

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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Malayan United Industries Berhad

Registration No. 196001000140 (3809-W)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PART A

PROPOSED DISPOSAL

PART B

PROPOSED CAPITAL REDUCTION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



AN UNWAVERING COMMITMENT

TA SECURITIES HOLDINGS BERHAD (14948-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The extraordinary general meeting of Malayan United Industries Berhad (“MUI” or our “**Company**”) (“EGM”) will be conducted on a fully virtual basis via remote participation and electronic voting via online meeting platform. The Notice of EGM together with the Form of Proxy, Administrative Guide and this Circular can be downloaded from our Company’s website at <https://www.muiglobal.com/bursa/annual-report/>. The EGM will be held as follows:

Online Meeting Platform of the EGM	: TIIH Online website at https://tiih.online (Domain registration number with MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn Bhd
Last date and time for lodging the Form of Proxy	: Saturday, 16 April 2022 at 10.00 a.m.
Date and time of the EGM	: Monday, 18 April 2022 at 10.00 a.m. or at any adjournment thereof

You are entitled to participate and vote remotely at the EGM or to appoint a proxy or proxies (where applicable) to participate and vote on your behalf. In such event, the completed Form of Proxy must be lodged at our share registrar’s office at Unit 32-01, Level 32 Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or submitted electronically via TIIH Online at <https://tiih.online>, not less than 48 hours before the time set for holding the EGM or at any adjournment thereof. The Form of Proxy once deposited will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so. Please follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely.

This Circular is dated 25 March 2022

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:

PART A

PROPOSED DISPOSAL OF FREEHOLD LAND IN SHIRLEY, SOLIHULL, WEST MIDLANDS, ENGLAND, THE UNITED KINGDOM TOGETHER WITH A HOTEL ERECTED THEREON, BY THE REGENCY HOTEL HOSPITALITY LIMITED, A WHOLLY-OWNED INDIRECT SUBSIDIARY OF MUI, TO WESTBOURNE LEISURE LIMITED FOR A TOTAL DISPOSAL CONSIDERATION OF GBP6,500,000 (EQUIVALENT TO RM36,219,950) TO BE SATISFIED ENTIRELY IN CASH (“PROPOSED DISPOSAL”)

PART B

PROPOSED REDUCTION OF THE ISSUED SHARE CAPITAL OF MUI OF RM3,070,000,000 PURSUANT TO SECTION 117 OF THE COMPANIES ACT 2016 (“PROPOSED CAPITAL REDUCTION”)

DEFINITIONS

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

“6M-FPE 2021”	:	6-month financial period ended 31 December 2020
“6M-FPE 2022”	:	6-month financial period ended 31 December 2021
“A&W Acquisition”	:	Acquisition of 31,620,000 ordinary shares in A & W (Malaysia) Sdn Bhd, representing 51% of the total number of issued shares in A & W (Malaysia) Sdn Bhd, by Pan Malaysia Corporation Berhad, our 66.51%-subsidiary, from Inter Mark Resources Sdn Bhd, for a purchase consideration of RM21,037,500, which was completed on 9 March 2022
“Act”	:	Companies Act 2016
“ADR”	:	Average daily rate
“APA”	:	Conditional asset purchase agreement dated 31 December 2021 entered into between the Vendor and the Purchaser for the Proposed Disposal
“Apportionment”	:	Apportionment which is to be determined on the Completion Date, as detailed in Section 8.1 of Appendix I
“Board”	:	Board of Directors of our Company
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“Business”	:	Business of a hotel, hospitality and leisure complex carried on by RHH at the Property
“Capital Reduction Announcement”	:	The announcement of our Company dated 3 March 2022 in relation to the Proposed Capital Reduction
“Circular”	:	This circular to shareholders dated 25 March 2022 in relation to the Proposals
“Completion”	:	Completion of the sale and purchase of the Business in accordance with the terms and conditions of the APA
“Completion Date”	:	Date of which the Proposed Disposal is completed pursuant to the APA (further details are set out in Section 7 of Appendix I of this Circular)
“COVID-19”	:	Coronavirus disease 2019
“Director”	:	Has the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and in relation to the Proposed Disposal shall include any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon: (a) a director of our Company, our subsidiary or holding company; and (b) a chief executive of our Company, our subsidiary or holding company

DEFINITIONS (CONT'D)

“Disposal Announcement LPD”	:	10 December 2021, being the latest practicable date prior to the announcement of our Company dated 31 December 2021 in relation to the Proposed Disposal
“Disposal Consideration”	:	Cash consideration of GBP6,500,000 for the Proposed Disposal
“EBITDA”	:	Earnings before interest, tax, depreciation and amortisation
“EGM”	:	Extraordinary General Meeting of our Company
“EPS”	:	Earnings per Share attributable to the owners of our Company
“FYE”	:	Financial year ended/ ending 30 June
“GBP”	:	Pound sterling
“Land”	:	1 lot of freehold land measuring a total of approximately 4.2 acres held under title no. WM344105 in Shirley, Solihull, West Midlands, England, UK
“LAT”	:	Loss after tax attributable to the owners of our Company
“LBT”	:	Loss before tax
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	9 March 2022, being the latest practicable date prior to the printing of this Circular
“LPS”	:	Loss per Share attributable to the owners of our Company
“LVH”	:	London Vista Hotel Limited, our wholly-owned indirect subsidiary which is the holding company of LVH Hospitality
“LVH Hospitality”	:	LVH Hospitality Management Limited, our wholly-owned indirect subsidiary which is the holding company of RHH
“Major Shareholder”	:	Means a person who has an interest or interests in one or more voting shares in our Company and the number or aggregate number of those shares, is – (a) 10% or more of the total number of voting shares in our Company; or (b) 5% or more of the total number of voting shares in our Company where such person is the largest shareholder of our Company, and in relation to the Proposed Disposal shall include any person who is or was, within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of our Company as defined above or any other corporation which is our subsidiary or holding company
“MUI” or “Company”	:	Malayan United Industries Berhad
“MUI Group” or “Group”	:	Our Company and our subsidiaries, collectively
“MUI Shares” or “Shares”	:	Ordinary shares in our Company

