular to shareholders ("**Circular**") for the purpose of considering, and if thought fit, approving the Proposed Acquisition and should be read in conjunction with the same. Kindly refer to the Circular for details of the other proposals to be undertaken together with the Proposed Acquisition to be issued in due course.

All definitions used in this Expert's Report shall have the same meaning as the words and expressions provided in the definition section of the Circular, except where the context otherwise requires or where otherwise defined herein.

2. SOURCES OF INFORMATION

The sources of information which we have used to arrive at the fair value of Southern Score are as follows: -

- (a) audited financial statements of Southern Score for the financial years ended 31 December ("**FYE(s)**") 2018 to FYE 2020;
- (b) income and cash flow forecast and projections for five (5) FYEs from 2021 to 2025 of Southern Score together with the key underlying bases and assumptions as provided by the management of Southern Score ("**Financial Projections**");
- (c) various documents and information made available to us by the management of GNB and Southern Score during the course of our engagement;
- (d) the letter of representation from the Board of GNB and Southern Score confirming, *inter alia*, the accuracy, completeness and reliability of the information provided to us; and
- (e) other relevant information.

EXPERT REPORT BY MALACCA SECURITIES ON THE FAIRNESS OF THE PURCHASE CONSIDERATION OF THE PROPOSED ACQUISITION (*Cont'd*)

3. SCOPE AND LIMITATION OF REVIEW

Malacca Securities was not involved in the negotiation of the term and conditions of the Proposed Acquisition. In arriving at our opinion, we have relied in good faith on the information provided to us by the management of GNB and Southern Score, including all financial, legal and other information, and assumed that there is no omission or non-disclosure of material information on Southern Score. In this regard, the management of GNB and Southern Score remains solely responsible for the completeness, accuracy and authenticity of the information provided to us for the purpose of preparing the Expert's Report.

The preparation of this Expert's Report is based upon the market, economic, industry and other conditions prevailing as at the valuation date of 30 June 2021 ("**Valuation Date**"), as well as the sources as set out in Section 2 above. Such conditions may change significantly over a relatively short period of time. No representation or warranty, whether expressed or implied, is given by GNB and Southern Score that the information and documents provided will remain unaltered subsequent to the issuance of the Expert's Report.

We have not undertaken independent investigation into the business of GNB and Southern Score. Our procedures and inquiries did not include any verification work that constitutes an audit on the information that we have relied upon in preparing this Expert's Report. Nevertheless, the Board of GNB and Board of Southern Score have collectively and individually confirmed to us that all the relevant material facts and information essential for our valuation have been disclosed to us. The Board of GNB and Board of Southern Score have also accepted full responsibility for the accuracy of the information and documents provided and confirmed 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 incomplete, misleading and/or inaccurate.

Our opinion addresses neither the relative merits of the Proposed Acquisition as compared to any other alternative business strategies that might exist for GNB or Southern Score nor consider the underlying business decision or future plans of the company to engage in the Proposed Acquisition, or the effect of any other transactions in which GNB or Southern Score might engage nor should it be construed in any aspect as a guarantee of value.

We have assumed that all government, regulatory and other consents and approvals required for the conclusion of the Proposed Acquisition will be obtained without any adverse impact on GNB or Southern Score, and that the Proposed Acquisition will be implemented based on the terms as set out in the share sale agreement, without material waiver or modification of any term or condition or any delay the effect of which would be any relevant to the valuation of Southern Score.

Impact of the COVID-19 pandemic

The global economic growth is affected due to the outbreak of COVID-19. Given the evolving circumstances, there could potentially be disruptions impacting the business operations of Southern Score and if the situation prolongs, this may affect the earnings and financial performance of Southern Score in the short to medium-term.

4. BACKGROUND INFORMATION

(i) Proposed Acquisition

The proposed acquisition entails the acquisition of the entire equity interest in Southern Score by GNB from Super Advantage Property Sdn Bhd, for a total purchase consideration of RM252.0 million ("**Purchase Consideration**") which shall be fully satisfied via the issuance of new ordinary shares of GNB ("**GNB Share(s)**") or "**Share(s)**") at an agreed issue price.



EXPERT REPORT BY MALACCA SECURITIES ON THE FAIRNESS OF THE PURCHASE CONSIDERATION OF THE PROPOSED ACQUISITION (Cont'd)

(ii) Information on Southern Score

Southern Score was incorporated in Malaysia on 20 December 2010 as a private limited company under the name of Pembinaan Lebar Waras Sdn Bhd. On 29 March 2011, Pembinaan Lebar Waras Sdn Bhd changed its name to Southern Score Sdn Bhd. Southern Score is principally engaged in the business of construction, contractors, subcontractors and property development. Southern Score is a Grade 7 contractor registered with Construction Industry Development Board which allows Southern Score to tender for construction works that are of unlimited value and to undertake construction activities throughout Malaysia.

As at the Valuation Date, Southern Score has an order book of approximately RM1,453.96 million for the next five (5) years from 2021 to 2025 which includes on-going and future projects.

Historical financial information

The financial information of Southern Score based on the audited financial statements for the past three (3) FYEs 2018 to 2020 are as follows: -

	Audited		
	FYE 2018	FYE 2019	FYE 2020
	(RM'000)	(RM'000)	(RM'000)
Revenue	54,885	66,990	148,808
Gross profit ("GP")	12,885	12,354	28,971
Profit before taxation ("PBT")	10,735	9,031	25,512
Profit after taxation ("PAT")	8,186	6,513	19,197
Current Assets	113,882	49,073	81,885
Current Liabilities	63,393	41,331	69,999
Total Assets	113,910	49,368	82,251
Total Liabilities	63,398	41,343	70,029
Shareholders' funds/Net Assets ("NA")	50,512	8,025	12,222
No. of shares in issued	1,000,000	1,000,000	1,000,000
Total Borrowings	18,589	3,178	N/A
Earnings per share ("EPS")	8.19	6.51	19.20
GP margin (%)	23.48	18.44	19.47
PBT margin (%)	19.56	13.48	17.14
PAT margin (%)	14.91	9.72	12.90
Current ratio (times)	1.80	1.19	1.17
Gearing ratio (times)	0.37	0.40	N/A

(Source: Respective audited financial statements of Southern Score)

Commentaries

Comparison from FYE 2018 to FYE 2019

Southern Score's revenue increased by RM12.1 million or 22.0% from RM54.9 million in FYE 2018 to RM67.0 million in FYE 2019. The increase was mainly due to the revenue contributed by four (4) new projects secured during the financial year, namely the Platinum Arena, Old Klang Road Project, Vista Wirajaya 1, Taman Melati Project, Residensi Vista Sentul Construction Project and Residensi Vista Sentul Piling Project.