DEFINITIONS (*CONT'D*)

“NA”	:	Net assets attributable to the owners of our Company
“NBV”	:	Net book value
“Placement Shares”	:	New MUI Shares to be issued pursuant to the Private Placement
“Private Placement”	:	Private placement of up to 293,256,000 new MUI Shares, representing not more than 10% of the total number of issued MUI Shares, via the general mandate pursuant to Sections 75 and 76 of the Act
“Property”	:	The Land together with a 111-room hotel with a total gross floor area measuring approximately 7,203 sqm (77,526 sqft) erected on the Land
“Proposals”	:	Proposed Disposal and Proposed Capital Reduction, collectively
“Proposed Capital Reduction”	:	Proposed reduction of the issued share capital of MUI of RM3,070,000,000 pursuant to Section 117 of the Act
“Proposed Disposal”	:	Proposed disposal of the Property by the Vendor to the Purchaser for the Disposal Consideration to be satisfied entirely in cash pursuant to the terms and conditions of the APA
“RHH” or “Vendor”	:	The Regency Hotel Hospitality Limited, a wholly-owned subsidiary of LVH Hospitality, which in turn is a wholly-owned subsidiary of LVH, which in turn is a wholly-owned subsidiary of MUI Media Ltd and in turn is our wholly-owned subsidiary
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“SDLT Contribution”	:	50% of the Stamp Duty Land Tax payable on the Property
“sqft”	:	Square feet
“sqm”	:	Square metre(s)
“TA Securities”	:	TA Securities Holdings Berhad
“UK”	:	United Kingdom
“Valuation Report”	:	Valuation report dated 10 December 2021 issued by the Valuer entitled “Report and Valuation - The Regency Hotel, Stratford Road, Shirley, Solihull, B90 4EB, United Kingdom”
“Valuer”	:	Savills Advisory Services Limited
“Westbourne” or “Purchaser”	:	Westbourne Leisure Limited

All references to “we”, “us”, “our” and “ourselves” are to our Company, or where the context requires, are to our Group. All references to “you” in this Circular are references to the shareholders of our Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa.

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

DEFINITIONS (*CONT'D*)

Unless otherwise stated, the exchange rate of GBP1.00:RM5.5723 being the Bank of England's daily rate on the Disposal Announcement LPD is used throughout this Circular.

Any exchange rate translations in this Circular are provided solely for convenience of readers and should not be constituted as representative that the translated amounts stated in this Circular could have been or would have been converted into such other amounts or vice versa.

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

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NOTICE OF EGM **ENCLOSED**

ADMINISTRATIVE GUIDE **ENCLOSED**

FORM OF PROXY **ENCLOSED**

EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY SETS OUT SALIENT INFORMATION ON THE PROPOSALS. PLEASE READ THE ENTIRE CIRCULAR AND ITS APPENDICES CAREFULLY FOR FURTHER DETAILS ON THE PROPOSALS BEFORE VOTING.

Our Board recommends that you vote **in favour** of the resolutions in relation to the Proposals to be tabled at the forthcoming EGM.

PROPOSED DISPOSAL																																																				
Transaction details	RHH had on 31 December 2021 entered into the APA with Westbourne for the disposal of the Property for a cash consideration of GBP6,500,000.																																																			
<table><tr><th colspan="5">Brief details of the Property</th></tr><tr><td>Address</td><td colspan="4">The Regency Hotel, Stratford Road, Shirley, Solihull, West Midlands, B90 4EB, United Kingdom</td></tr><tr><td>Land area</td><td colspan="4">4.2 acres</td></tr><tr><td>Gross floor area</td><td colspan="4">7,203 sqm (77,526 sqft)</td></tr><tr><td rowspan="3">Occupancy rate</td><td>Year</td><td>2019</td><td>2020</td><td>2021</td></tr><tr><td>Occupancy rate (%)</td><td>48.9</td><td>15.8*</td><td>12.7*</td></tr><tr><td colspan="4">Note: * The Property was closed from March 2020 to May 2021 due to the lockdown imposed by the UK government.</td></tr><tr><td>Title</td><td colspan="4">Freehold</td></tr><tr><td>Existing use</td><td colspan="4">Hotel</td></tr><tr><td>Market value</td><td colspan="4">GBP6,500,000 (equivalent to RM36,219,950)</td></tr></table>					Brief details of the Property					Address	The Regency Hotel, Stratford Road, Shirley, Solihull, West Midlands, B90 4EB, United Kingdom				Land area	4.2 acres				Gross floor area	7,203 sqm (77,526 sqft)				Occupancy rate	Year	2019	2020	2021	Occupancy rate (%)	48.9	15.8*	12.7*	Note: * The Property was closed from March 2020 to May 2021 due to the lockdown imposed by the UK government.				Title	Freehold				Existing use	Hotel				Market value	GBP6,500,000 (equivalent to RM36,219,950)			
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Refer to Section 2 of Part A of this Circular for further details on the Proposed Disposal.																																																				
Utilisation of proceeds	Our Group intends to use the Disposal Consideration as follows:																																																			
<table><tr><th>Utilisation purposes</th><th>Amount of proceeds (RM'000)</th><th>Timeframe for utilisation from the date of completion of the Proposed Disposal</th></tr><tr><td>Repayment of bank borrowings</td><td>25,026</td><td>Within 6 months</td></tr><tr><td>Capital and operating expenditure</td><td>5,572</td><td>Within 12 months</td></tr><tr><td>Working capital</td><td>3,622</td><td>Within 3 months</td></tr><tr><td>Estimated expenses in relation to the Proposed Disposal</td><td>2,000</td><td>Upon completion</td></tr><tr><td>Total proceeds</td><td>36,220</td><td></td></tr></table>					Utilisation purposes	Amount of proceeds (RM'000)	Timeframe for utilisation from the date of completion of the Proposed Disposal	Repayment of bank borrowings	25,026	Within 6 months	Capital and operating expenditure	5,572	Within 12 months	Working capital	3,622	Within 3 months	Estimated expenses in relation to the Proposed Disposal	2,000	Upon completion	Total proceeds	36,220																															
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Refer to Section 5 of Part A of this Circular for further details on the utilisation of proceeds.																																																				
Rationale	<ul style="list-style-type: none">Provides our Group an opportunity to unlock and realise the value of the Property whilst providing gross proceeds of RM36.22 million arising from the sale of the Property.Our Group anticipates deriving potential finance cost saving as well as able to reduce our gearing level.Enables our Group to strengthen our cashflow, and at the same time, provide additional funds for capital and operating expenditure as well as working capital. <p>Refer to Section 4 of Part A of this Circular for further details on the rationale and justifications for the Proposed Disposal.</p>																																																			
Risk factors	<ul style="list-style-type: none">Delay or non-completion of the Proposed Disposal due to non-fulfilment of the conditions precedent as well as the obligations stipulated in the APA or if there is any material breach of the terms and/or conditions of the APA.Legal risks such as specific performance as a result of any threatened or actual breach of certain terms of the APA.The Disposal Consideration may be impacted by adverse fluctuation of GBP against RM when converted into RM. <p>Refer to Section 6 of Part A of this Circular for further details on the risk factors of the Proposed Disposal.</p>																																																			