Southern Score's GP decreased by RM0.5 million or 3.9% from RM12.9 million in FYE 2018 to RM12.4 million in FYE 2019 due to decrease in GP in the turnkey services segment (i.e. PR1MA Jalan Jubilee Project).

Despite the increase in revenue, the PAT decreased by RM1.7 million or 20.7% from RM8.2 million in FYE 2018 to RM6.5 million in FYE 2019 which was mainly due to the Southern Score's lower GP and higher administrative expenses incurred in FYE 2019.

EXPERT REPORT BY MALACCA SECURITIES ON THE FAIRNESS OF THE PURCHASE CONSIDERATION OF THE PROPOSED ACQUISITION (Cont'd)

Comparison from FYE 2019 to FYE 2020

Southern Score's revenue increased by RM81.8 million or 122.1% from RM67.0 million in FYE 2019 to RM148.8 million in FYE 2020. The increase was mainly due to the revenue contributed by the increase in revenue generated from the Platinum Arena, Old Klang Road Project, Vista Wirajaya 1, Taman Melati Project, Residensi Vista Sentul Construction Project and Residensi Vista Sentul Piling Project.

Southern Score's GP increased by RM16.6 million or 133.9% from RM12.4 million in FYE 2019 to RM29.0 million in FYE 2020, in tandem with the increase in the Southern Score's revenue.

Correspondingly, the PAT also increased by RM12.7 million or 195.4% from RM6.5 in FYE 2019 to RM19.2 million in FYE 2020.

Southern Score did not incur any borrowings in FYE 2020.

5. KEY BASES AND ASSUMPTIONS

The key bases and assumptions adopted for the valuation are as follows: -

- (i) The valuation is conducted on an "as is where is" basis and on the financial position of Southern Score as at the Valuation Date without taking into the consideration the plans and strategies to be undertaken by Southern Score and synergies arising from the Proposed Acquisition;
- (ii) The audited financial statements of Southern Score for the FYEs 2018 up to 2020 provide a true and fair view of the financial position and financial performance of Southern Score. We have not carried out any audit, verification or review of these financial statements to ensure the accuracy, completeness and reliability of these financial statements;
- (iii) The Financial Projections, which has been provided to us by the management of Southern Score, will be achieved. The management of Southern Score assumes full responsibility for the accuracy, completeness and reliability of these financial projections;
- (iv) Southern Score is in full compliance with all applicable regulations and laws;
- (v) The business interest of Southern Score and their assets are free and clear of any liens or encumbrances;
- (vi) There will be no material changes in the present legislation, government regulations, inflation rates, interest rates, foreign exchange rates, bases and rates of taxation, and other lending guidelines which will affect the activities of Southern Score, as well as the markets, countries or territories in which Southern Score has operations;
- (vii) Southern Score will obtain all necessary licenses/approvals/agreements with the key principals for its operations;
- (viii) Southern Score is assumed to have obtained all necessary licenses, permits, permissions, authorisations ("**Permits**") and consents from the relevant authorities which are material to its business as a going concern, and all such Permits are valid, subsisting and have been complied with in all material aspects;
- (ix) There will be no material changes in the present management and principal activities as well as the accounting and operating policies presently adopted by Southern Score;
- (x) There will not be any material adverse changes to the financial position and performance as well as the business operations of Southern Score after the Proposed Acquisition;

EXPERT REPORT BY MALACCA SECURITIES ON THE FAIRNESS OF THE PURCHASE CONSIDERATION OF THE PROPOSED ACQUISITION (*Cont'd*)

- (xi) There are no undisclosed actual or contingent assets or liabilities, including but not limited to, any contracts and/or off-balance sheet financial instruments, no unusual obligations or commitments other than in the ordinary course of business, nor any pending litigation which would have a material effect on the financial position or business of Southern Score now and in the future; and
- (xii) There will be no event of *force majeure* occurring such as any act of God, act of public enemies, war, act of terrorism, restraint of Government or people of any nation, riots, insurrections, civil commotion, floods, fire, restrictions due to quarantines, epidemics, storms, or any other causes beyond the reasonable control of Southern Score, which could materially affect Southern Score's financial positions and future business operations.

6. VALUATION

6.1 Basis of valuation

The basis of valuation used herein is the fair market value which is defined as the approximate price of an asset that would change hands between a willing buyer and a willing seller when neither is acting under compulsion and when both have the relevant and required facts and information relating to that asset.

Please note that the concept of fair market value means the price of an asset being valued assuming the transaction took place under conditions existing at the Valuation Date. The amount would not be considered market value if it was influenced by special motivations not characteristic of a typical buyer or seller.

In addition, the range of value that we have estimated is based on the assumption of Southern Score being a going concern and not, for example, the break-up value of the business.

6.2 Valuation methodology

In arriving at our valuation, we have relied on the following valuation methodologies after taking into consideration the future earnings generating capabilities, business sustainability as well as various business considerations of Southern Score.

(i) Discounted Cash Flow ("DCF") Method

We have undertaken the DCF Method as our primary method of valuation. The DCF Valuation approach is an investment appraisal technique which takes into consideration both the time value of money and the projected net cash flow generated and discounted at a specified discount rate to derive at the valuation of the subject matter. It is often used to assist investors to calculate the expected returns from an investment and analyses how much an investment is worth in present value terms based on the future expected cash flow.

Discounted Free Cash Flow to Equity ("**FCFE**") approach is the free cash flows available to be paid to the shareholders of the company after all expenses, reinvestment and debt repayment. In undertaking the Discounted FCFE approach of estimating the indicative values of Southern Score, we have relied on the five (5) year financial projections ("**Projection Period**") of Southern Score which have been diligently prepared by the management of Southern Score based on their best available estimates and judgement.

One of the key assumptions for the Discounted FCFE approach is the choice of a discount rate that takes into account the relevant market interest and inflation rates as well as the business and financial risks relating to the business. In arriving at the appropriate discount rate for the valuation, we have applied the prevailing risk-free rate and market risk premium, as well as adopted the beta of the selected comparable public listed companies with the

EXPERT REPORT BY MALACCA SECURITIES ON THE FAIRNESS OF THE PURCHASE CONSIDERATION OF THE PROPOSED ACQUISITION (Cont'd)

relevant adjustments made taking into consideration the risk factors associated with Southern Score. A terminal value is also included in our analysis as the business of Southern Score is expected to continue beyond the Projection Period.

(ii) Relative Valuation

We have undertaken the Relative Valuation as a secondary method to support our primary method of evaluation. The Relative Valuation seeks to compare a company's implied trading multiple to that of comparable companies to determine the firm's financial worth. Under the Relative Valuation, reference was made to the valuation statistics of public listed companies in Malaysia with principal activities that we consider broadly comparable to Southern Score ("**Comparable Companies**") to get an indication of the current market expectation with regard to the implied value of the equity interest in Southern Score and compared to the implied trading multiples to determine the firm's worth.

It is important to note that the Comparable Companies tabulated herein are by no means exhaustive and may differ from Southern Score in terms of, *inter alia*, composition of business activities, 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 valuation of Southern Score and the selection of Comparable Companies and adjustments made are highly subjective and judgmental and the selected companies may not be entirely comparable due to various factors.

We have considered the companies listed on the Main Market and ACE Market of Bursa Securities which have similar business activities to Southern Score with market capitalisation between RM100.0 million and RM500.0 million and percentage of the revenue were mainly generated from construction and related activities. The selection was made after taking into consideration of the enlarged issued share capital of GNB and market capitalisation of GNB after the acquisition of Southern Score which is approximately RM117.0 million and RM340.9 million respectively. The percentage of revenue contribution of the Comparable Companies from construction and related activities are more than 70.0%.

Please note that the selection of the comparable companies and adjustments (if any) made are highly subjective and judgemental due to various factors. The Comparable Companies were selected because they are publicly listed construction companies with sufficient readily accessible company information that, for purposes of our analysis, may be similar to the core operations of Southern Score. However, we wish to highlight that no two or more companies are the exact copies of another.

6.2.1 DCF Method

In arriving at the valuation of Southern Score, we have adopted the following assumptions: -

No.	Valuation parameters		Description
1.	K_e	9.45%	Cost of equity represents the rate of return required by an investor on the cash flow streams generated given the risks associated with the cash flows. In deriving the cost of equity for Southern Score, we have adopted the Capital Asset Pricing Model and derived an estimated cost of equity of 9.45% (based on the expected capital structure of Southern Score for the Projection Period and after

**EXPERT REPORT BY MALACCA SECURITIES ON THE FAIRNESS OF THE PURCHASE
CONSIDERATION OF THE PROPOSED ACQUISITION (Cont'd)**

No.	Valuation parameters		Description
			<p>incorporating an upward adjustment of 25.00% for the illiquidity discount to account for the lack of marketability with the following inputs: -</p> $K_e = R_f + \beta (R_m - R_f)$ <p>Details of the inputs and their respective basis and calculation are set out below.</p>
2.	Risk free rate of return ("Rf")	2.55%	<p>Risk-free rate of return represents the expected rate of return from a risk-free investment. The closest available approximation of the risk-free rate of return is the yield of five (5)-year Malaysian Government Securities.</p> <p>We have adopted the average yield of 2.55% per annum as at the Valuation Date.</p>
3.	Expected market rate of return ("Rm")	9.07%	<p>Expected market rate of return represents the expected rate of return for investing in a portfolio consisting of a weighted sum of assets representing the entire equity market.</p> <p>Based on the information sourced from Bloomberg, we have derived an average expected market rate of return in Malaysia of 9.07% per annum for the past ten (10) years.</p>
4.	Beta	0.61	<p>Beta is the sensitivity of an asset's returns to the changes in market returns. It measures the correlation of systematic risk between the said asset and the market. A beta of more than 1 signifies that the asset is riskier than the market and <i>vice versa</i>.</p> <p>In deriving the estimated beta of Southern Score, we have relied on the one (1)-year historical beta of the Comparable Companies up to the Valuation Date. As the historical beta extracted from Bloomberg is based on the capital structure of the respective comparable companies, we have unlevered the beta and re-levered the beta based on the expected capital structure of Southern Score throughout the Projection Period.</p>
5.	Perpetuity growth rate	0.50%-1.50%	<p>The terminal value is the present value at a future point of time of all future cash flows, growing at an assumed constant rate to perpetuity. It is based on the Gordon's Growth Model taking into consideration the FCFE for the last projected financial year of 2025 and valuing it to perpetuity.</p> <p>We have adopted a range of perpetuity growth rate of 0.50% ("Low Range") to 1.50% ("High Range") which we view as appropriate after taking into consideration that Southern Score is expected to sustain its operations into perpetuity and the future prospects of Southern Score with constant potential earnings going forward.</p>

**EXPERT REPORT BY MALACCA SECURITIES ON THE FAIRNESS OF THE PURCHASE
CONSIDERATION OF THE PROPOSED ACQUISITION (Cont'd)**

No.	Valuation parameters		Description
6.	Company specific risk	1.00%	Company specific risk reflects risk associated with Southern Score such as reduction in number of projects, delays in the completion of projects, increases in the cost of construction materials, health and safety risks. It must be emphasised that the indicative value of 1.00% involves a high degree of subjectivity and element of judgement.
7.	Illiquidity discount	25.00%	Southern Score is a privately-held company and the shares of Southern Score are offered, owned and traded privately among interested investors. Hence, an illiquidity discount of 25.00% have been applied on the equity value of Southern Score derived using the FCFE approach. The assumption of the adopted illiquidity discount is based on "Investment Valuation: Tools and Techniques for Determining the Value of Any Asset" by Aswath Damodaran.
Fair equity value of Southern Score		RM258.27 million – RM275.54 million	

Based on the DCF Method, it is noted that the valuation on Southern Score is estimated to be between the range of RM258.27 million to RM275.54 million.