EXECUTIVE SUMMARY (CONT'D)

PROPOSED DISPOSAL (CONT'D)	
Effects	<p>: The Proposed Disposal will:</p> <ul style="list-style-type: none">• not have any effect on the issued share capital and our substantial shareholders' shareholdings as the Proposed Disposal does not involve any issuance of Shares.• reduce our Group's NA and earnings due to the expected loss on disposal of the Property to our Group amounting to RM3.12 million upon the completion of the Proposed Disposal.• reduce the gearing level of our Group as part of the proceeds from the Disposal Consideration will be used for the repayment of bank borrowings. <p>Refer to Section 7 of Part A of this Circular for further details on the effects of the Proposed Disposal.</p>
Approvals	<p>: The Proposed Disposal is subject to the following approvals being obtained from:</p> <ul style="list-style-type: none">(a) our shareholders at the forthcoming EGM; and(b) any other relevant authorities, if required. The Proposed Disposal is not subject to any approval from relevant government authorities.
PROPOSED CAPITAL REDUCTION	
Details	<p>: Reduce our Company's issued share capital pursuant to Section 117 of the Act via the cancellation of our Company's paid-up share capital which is substantially unrepresented by available assets of RM3,070,000,000 which will be used to set-off against the accumulated losses of our Company while the remaining balance will be credited to the retained earnings of our Company.</p> <p>Refer to Section 2 of Part B of this Circular for further details on the Proposed Capital Reduction.</p>
Rationale	<p>: </p> <ul style="list-style-type: none">• Eliminate our Company's accumulated losses via cancellation of our issued share capital and enhance our Company's ability to declare and pay dividends out of our retained earnings in the future when our Group returns to profitability, as and when appropriate.• Enhance our Group's credibility with its customers, financiers, suppliers and investors. <p>Refer to Section 3 of Part B of this Circular for further details on the rationale of the Proposed Capital Reduction.</p>
Effects	<p>: The Proposed Capital Reduction will:</p> <ul style="list-style-type: none">• reduce and cancel RM3,070,000,000 of the issued share capital but it will not have any effects on the total number of issued Shares.• have no effects on the substantial shareholders' shareholdings in our Company as well as our Group's earnings and EPS for the financial year ending 30 June 2022.• not reduce the NA due to the cancellation of the issued share capital and accumulated losses of our Company, and will not have material effects on the NA per Share and gearing of our Group. <p>Refer to Section 4 of Part B of this Circular for further information on the effects of the Proposed Capital Reduction.</p>
Approvals	<p>: The Proposed Capital Reduction is subject to the following approvals being obtained from:</p> <ul style="list-style-type: none">(a) our shareholders at the forthcoming EGM; and(b) any other relevant parties/authorities, if required.

PART A

LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED DISPOSAL



Malayan United Industries Berhad

Registration No. 196001000140 (3809-W)
(Incorporated in Malaysia)

Registered Office:

189 Jalan Ampang
50450 Kuala Lumpur
Malaysia

25 March 2022

Board of Directors

Andrew Khoo Boo Yeow (*Chairman and Chief Executive Officer*)
Chan Choung Yau (*Executive Director*)
Dato' Dr Tan Kee Kwong (*Independent Non-Executive Director*)
Dr Wong Hong Meng (*Independent Non-Executive Director*)
Farizon binti Ibrahim (*Independent Non-Executive Director*)
Wong Nyen Faat (*Non-Independent Non-Executive Director*)

To: Our shareholders

Dear Sir / Madam,

PROPOSED DISPOSAL

1. INTRODUCTION

On 31 December 2021, TA Securities had, on behalf of our Board, announced that the Vendor had entered into the APA with the Purchaser to dispose of the Property for a cash consideration of GBP6,500,000 (equivalent to RM36,219,950).