6.2.2 Relative Valuation

For the purpose of our Relative Valuation, we have adopted price-to-earnings multiple ("PE multiple") against the Comparable Companies.

PE multiple is the ratio of price to earnings for the relevant period for the purpose of our analysis. It is a valuation metric which compares a company's share price against the EPS. The EPS is calculated based on the net earnings attributable to the shareholders after interest taxation, depreciation and amortisation expenses and is affected by *inter alia*, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets. It can be useful to compare the PE multiple to that of the peers to gauge on how richly the company is valued relative to its peers. A higher price-to-earnings ratio ("PE Multiple") may indicate that investors are willing to pay more for a RM's worth of earnings from the company.

We have selected the following Comparable Companies (excluding outliers) which were listed on the Main Market and ACE Market of Bursa Securities which have similar business activities to Southern Score with market capitalisation between RM100.0 million and RM500.0 million and at least 70.0% of the revenue were mainly generated from construction and related activities as follows: -

Name of company	Principal activities	Percentage of revenue contribution from construction and related activities ⁽ⁱ⁾	Market Capitalisation ⁽ⁱⁱ⁾	PAT/ (Loss after taxation) ⁽ⁱ⁾	PE Multiple ⁽ⁱⁱⁱ⁾
		(%)	(RM' million)	(RM' million)	(times)
Advancecon Holdings Berhad [#]	Principally involved in the business of providing management services. Through its subsidiaries, the group is engaged in providing earthworks and civil	93.81	148.35	2.10	70.64*

**EXPERT REPORT BY MALACCA SECURITIES ON THE FAIRNESS OF THE PURCHASE
CONSIDERATION OF THE PROPOSED ACQUISITION (Cont'd)**

Name of company	Principal activities	Percentage of revenue contribution from construction and related activities ⁽ⁱ⁾	Market Capitalisation ⁽ⁱⁱ⁾	PAT/ (Loss after taxation) ⁽ⁱ⁾	PE Multiple ⁽ⁱⁱⁱ⁾
		(%)	(RM' million)	(RM' million)	(times)
	engineering services and sales of construction materials, property development, carrying on development and/or operation of power generation from renewable energy, solar and other renewable energy projects.				
Ageson Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in construction works and property development.	81.69	121.82	38.91	3.13*
Ahmad Zaki Resources Berhad [#]	Principally involved in investment holding, providing management services and as a contractor of civil and structural works.	84.30	143.14	(105.56)	N/A
Aneka Jaringan Holdings Berhad [@]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in foundation and basement construction and other civil engineering works.	100.00	129.14	10.04	12.86
Gabungan AQRS Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in civil and building construction works and property development.	71.65	303.95	(54.45)	N/A
Gadang Holdings Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in earthworks, building and civil engineering and construction work contractors, provision of mechanical and electrical engineering services and property development.	73.17	280.30	35.46	7.90
Gagasan Nadi Cergas Berhad [@]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in property development, construction of buildings, infrastructures and property investment holding.	78.82	218.37	12.51	17.46*
Inta Bina Group Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in securing and	100.00	160.58	8.10	19.82*

**EXPERT REPORT BY MALACCA SECURITIES ON THE FAIRNESS OF THE PURCHASE
CONSIDERATION OF THE PROPOSED ACQUISITION (Cont'd)**

Name of company	Principal activities	Percentage of revenue contribution from construction and related activities ⁽ⁱ⁾	Market Capitalisation ⁽ⁱⁱ⁾	PAT/ (Loss after taxation) ⁽ⁱ⁾	PE Multiple ⁽ⁱⁱⁱ⁾
		(%)	(RM' million)	(RM' million)	(times)
	carrying out construction contracts.				
Kimlun Corporation Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in building and infrastructure contractors, property investment and development, manufacturing and trading of building and construction materials and provision of quarry services and machinery rental services.	78.49	295.05	7.99	36.93*
Lebtech Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in civil and building construction.	100.00	137.85	(12.34)	N/A
MGB Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in civil engineering, design and build and general construction activities, trading of building materials and property development.	85.06	436.44	13.95	31.29*
Mitrajaya Holdings Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in civil engineering, building and road construction works and supply of construction material and property development.	86.42	213.95	10.66	20.07*
Pesona Metro Holdings Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in construction work, manufacturing and trading of construction panel and property investment holding.	96.00	163.32	(17.02)	N/A
Pintaras Jaya Berhad [#]	Principally involved in the undertaking of piling contracts, civil engineering and building construction works and rental of plant and machinery.	92.38	431.25	31.69	13.61
TCS Group Holdings Berhad [@]	Principally involved in the provision of construction services for building infrastructure, civil and	100.00	171.00	16.17	10.58

EXPERT REPORT BY MALACCA SECURITIES ON THE FAIRNESS OF THE PURCHASE CONSIDERATION OF THE PROPOSED ACQUISITION (Cont'd)

Name of company	Principal activities	Percentage of revenue contribution from construction and related activities ⁽ⁱ⁾	Market Capitalisation ⁽ⁱⁱ⁾	PAT/ (Loss after taxation) ⁽ⁱ⁾	PE Multiple ⁽ⁱⁱⁱ⁾
		(%)	(RM' million)	(RM' million)	(times)
	structural works through its subsidiaries.				
TRC Synergy Berhad [#]	Principally involved in the provision of construction services and property development through its subsidiaries.	79.02	169.66	27.26	6.22*
Vizione Holdings Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in property development, subcontractor of the electrical building and civil works for construction projects, general contractor in building construction, providing related construction management and consultancy services.	84.63	163.65	(8.72)	N/A
		Average (excluding outliers)			11.24
		Maximum (excluding outliers)			13.61
		Minimum (excluding outliers)			7.90

Notes: -

(i) Based on the available financial information of the Comparable Companies announced on Bursa Securities as at the Valuation Date.

(ii) Extracted from Bloomberg as at the Valuation Date.

(iii) Computed based on the market capitalisation divided by PAT.

[#] Listed on the Main Market of Bursa Securities.

@ Listed on the ACE Market of Bursa Securities.

* Outliers (which is determined based on the extreme deviation from the average).

N/A Not applicable as the Comparable Companies registered loss after taxation.