THE PURPOSE OF PART A OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED DISPOSAL, TO SET OUT OUR BOARD'S RECOMMENDATION ON THE PROPOSED DISPOSAL AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF PART A OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED DISPOSAL

Pursuant to the APA, RHH has agreed to sell and Westbourne has agreed to purchase the Property on an “as is where is” basis, free from all encumbrances and subject to all conditions whether express or implied (if any) contained in the title deed of the Property as well as the terms and conditions contained in the APA, for the Disposal Consideration which is to be satisfied entirely in cash.

The salient terms of the APA are set out in **Appendix I** of this Circular.

2.1 Information on the Property

The Property comprises a full service, three-star hotel with 111 guest bedrooms, a 70-cover restaurant and 20-cover bar, a 35-cover tea room, 90-cover pub, 7 meeting rooms and leisure club, which stands within a site providing car parking for approximately 280 vehicles. The hotel currently operates under the name “The Regency Hotel” and had previously operated under the name of “Corus Hotel Solihull”.

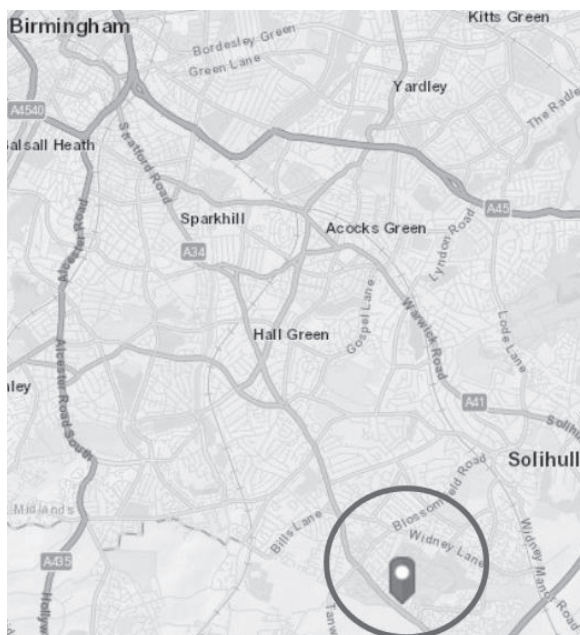
The original building comprises a 3-storey bay fronted dwelling dating from the Victorian period, which was converted to a restaurant and banqueting complex in the 1950s before being converted to a hotel in the 1980s. A rear extension was added around 30 years ago. The original building is of a traditional build with rendered facades and the later extension is brick built.

The Land occupies an irregular shape, bounded by Stratford Road (A34) to the south west, while all other sides are bounded by commercial and retail units to the north and east. The Property has a total land area of approximately 4.2 acres.

The Property is located in the Shirley district of Solihull, 10 miles south east of Birmingham city centre. The Property fronts Stratford Road (A34) one of the main arterial routes out of Birmingham which links with J4 of the M42 Motorway approximately 1 mile to the south east. The M42 provides direct links to the M40 and M6 motorways 3.5 miles south and 9 miles north respectively. The NEC Arena and Birmingham International Airport are 8 miles to the north east of the Property. Coventry, Stratford-upon Avon, Warwick and the Royal Leamington Spa are all also easily accessible from the Property.

Immediately to the rear of the Property are the Monkspath Business Park, the Cranmore Industrial Estate and the Focus Park Industrial Estate. Occupiers include David Lloyd, Porsche, Sytner BMW, Graypaul Ferrari and Maserati, Johnsons Volkswagen and John Lewis.

The location map of the Property is illustrated as follows:



The Property currently trades as a full-service hotel with 111 bedrooms, food and beverage facilities, and meetings and conference facilities. The operational and financial performance of the Property for the past 3 calendar years are summarised as follows:-

Year	2019	2020	2021
Occupancy rate (%)	48.9	15.8*	12.7*
ADR (GBP)	60.42	53.89	59.30
Revenue (GBP)	2,445,875	703,390	841,963
LBT (GBP)	234,642	439,534	218,443

Note:

* *The Property was closed from March 2020 to May 2021 due to the lockdown imposed by the UK government.*

The total revenue generated by the Property started declining since year 2017 due to the decreasing occupancy rate. Year 2019 which was the last full year of trade before the COVID-19 pandemic recorded occupancy rate of 48.9% (2017: 61.0%; 2018: 55.0%) with total revenue of GBP2.45 million (2018: GBP2.47 million). The operational costs had increased during years 2017 to 2019, leading to a decreasing profit before tax and eventual LBT in year 2019 of GBP0.23 million (2018: profit before tax of GBP0.14 million). The ADR had been increasing year-on-year until year 2018, but fell by 1.24% in year 2019 to GBP60.42 (2018: GBP61.18) and further decreased to GBP59.30 in year 2021.

In March 2020, the Property was forced to close as part of the UK government's response to the COVID-19 outbreak. The Property remained closed up to May 2021 once the third UK lockdown was fully lifted. Total revenue generated for year 2020 was GBP0.70 million (reflecting 3 months of operation from January to March 2020) while total revenue generated for year 2021 was GBP0.84 million (reflecting 7 months of operation from June to December 2021). The operational costs for years 2020 and 2021 which are significantly lower than the previous years is in tandem with the lower occupancy rates coupled with cost cutting measures undertaken by the management of the Property following the temporary closure of the Property from March 2020 to May 2021. Despite the lower operational costs, the Property continued to record LBT of GBP0.44 million and GBP0.22 million for years 2020 and 2021 respectively.

Further details of the Property are summarised in the table below:

Title no.	WM344105
Land area	4.2 acres
Address	The Regency Hotel, Stratford Road, Shirley, Solihull, West Midlands, B90 4EB, United Kingdom
Existing use	Hotel
Description of buildings	<p>The original building comprises a three-storey bay fronted dwelling dating from the Victorian period which has been substantially extended to the north and east to form an L-shaped block.</p> <p>The Property's age is mixed with the southern element being over 100 years old (originally built in the 1800s) and the extension around 30 years old.</p>

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Description of buildings (cont'd)	The building which was converted into a restaurant and banqueting complex in the 1950s is approximately 69 years old (based on the audited financial statements of our Group as at 30 June 2021) and accommodates:	
	Guestrooms	The Property provides 111 guest bedrooms arranged over ground and two upper floors. The finishes of all the rooms consists of plaster ceilings and the bathrooms have ceramic tiles on the walls and floor. 109 bedrooms have en-suite bathrooms with a shower overhead whilst the remaining two include shower-wet-rooms.
	Food and beverage facilities	<ul style="list-style-type: none"> • The tea room caters for 35 covers at one time. It was refurbished in 2017 and is finished to a good standard. • A pub known as Morrissey's is located in the east end of the Property. It was formerly an Irish bar but is now rarely used except for specific events. It comprises approximately 90 covers. • The Property's restaurant and bar accommodates 70 and 20 covers respectively.
	Car park	On-site car parking for up to 280 vehicles, most of which are leased to local businesses.
	Meeting rooms	7 meeting rooms located on the ground and 1 st floors. The largest, the Four Ashes Suite, can accommodate up to 120 delegates cabaret style, and is used for weddings and conferences. It is self-sufficient with separate toilets, bar and access to the courtyard. The remaining meeting rooms located on the first floor accommodate between 20 and 70 delegates.
	Leisure centre and health club	The Property has a leisure centre and health club set out over two floors. The centre comprises a ground floor reception, male and female changing rooms, pool, sauna and steam room. On the 1st floor there is a fitness suite with basic cardio and weights machines, a free weights room and 2 treatment rooms (currently used as storage space).
Gross floor area	7,203 sqm (77,526 sqft)	
Tenure	Freehold	
Registered owner	RHH	
Encumbrances	Charged to The Bank of East Asia, Limited on 17 December 2020 and will be released and discharged in conjunction with the Completion. Please refer to Section 2 of Appendix I of this Circular for further details.	
Audited NBV of the Property as at 30 June 2021	<p>GBP6,499,998, as disclosed in RHH's audited financial statements for FYE 2021</p> <p>RM37,338,000 (based on the exchange rate of GBP1.00:RM5.7443 as at 30 June 2021) as disclosed in MUI's audited consolidated financial statements for FYE 2021</p>	

Market value	GBP6,500,000 (equivalent to RM36,219,950 per the Valuation Report).
Material date of valuation	10 December 2021

(Source: Valuation Report)

2.2 Original cost and date of investment in the Property

On 1 November 2001, our Group had completed the acquisition of LVH for a cash consideration of GBP288,000 (equivalent to RM1.59 million based on the exchange rate of GBP1.00:RM5.510 as at 31 December 2001) and thereafter consolidated the Property together with 80 other hotels into its assets during the financial year ended 31 December 2001. The NBV of the Property as at 31 December 2001 was GBP12,593,293 (equivalent to RM69.39 million based on the exchange rate of GBP1.00:RM5.510 as at 31 December 2001).

During the year 2020, the Directors of LVH carried out an internal restructuring of LVH and its subsidiaries whereby the Property was transferred from Delaquest Limited to RHH on 17 December 2020. The cost of the Property recorded in the audited financial statements of RHH for FYE 2021 are as follows:

Details of the Property	Cost of investment (GBP)
Transfer to RHH	8,063,715
Additional fixtures and fittings	2,014
Total	8,065,729

The difference between the total cost of investment on the Property of GBP8.07 million and the audited NBV of the Property of GBP6.50 million as at 30 June 2021 was due to the accumulated depreciation as well as the impairment of the Property from 1 July 2020 up to 30 June 2021 amounting to GBP1.57 million.

2.3 Information on the Purchaser

Westbourne was incorporated and registered in England and Wales as a private limited company on 19 December 2007 under the Companies Act 2006 of the UK and under the name Westbourne Leisure (Midlands) Limited. The company changed its name to Westbourne on 29 April 2008. Westbourne is principally involved in the operation of public houses and bars.

As at the LPD, Westbourne has a total issued share capital of GBP149 comprising 149 ordinary shares.

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

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
Paul Edward Owens	149	100	-	-
Christine Owens	-	-	-	-

The directors and shareholders of Westbourne are not related to any of the Directors of our Company and do not have any shareholdings in MUI.

2.4 Information of Vendor

RHH was incorporated and registered in England and Wales as a private limited company on 30 March 2019 under the Companies Act 2006 of the UK and under the name The Regency Hotel Solihull Ltd. The company changed its name to RHH on 5 April 2019. RHH is principally involved in ownership and operating of hotels and restaurants.

As at the LPD, RHH has a total issued share capital of GBP1,000 comprising 1,000 ordinary shares.

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

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
Andrew Khoo Boo Yeow	-	-	-	-
Chan Choung Yau	-	-	-	-
Khurram Mohmand	-	-	-	-

As at the LPD, LVH Hospitality is the sole shareholder of RHH.

2.5 Liabilities remaining with our Group

Save for the aggregate liability of the Vendor for all claims by the Purchaser under the APA which shall not exceed GBP750,000 (further details in **Appendix I** of this Circular), there are no liabilities (including contingent liabilities) in relation to the Property which will remain with or to be assumed by our Group after the completion of the Proposed Disposal.