In deriving the value for the entire equity interest of Southern Score, we have computed the value of Southern Score based on the PE Multiple of between 7.90 times to 13.61 times to the PAT of Southern Score for FYE 2020 of RM19.20 million as follows: -

	PE Multiple (times)	Value (RM' million)
Average	11.24	215.81
Maximum	13.61	261.31
Minimum	7.90	151.68
Purchase Consideration of Southern Score	13.13	252.00

Based on the above, it is noted that the implied PE Multiple of Southern Score of 13.13 times is within the range of the Comparable Companies of 7.90 times to 13.61 times.

We also noted that the Purchase Consideration of Southern Score is within the range of the Comparable Companies of RM151.68 million to RM261.31 million.

EXPERT REPORT BY MALACCA SECURITIES ON THE FAIRNESS OF THE PURCHASE CONSIDERATION OF THE PROPOSED ACQUISITION (Cont'd)

7. VALUATION RESULTS

Premised on the valuation approach and methodology set out in Section 6.2, the fair value of the entire equity interest in Southern Score as at the Valuation Date based on the DCF is between RM258.27 million and RM275.54 million.

Based on the Relative Valuation, we also noted that the implied ratio is within the range of the Comparable Companies which supports that the Purchase Consideration for the Proposed Acquisition is fair.

8. RESTRICTIONS

This valuation report is prepared strictly for the exclusive used of GNB for inclusion in the Circular. It is not intended for general circulation or publication and is not to be reproduced, quoted or referred to, in whole or in part, in any public document or announcement or to be included in any submission to any regulatory bodies without our prior written consent.

Save for the purpose stated herein, this valuation report should not be relied upon by any party other than GNB. Accordingly, we are not responsible or liable for any form of losses however occasioned to any third party as a result of the circulation, publication, reproduction or use of, or reliance on this valuation report, in whole or in part.

Neither Malacca Securities nor any of its directors or employees will assume any responsibility to any person arising from any losses in any way whatsoever and however caused from the use of this valuation report. We are under no obligation to update our valuation report in respect of material events or information that come to our attention subsequent to our Valuation Date.

Notwithstanding this, we reserve the right, should we consider it necessary, to revise our valuation report in light of any information that existed as at Valuation Date, but which becomes known to us subsequent to the Valuation Date.

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



TAN POH LIN
Senior Vice President
Corporate Finance



FLORENCE KEK
Vice President
Corporate Finance

DIRECTORS' REPORT ON THE SOUTHERN SCORE GROUP



Southern Score Sdn Bhd 201001042073 (926001-X)
 Unit No 21-3, PV7, Jalan Melati Utama 2,
 Taman Melati Utama, Setapak, 53100, Kuala Lumpur
 T. 03 4162 8289 F. 03 4162 2338
www.southernscore.com.my

Registered Office:
 Unit 621, 6th Floor, Block A
 Kelana Centre Point
 No. 3 Jalan SS7/19, Kelana Jaya
 47301 Petaling Jaya
 Selangor Darul Ehsan

Date: **22 AUG 2022**

To: The shareholders of G Neptune Berhad ("GNB")

- (I) PROPOSED SHARE CONSOLIDATION;
- (II) PROPOSED ACQUISITION;
- (III) PROPOSED DEBT SETTLEMENT;
- (IV) PROPOSED PRIVATE PLACEMENT; AND
- (V) PROPOSED EXEMPTION.

(COLLECTIVELY REFERRED TO AS THE "PROPOSED REGULARISATION PLAN")

Dear Sir/Madam,

On behalf of the Board of Directors of Southern Score Sdn. Bhd. ("**Southern Score**") ("**Board**"), I wish to report that, after making due enquiries in relation to Southern Score and its associate company (collectively the "**Southern Score Group**") during the period between 30 April 2022, being the date on which the last audited financial statements of the Southern Score Group have been made up, and up to the date hereof, being a date not earlier than 14 days prior to the date of GNB's circular to its shareholders in respect of the Proposed Regularisation Plan, that:

- (i) the business of the Southern Score Group has, in the opinion of the Board, been satisfactorily maintained;
- (ii) in the opinion of the Board, no circumstances have arisen since the last audited financial statements of the Southern Score Group, which have adversely affected the trading or the value of the assets of the Southern Score Group;
- (iii) the current assets of the Southern Score Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) there are no contingent liabilities which have arisen by reason of any guarantee or indemnity given by the Southern Score Group;
- (v) since the last audited financial statements of the Southern Score Group, there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of the Southern Score Group; and
- (vi) since the last audited financial statements of the Southern Score Group, there has been no material changes in the published reserves or any unusual factors affecting the profits of the Southern Score Group.

Yours faithfully

For and on behalf of the Board of
SOUTHERN SCORE SDN BHD

TAN SRI DATUK SERI GAN YU CHAI
 Managing Director

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

Information on the Vendor and Southern Score Group were extracted from information and/or documents provided by the board of directors and management of Southern Score Group. This information has been confirmed by the Board of Southern Score and they collectively and individually accept full responsibility for the accuracy of the information relating to the Vendor and Southern Score Group. After having made all reasonable enquiries, and to the best of board of directors of Southern Score's knowledge, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement relating to the Vendor and Southern Score Group in this Document misleading. The responsibility of Board of GNB is to ensure that such information is accurately reproduced in this Circular.

2. CONSENTS AND CONFLICT OF INTEREST

2.1 Principal Adviser

Kenanga IB, being the Principal Adviser and Sponsor for the Proposed Regularisation Plan and the Placement Agent for the Proposed Private Placement, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references in the form and context in which they appear in this Circular.

Kenanga IB has confirmed that there is no conflict of interest which exists or is likely to exist in its capacity as the Principal Adviser and Sponsor for the Proposed Regularisation Plan and the Placement Agent for the Proposed Private Placement.

2.2 Legal Adviser

Chooi & Company + Cheang & Ariff, being the solicitors for the Proposed Regularisation Plan, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references in the form and context in which they appear in this Circular.

Chooi & Company + Cheang & Ariff has confirmed that there is no conflict of interest which exists or is likely to exist in its capacity as the solicitors for the Proposed Regularisation Plan.