2.6 Guarantees given by our Group

There are no guarantees given by our Group to the Purchaser pursuant to the Proposed Disposal, save for our Group's obligations pursuant to the APA as set out in **Section 6 of Appendix I** of this Circular.

2.7 Cash company or Practice Note 17 ("PN17") company

The Proposed Disposal is not expected to result in our Company becoming a cash company or PN17 company as defined under the Listing Requirements.

2.8 Valuation of the Property

The basis of valuation adopted is the 'Market Value' which is defined by the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards to be "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Further, the valuation of the Property by the Valuer includes the business of the Property which normally changes hands in the open market as a fully equipped operational business unit and is therefore valued including the following:

- (i) all plant, equipment, furniture, furnishings, fixtures and fittings on the assumption that these are free from lien and encumbrance;
- (ii) the market's perception of the trading potential;
- (iii) all licences, consents, certificates and permits necessary to allow the Property to properly trade on the assumption that these will be received as required; and
- (iv) all existing staff, membership and bookings but excluding stock in trade, consumables and any additional value attributable to works of art, historic artefacts and the like.

The Valuer was appointed by our Company to conduct an independent valuation on the Property to facilitate the Proposed Disposal. In arriving at the market value of the Property, the Valuer had adopted the discounted cashflow approach (income approach) as the primary method and the comparables approach as a counter check:

- (a) **The discounted cashflow approach of valuation** entails discounting each year's projected EBITDA at an appropriate discount rate and capitalising the year 10 (assumed exit) EBITDA into perpetuity at an appropriate capitalisation rate and discounting to present day values. This is the normal methodology for the valuation of hotels. The valuation is based on a hypothetical reasonably efficient operator's likely trading performance at the Property. The Valuer has assumed an owner operator scenario, although there is also potential to install third party operators, with or without a brand solution.
- (b) **The comparables approach of valuation** entails the research and investigations into recent comparable transactions of hotels with a similar market positioning to that of the Property. The hotel market, unlike other commercial property sectors, is more secretive about providing detailed information on transactions, as analysis is required of trading information, which is extremely sensitive between operators. For the purpose of the valuation, the Valuer has had regard to other hotels that they have valued or sold and analysed turnover, net operating profit (before tax and interest) and achieved prices, albeit on a confidential basis.

Based on the deliberations of both methods, the Valuer arrived at the following market values for the Property:

Method of valuation	Market value
Discounted cashflow approach (income approach)	GBP6,500,000
Comparables approach	GBP6,300,000

As the Property is an income generating asset, the Valuer has adopted the income approach as the most suitable methodology for this present exercise. This method is subsequently counter-checked by the comparables approach to determine the reasonableness of the results and values generated.

Accordingly, the adopted market value of the Property is GBP6,500,000 (equivalent to RM36,219,950 per the Valuation Report) unencumbered by lease or management agreement and assuming a fully equipped operational trading entity in its current condition with all fixtures and fittings available.

(Source: Valuation Report)

3. BASIS OF AND JUSTIFICATION FOR THE DISPOSAL CONSIDERATION

The Disposal Consideration was arrived at on a willing-buyer willing-seller basis, after taking into consideration the market value of the Property of GBP6,500,000 (equivalent to RM36,219,950 based on the Valuation Report) as appraised by the Valuer and the audited NBV of the Property of GBP6,499,998 based on the latest audited financial statements of RHH as at 30 June 2021 (equivalent to RM37,338,000 based on our Company's audited consolidated financial statements for FYE 2021).

The Disposal Consideration is equivalent to the market value of the Property but subject to adjustments pursuant to the Apportionment which is to be determined on the Completion Date. Please refer to **Sections 8 and 12 of Appendix I** of this Circular for further details. The Disposal Consideration is justifiable after taking into consideration the following:

- (i) the rationale for the Proposed Disposal, further details are as set out in **Section 4 of Part A** of this Circular;
- (ii) the Proposed Disposal is transacted at market value based on the Valuation Report;
- (iii) significant capital expenditure needed to refurbish the Property; and

- (iv) the intended utilisation of the proceeds of RM36.22 million arising from the Proposed Disposal, which have been earmarked mainly for the partial repayment of bank borrowings, capital and operating expenditure as well as working capital of our Group, as set out in **Section 5 of Part A** of this Circular.

4. RATIONALE AND BENEFITS OF THE PROPOSED DISPOSAL

Our Group is principally involved in 4 core business activities, namely retailing, hotel, property and food. Our Group has discontinued recognising results for the financial services segment as its share of losses arising from the financial services segment has exceeded our Group's interest in the associate company that operates the said segment. A summary of our Group's audited financial results for the FYEs 2019 to 2021 as well as our Group's unaudited financial results for 6M-FPE 2022 is as follows:

	(Audited)			(Unaudited)
	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	6M-FPE 2022 (RM'000)
Business segments:				
Retailing	84,290	45,640	22,515	10,099
Hotel	179,404	120,243	46,924	58,383
Food	71,733	55,271	34,770	25,747
Property	57,473	76,646	76,500	45,990
Revenue	392,900	297,800	180,709	140,219
LAT	(102,611)	(198,714)	(98,670)	(18,077)

Based on the financial information set out above, our Group's revenue, save for the property segment, has declined significantly mainly due to the disruption in operations pursuant to the business and travel restrictions imposed by the governments of the UK and Malaysia respectively to curb the spread of COVID-19. Our Group operates 6 hotels in England and 2 hotels in Malaysia. The UK hotel operations have been disrupted with lockdowns announced in March 2020 continuing into year 2021 pursuant to the COVID-19 pandemic.