2.3 Reporting Accountants

Grant Thornton Malaysia PLT, being the Reporting Accountants for the Proposed Regularisation Plan, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the Accountants' Report of the Southern Score, Pro Forma Consolidated Statements of Financial Information of GNB together with the Reporting Accountants' letter thereon, and all references in the form and context in which they appear in this Circular.

Grant Thornton Malaysia PLT has confirmed that there is no conflict of interest which exists or is likely to exist in its capacity as the Reporting Accountants for the Proposed Regularisation Plan.

FURTHER INFORMATION (Cont'd)

2.4 Independent Adviser for the Proposed Exemption and Independent Expert for the fairness opinion on the Purchase Consideration for the Proposed Acquisition

Malacca Securities Sdn Bhd, being the Independent Adviser for the Proposed Exemption and Independent Expert for the fairness opinion on the Purchase Consideration for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the fairness opinion report, the IAL and all references in the form and context in which they appear in this Circular.

Malacca Securities Sdn Bhd has confirmed that there is no conflict of interest which exists or is likely to exist in its capacity as the Independent Adviser for the Proposed Exemption and Independent Expert for the fairness opinion on the Purchase Consideration for the Proposed Acquisition.

2.5 Independent Market Researcher

Providence Strategic Partners Sdn Bhd, being the Independent Market Researcher has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the independent market report and all references in the form and context in which they appear in this Circular.

Providence Strategic Partners Sdn Bhd has confirmed that there is no conflict of interest which exists or is likely to exist in its capacity as the Independent Market Researcher.

3. MATERIAL CONTRACTS**3.1 GNB**

Save and except for the SSA, First Supplemental SSA, PGA, First Supplemental PGA, Second Supplemental PGA, Debt Settlement Agreement, First Supplemental Debt Settlement Agreement, the Company has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the past 2 years immediately preceding the date of this Circular.

3.2 Southern Score Group

Please refer to Section 7.13 of Appendix III(A) of this Circular.

4. MATERIAL LITIGATION, CLAIMS AND ARBITRATION**4.1 GNB**

As at the LPD, GNB is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board of GNB confirms that there is no proceeding, pending or threatened, against GNB or any facts likely to give rise to any proceeding which may materially affect the financial position or business of GNB.

4.2 Southern Score Group

Please refer to Section 4.9 of Appendix III(B) of this Circular.

FURTHER INFORMATION (Cont'd)

5. MATERIAL COMMITMENTS**5.1 GNB**

As at the LPD, the Board of GNB confirms that there is no material commitment incurred or known to be incurred by GNB which may have material impact on the financial position of GNB.

5.2 Southern Score Group

Please refer to Section 4.7 of Appendix III(B) of this Circular.

6. CONTINGENT LIABILITIES**6.1 GNB**

As at the LPD, the Board of GNB confirms that there is no contingent liability incurred or known to be incurred by GNB, which upon becoming enforceable may have material impact on the financial position of the GNB.

6.2 Southern Score Group

Please refer to Section 4.8 of Appendix III(B) of this Circular.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at GNB's Registered Office at Unit 621, 6th Floor, Block A, Kelana Centre Point, No. 3 Jalan SS7/19, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan during normal business hours from 9.00 a.m. to 5.00 p.m. from Mondays to Fridays (excluding public holidays) for the period commencing from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) GNB's and Southern Score's Constitution;
- (ii) Memorandum of understanding and the supplemental letter of extension;
- (iii) SSA and the First Supplemental SSA;
- (iv) PGA, the First Supplemental PGA and the Second Supplemental PGA;
- (v) Debt Settlement Agreement and the First Supplemental Debt Settlement Agreement;
- (vi) the audited consolidated financial statements of GNB for the past FYE 30 June 2019, FYE 30 June 2020, FYE 30 June 2021 and FPE 30 April 2022;
- (vii) the audited financial statements of Southern Score for the past FYE 31 December 2018, FYE 31 December 2019, FYE 31 December 2020 and FYE 31 December 2021;
- (viii) Accountants' Report on Southern Score for the FYE 31 December 2018, FYE 31 December 2019, FYE 31 December 2020, FYE 31 December 2021 and FPE 30 April 2022, as set out in Appendix IV of this Circular;
- (ix) Pro Forma Consolidated Statements of Financial Information of GNB together with the Reporting Accountants' letter, as set out in Appendix V of this Circular;
- (x) IMR Report prepared by Providence Strategic Partners Sdn Bhd, as set out in Appendix VI of this Circular;

FURTHER INFORMATION (Cont'd)

- (xi) the expert report by Malacca Securities on the fairness opinion on the Purchase Consideration of the Proposed Acquisition, as set out in Appendix VII of this Circular;
- (xii) Directors' Report on the Southern Score Group, as set out in Appendix VIII of this Circular;
- (xiii) the letters of consent and declaration of conflict of interest as referred to in Section 2 above; and
- (xiv) the material contracts referred to in Section 3 above.

G NEPTUNE BERHAD

(Registration No. 200301019817 (622237-D))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of G Neptune Berhad (“**GNB**” or “**Company**”) will be held at Boardroom 4, Level 3, Eastin Hotel Kuala Lumpur, No. 13, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 13 September 2022 at 11.30 a.m. for the purpose of considering and, if thought fit, passing with or without modifications the following resolutions:

ORDINARY RESOLUTION 1

PROPOSED CONSOLIDATION OF EVERY 10 EXISTING ORDINARY SHARES IN GNB (“GNB SHARE”) INTO 1 GNB SHARE (“CONSOLIDATED SHARE”) (“PROPOSED SHARE CONSOLIDATION”)

“**THAT**, subject to passing of Ordinary Resolutions 2, 3, 4 and 5, upon the approvals being obtained from the relevant authorities, approval be and is hereby given to the Company to give effect to the consolidation of every 10 existing ordinary shares in the Company into 1 new ordinary share in the Company;

THAT the Consolidated Shares shall rank equally in all respects with one another;

THAT the fractional entitlements arising from the Proposed Share Consolidation shall be disregarded and/or dealt with by the Board of Directors of the Company (“**Board**”) in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company;

AND THAT the Board of the Company be and is hereby authorised to sign and execute all documents to give effect to the Proposed Share Consolidation with full power to assent to any condition, modification, variation and/or amendment in any manner as may be required or imposed by the relevant authorities and to take all steps and do all acts and things in the manner as the Board may consider necessary or expedient in order to implement, finalise and give full effect to the Proposed Share Consolidation.”