Total revenue from the UK hotels for the FYE 2021 dropped by 59.90% to RM38.55 million from RM96.14 million. Our Group's geographical revenue breakdown of the hotel segment is set out in the table below:

Hotel segment	(Audited)						(Unaudited)	
	FYE 2019		FYE 2020		FYE 2021		6M-FPE 2022	
	(RM'000)	%	(RM'000)	%	(RM'000)	%	(RM'000)	%
UK	145,574	81	96,135	80	38,545	82	53,726	92
Malaysia	33,830	19	24,108	20	8,379	18	4,657	8
Total revenue	179,404	100	120,243	100	46,924	100	58,383	100

The Proposed Disposal provides our Group an opportunity to unlock and realise the value of the Property whilst providing gross proceeds of RM36.22 million arising from the sale of the Property. The proceeds from the Proposed Disposal will enable our Group to strengthen our cashflow, and at the same time, provide additional funds for capital and operating expenditure as well as working capital. In addition, as some proceeds are earmarked for the repayment of bank borrowings, our Group anticipates deriving potential finance cost saving as well as able to reduce its gearing level as illustrated in **Section 7.2 of Part A** of this Circular from the Proposed Disposal. This in turn will reduce the indebtedness and repayment obligations of our Group, and thereby improving the liquidity position of our Group moving forward.

Considering the current economy sentiment and the impact of the COVID-19 pandemic on our Group's businesses, our Group has undertaken and is undertaking various measures to improve our financial performance and strengthen our financial position amid the challenging environments faced by the hospitality and tourism industry as well as the retail industry in particular. These include, amongst others, the implementation of various cost cutting measures by our Group, the Proposed Disposal, the Private Placement, the opening of a new experiential retail store by Metrojaya at LaLaport Bukit Bintang City Centre, Kuala Lumpur tentatively in the second quarter of 2022 and the A&W Acquisition.

Our Group currently owns Corus Hotel Kuala Lumpur and Corus Paradise Resort Port Dickson in Malaysia. Both hotels undertook major cost cutting measures including streamlining operations with a leaner work force and lower operating cost base. The hotels have also started to offer flexible staycation packages and expanded their food catering options to include delivery and pick-up services. In spite of that, the revenue from both hotels still lagged behind for 6M-FPE 2022 as they had to rely solely on domestic travel and tourism. However, our Group's hotel business in the UK has continued to recover after the relaxation of restrictions by the UK government in May 2021. Save for the one-off expected loss on disposal of the Property amounting to RM3.12 million, the Proposed Disposal is not expected to negatively impact the financial performance of our Group.

The positive momentum in the hospitality industry has unfortunately been recently disrupted by the increasing number of COVID-19 cases due to the Omicron variant which has resulted in some cancellation or postponement of bookings in our Corus Hotel Kuala Lumpur and Corus Paradise Resort Port Dickson. Nonetheless, our Board is of the view that the outlook of the hospitality industry in Malaysia still remains positive especially if the international borders of Malaysia gradually reopen from March 2022 as proposed by the Malaysian government. Our management forecasts that the hotel operations in the UK for the third quarter of the FYE 2022 will be slow but the following quarter is expected to be strong once more international travellers start returning to London. As such, our hotels are expected to report a better performance for the FYE 2022.

In view of the steps undertaken by our Group and the gradual recovery of our Group's hotel business, our Board is cautiously optimistic that our Group's hotel business will continue to gradually recover despite the on-going COVID-19 pandemic and will exercise extra vigilance in implementing any business strategies taking into consideration the potential impact on the sustainability of our Group's business operations in the midst of the pandemic.

5. UTILISATION OF PROCEEDS

The Disposal Consideration will be fully satisfied by the Purchaser in cash, which our Group intends to use as follows:

Utilisation purposes	Notes	Amount of proceeds (RM'000)	Timeframe for utilisation from the date of completion of the Proposed Disposal
Repayment of bank borrowings	(1)	25,026	Within 6 months
Capital and operating expenditure	(2)	5,572	Within 12 months
Working capital	(3)	3,622	Within 3 months
Estimated expenses in relation to the Proposed Disposal	(4)	2,000	Upon completion
Total proceeds		36,220	

Notes:

- (1) The Property is currently charged to The Bank of East Asia, Limited. Our Group has obtained approval from various banks to defer and/or reschedule principal repayments for certain bank borrowings for a period ranging from 6 to 24 months as our Group's businesses were disrupted by the COVID-19 pandemic. As at 28 February 2022, our Group has total bank borrowings of approximately RM810.29 million and comprising mainly term loan, revolving credit and overdraft facilities. Therefore, our Group intends to use up to RM25.03 million proceeds from the Disposal Consideration to partially repay our existing term loan, revolving credit and overdraft facilities in Malaysia as well as for the UK term loan for the discharge of the Property of up to GBP2.52 million (equivalent to RM14.04 million).

The estimated finance cost savings to be accrued to our Group arising from the repayment is set out as follows:

<i>Type of banking facility</i>	<i>Amount outstanding as at 28 February 2022 (RM'000)</i>	<i>Proposed amount to be used (RM'000)</i>	<i>Range of effective annual interest rates (%)</i>	<i>Estimated interest cost savings per annum (RM'000)</i>
Malaysian bank borrowings - for, amongst others, our Group's working capital, acquisition of subsidiary company, refinancing of our Group's borrowings, etc.	311,207*	10,984	3.94 - 9.50	1,043
UK bank borrowings - for, amongst others, our Group's working capital, refurbishment of our Group's UK hotels, refinancing of our Group's borrowings, etc.	499,080	14,042	2.70 - 3.83	538
Total	810,287	25,026	-	1,581

* Not accounting for the proposed repayment of the bank borrowings in Malaysia of approximately RM13.06 million from the Private Placement.