ORDINARY RESOLUTION 2

PROPOSED ACQUISITION OF 100% EQUITY INTEREST IN SOUTHERN SCORE SDN BHD FOR A PURCHASE CONSIDERATION OF RM252,000,000 (“PURCHASE CONSIDERATION”) TO BE SATISFIED VIA THE ISSUANCE OF 1,680,000,000 NEW GNB SHARES AT AN ISSUE PRICE OF RM0.15 PER GNB SHARE (“CONSIDERATION SHARES”) (“PROPOSED ACQUISITION”)

“**THAT**, subject to passing of Ordinary Resolutions 1, 3, 4 and 5, approval be and is hereby given to the Company to acquire from Super Advantage Property Sdn Bhd (“**Super Advantage**”), 100% equity interest in Southern Score Sdn Bhd for a Purchase Consideration of RM252,000,000 to be satisfied via the issuance of 1,680,000,000 Consideration Shares at an issue price of RM0.15 per Consideration Share in accordance with the terms and conditions of the conditional share sale agreement dated 9 July 2021 entered into between GNB and Super Advantage (“**SSA**”).

A supplemental SSA dated 18 May 2022 has been entered into by GNB and Super Advantage to amend and vary certain terms and conditions of the SSA.

THAT such Consideration Shares shall, upon allotment and issue, rank equally in all respects with the existing issued GNB Shares. However, such Consideration Shares will not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to GNB's shareholders unless such Consideration Shares were allotted and issued on or before the entitlement date of such rights, allotments and/or other distributions.

AND THAT the Board of the Company be and is hereby empowered and authorised to take all such steps and do all acts, deeds and things to enter in to any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of the Company, all such documents as they may deem necessary, expedient and/or appropriate to implement and give full effect to and complete the Proposed Acquisition with full powers to assent to any conditions, modifications, variations and/or amendments as the Board of the Company may in absolute discretion deem fit and/or as may be imposed or permitted by any other relevant authorities in connection with the Proposed Acquisition.”

ORDINARY RESOLUTION 3

PROPOSED SETTLEMENT OF DEBT OWING TO A DIRECTOR OF GNB OF RM3,100,000 VIA THE ISSUANCE OF 20,666,667 NEW GNB SHARES AT AN ISSUE PRICE OF RM0.15 PER GNB SHARE (“SETTLEMENT SHARES”) (“PROPOSED DEBT SETTLEMENT”)

“**THAT** subject to passing of Ordinary Resolutions 1, 2, 4 and 5, the Proposed Debt Settlement, which will be implemented through the following, be and is hereby approved:

The debt settlement agreement dated 9 July 2021 has been entered into between the Company and Chai Tham Poh (“CTP”) (“**Debt Settlement Agreement**”), a Director of GNB, to settle the balance amount owing by GNB to CTP in accordance with the terms and conditions of the Debt Settlement Agreement.

A supplemental Debt Settlement Agreement dated 18 May 2022 has been entered into by GNB and CTP to amend and vary certain terms and conditions of the Debt Settlement Agreement (“**First Supplemental Debt Settlement Agreement**”).

Pursuant to the Debt Settlement Agreement and the First Supplemental Debt Settlement Agreement, the debt owing to CTP of RM3,100,000 shall be paid by GNB to CTP via the issuance of 20,666,667 Settlement Shares at an issue price of RM0.15 per Settlement Share to CTP.

THAT such Settlement Shares shall, upon allotment and issue, rank equally in all respects with the existing issued GNB Shares. However, such Settlement Shares will not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to GNB’s shareholders unless such Settlement Shares were allotted and issued on or before the entitlement date of such rights, allotments and/or other distributions.

AND THAT the Board of the Company be and are hereby authorised to give full effect to the Proposed Debt Settlement with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required in the best interest of the Company and to take all steps or do all acts as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Debt Settlement.”

ORDINARY RESOLUTION 4

PROPOSED PRIVATE PLACEMENT OF 543,047,900 GNB SHARES AT AN ISSUE PRICE TO BE DETERMINED LATER, WHICH SHALL NOT BE LESS THAN RM0.20 PER NEW GNB SHARE (“PLACEMENT SHARES”), TO ELIGIBLE INVESTORS TO BE IDENTIFIED LATER (“PROPOSED PRIVATE PLACEMENT”)

“**THAT** subject to passing of Ordinary Resolutions 1, 2, 3 and 5, approval be and is hereby given to the Company to issue 543,047,900 Placement Shares after the Proposed Acquisition and Proposed Debt Settlement to independent third party investors to be identified and at an issue price to be determined later, which shall not be less than RM0.20 per Placement Share.

THAT such Placement Shares shall, upon allotment and issue, rank equally in all respects with the existing issued GNB Shares. However, such Placement Shares will not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to GNB’s shareholders unless such Placement Shares were allotted and issued on or before the entitlement date of such rights, allotments and/or other distributions.

THAT the proceeds of the Proposed Private Placement will be utilised for the purposes as set out in Section 7 of Part A of the Company's circular to shareholders dated 22 August 2022 ("**Circular**") and the Directors of the Company be and are hereby authorised to revise the manner and purpose of the utilisation of proceeds as they deem fit and expedient in the best interest of the Company subject (where required) to the approval of the relevant authorities.

AND THAT the Board of the Company be and are hereby authorised to give full effect to the Proposed Private Placement with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required in the best interest of the Company and to take all steps or do all acts as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Private Placement."

ORDINARY RESOLUTION 5

PROPOSED EXEMPTION UNDER PARAGRAPH 4.08(1)(A) OF THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS ("RULES") FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER FOR THE REMAINING GNB SHARES NOT ALREADY HELD BY SUPER ADVANTAGE AND THE PERSONS ACTING IN CONCERT WITH IT PURSUANT TO THE PROPOSED ACQUISITION ("PROPOSED EXEMPTION")

"THAT subject to passing of Ordinary Resolutions 1, 2, 3 and 4, and compliance with such conditions as may be imposed by the Securities Commission Malaysia, approval be and is hereby given to exempt Super Advantage and the persons acting in concert under Paragraph 4.08(1)(a) of the Rules from the obligation to undertake a mandatory take-over offer for the remaining GNB Shares not already held by Super Advantage and the persons acting in concert with it pursuant to the Proposed Acquisition.

AND THAT the Board of the Company be and are hereby authorised to give full effect to the Proposed Exemption with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required in the best interest of the Company and to take all steps or do all acts as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Exemption."

SPECIAL RESOLUTION 1

PROPOSED CHANGE OF NAME OF THE COMPANY FROM G NEPTUNE BERHAD TO SOUTHERN SCORE BUILDERS BERHAD ("PROPOSED CHANGE OF NAME")

"THAT the name of the Company be and is hereby changed from "G Neptune Berhad" to "Southern Score Builders Berhad" effective from the date of issuance of the Notice of Registration of New Name by the Companies Commission of Malaysia ("**CCM**") to the Company and that the Constitution shall be hereby amended by replacing all references to "G Neptune Berhad" with "Southern Score Builders Berhad" subject to and upon issuance of the Notice of Registration of New Name by the CCM.

AND THAT the Directors and/or the Company Secretaries of the Company be and are hereby authorised and empowered to carry out all the necessary steps and formalities in effecting the Proposed Change of Name."

BY ORDER OF THE BOARD

CYNTHIA GLORIA LOUIS (MAICSA 7008306) (SSM PC No. 201908003061)
CHEW MEI LING (MAICSA 7019175) (SSM PC No. 201908003178)

Company Secretaries

Petaling Jaya
Selangor Darul Ehsan
22 August 2022

Notes:

- (1) In respect of deposited securities, only Members whose names appear in the Record of Depositors on 7 September 2022 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the meeting.
- (2) A member entitled to attend and to vote at a meeting of the Company is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
- (3) Where a member appoints two (2) proxies to attend and vote at the meeting, such appointment shall be invalid unless he/she specifies the proportions of his/her shareholding to be represented by each proxy.
- (4) There shall be no restriction as to the qualification of the proxy and a proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.
- (5) A member who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint not more than 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.
- (6) Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account known as an omnibus account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds. The appointment of two (2) or more proxies in respect of any particular omnibus account shall be invalid unless the Exempt Authorised Nominee specifies the proportion of its shareholding to be represented by each proxy.
- (7) The Form of Proxy, in the case of an individual, shall be signed by the appointor or his attorney duly authorized in writing or, in case of corporation, shall be given either under its common seal or under the hand of an officer or attorney duly authorized.
- (8) The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Mega Corporate Services Sdn. Bhd, Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan, not less than 48 hours before the time for holding the meeting or any adjournment thereof.
- (9) The proxy appointment may also be submitted electronically via mega-sharereg@megacorp.com.my, not less than 48 hours before the time for holding the meeting or any adjournment thereof. The Company may request any member to deposit original executed proxy form to its Share Registrar before or on the day of meeting for verification purpose.

G NEPTUNE BERHAD
(Registration No. 200301019817 (622237-D))
(Incorporated in Malaysia)

CDS ACCOUNT	
NO. OF SHARES	

FORM OF PROXY

I/We

NRIC No. (New) _____ (Old) _____ /Registration/Company No. _____

of _____

Email Address _____ Contact No. _____

being a member/members of G Neptune Berhad (Registration No: 200301019817(622237-D)) hereby appoint the following person(s):-

Name	Address	Email Address	Contact No.	NRIC/ Passport No.	Proportion of Shareholdings (%)
*And/or failing him/her (delete as appropriate)					

or failing him/her/them, THE CHAIRMAN OF THE MEETING, as my/our proxy/proxies, to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at Boardroom 4, Level 3, Eastin Hotel Kuala Lumpur, No 13, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 13 September 2022 at 11.30 a.m. and at any adjournment thereof in the manner as indicated below in respect of the following ordinary and special resolution:-

Ordinary Resolution	FOR	AGAINST
1. Proposed Share Consolidation		
2. Proposed Acquisition		
3. Proposed Debt Settlement		
4. Proposed Private Placement		
5. Proposed Exemption		

Special Resolution	FOR	AGAINST
1. Proposed Change of Name		

Please indicate with an "X" in the appropriate space how you wish your votes to be cast. If you do not indicate how you wish your proxy to vote on any Resolution, the proxy will vote or abstain from voting at his/her/their discretion.

Date: _____

Signature/ Common Seal of Shareholder(s)

Notes:

- (1) In respect of deposited securities, only Members whose names appear in the Record of Depositors on 7 September 2022 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the meeting.
- (2) A member entitled to attend and to vote at a meeting of the Company is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
- (3) Where a member appoints two (2) proxies to attend and vote at the meeting, such appointment shall be invalid unless he/she specifies the proportions of his/her shareholding to be represented by each proxy.
- (4) There shall be no restriction as to the qualification of the proxy and a proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.
- (5) A member who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint not more than 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.
- (6) Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account known as an omnibus account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds. The appointment of two (2) or more proxies in respect of any particular omnibus account shall be invalid unless the Exempt Authorised Nominee specifies the proportion of its shareholding to be represented by each proxy.



- (8) The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Mega Corporate Services Sdn. Bhd, Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan, not less than 48 hours before the time for holding the meeting or any adjournment thereof.
- (9) The proxy appointment may also be submitted electronically via mega-sharereg@megacorp.com.my, not less than 48 hours before the time for holding the meeting or any adjournment thereof. The Company may request any member to deposit original executed proxy form to its Share Registrar before or on the day of meeting for verification purpose.

PERSONAL DATA NOTICE

By submitting the form of proxy, the shareholder or proxy accepts and agrees to the collection, use and disclosure of their personal data by the Company (or its agents or service providers) for the purpose of preparation and compilation of documents relating to the EGM (including any adjournment thereof).

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AFFIX
STAMP

G NEPTUNE BERHAD
(Registration No.: 200301019817 (622237-D))

The Share Registrar
Mega Corporate Services Sdn. Bhd,
Level 15-2, Bangunan Faber Imperial Court,
Jalan Sultan Ismail, 50250 Kuala Lumpur,
Wilayah Persekutuan

2nd Fold Here

Fold This Flap For Sealing