- (2) Our Group intends to use up to GBP1.0 million (equivalent to RM5.57 million) of the proceeds to fund the capital and operating expenditure required to refurbish and maintain Corus Hotel Hyde Park in London. The total estimated cost for refurbishment and maintenance of the hotel is approximately GBP1.0 million which includes, amongst others, improvements to the guest bedrooms and common areas as well as refurbishment of the said hotel's roof and windows. Any shortfall of the costs of refurbishment and maintenance of the hotel will be funded by our Group's internally generated funds/ bank borrowings, the breakdown of which has not been determined by our Group at this juncture as the actual funding will depend on the refurbishment and maintenance schedule of the hotel and the available funds of our Group.
- (3) Our Group intends to use up to GBP0.65 million (equivalent to RM3.62 million) to increase our Group's UK interest service reserve account from 3 months to 6 months. The UK interest service reserve account is a cash reserve account required by the lender to pay interest and acts as a safety measure to ensure that the interest payments to the lender can be met. The increase in the existing requirement of 3 months to 6 months is aimed at improving our Group's credit standing with the bank as our Group's hotel business in the UK has been disrupted by the COVID-19 pandemic.
- (4) Comprising professional fees (including principal adviser, solicitors, Valuer and real estate agent), fees payable to authorities and other ancillary expenses (including, amongst others, SDLT Contribution, costs to hold an EGM, service tax and out-of-pocket expenses). Any variation to the actual amount of expenses for the Proposed Disposal will be adjusted accordingly to/from the proceeds allocation for our Group's repayment of bank borrowings.

The actual proceeds from the Proposed Disposal is dependent on the adjustments to the Disposal Consideration pursuant to the Apportionment (as detailed in **Sections 8.1 and 12 of Appendix I** of this Circular) which is to be determined on the Completion Date. Any variation in the actual proceeds will be adjusted against the proceeds allocated for our Group's repayment of bank borrowings.

Pending the utilisation of proceeds arising from the Proposed Disposal for the above purposes, the proceeds will be placed in deposits with financial institution(s) or short-term money market instrument(s), as our Board may deem fit. Any interest income derived from the deposits with financial institution(s) or any gains arising from the short-term money market instrument(s) will be used for our Group's repayment of bank borrowings.

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6. RISKS OF THE PROPOSED DISPOSAL

(a) Delay or non-completion of the Proposed Disposal

The completion of the Proposed Disposal is conditional upon the fulfilment of the conditions precedent as well as the obligations stipulated in the APA by the Vendor and the Purchaser. In the event any of the conditions precedent and/or terms are not fulfilled within the stipulated time as set out in the APA, or if there is any material breach of the terms and/or conditions of the APA by the Vendor and/or the Purchaser (such as the Purchaser's failure to pay for the balance Disposal Consideration in accordance with the terms of the APA), the Proposed Disposal may be delayed or terminated.

Whilst the management of our Company will take reasonable steps to monitor the progress of the Proposed Disposal and seek to limit such risk to ensure that the conditions precedent and/or obligations set out in the APA are fulfilled in a timely manner to facilitate the completion of the Proposed Disposal, there is no assurance that the APA can be completed within the stipulated timeframe.

(b) Legal risks

Our Group may also be subject to certain legal risks pursuant to the APA such as specific performance as a result of any threatened or actual breach of certain terms of the APA. In this respect, our Group endeavours to ensure fulfilment of its obligations under the APA to facilitate the timely completion of the Proposed Disposal.

(c) Foreign currency risks

Our Group is exposed to foreign currency risk as a result of our normal operations, both external and intra-group where the currency denomination differs from the functional currencies of the operating entities. However, our Group minimises the foreign currency exposure of overseas operating subsidiaries by matching local currency income against local currency costs to hedge the fluctuations in currency exchange. Similarly, in order to mitigate adverse foreign currency fluctuations, the majority of the proceeds from the Disposal Consideration will be used in GBP.

However, the remaining Disposal Consideration may be impacted by any adverse fluctuation of GBP against RM if and when converted into RM. Therefore, any significant exchange rate fluctuations in the future may have an adverse impact on the quantum of Disposal Consideration to be converted in RM by our Group. Thus, our Group will continue to monitor the foreign exchange rates and may use certain financial instruments for hedging purposes, if needed, to minimise the negative effects of foreign currency fluctuations.

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7. EFFECTS OF THE PROPOSED DISPOSAL

7.1 Issued share capital and substantial shareholders' shareholdings

The Proposed Disposal will not have any effect on the issued share capital and our substantial shareholders' shareholdings as the Proposed Disposal does not involve any issuance of Shares.

7.2 NA and gearing

The pro forma effects of the Proposed Disposal on the consolidated NA and gearing level of our Group based on the latest audited financial statements as at 30 June 2021 are as follows:

	(Audited) As at 30 June 2021 (RM'000)	(I) After the Proposed Disposal (RM'000)
Share capital	3,152,866	3,152,866
Reserves	(13,605)	(13,605)
Accumulated losses	(3,043,104)	(3,046,222) ⁽¹⁾
Shareholders' equity/ NA	96,157	93,039
Non-controlling interest	236,160	236,160
Total equity	332,317	329,199
No. of Shares in issue ('000)	2,932,561	2,932,561
NA per Share (RM)	0.03	0.03
Total borrowings ⁽²⁾ (RM'000)	903,870	878,844 ⁽³⁾
Gearing ⁽⁴⁾ (times)	2.72	2.67

Notes:

(1) After taking into consideration the following:

- (i) deducting the estimated gross loss of approximately RM1.12 million for the Proposed Disposal;
- (ii) deducting the estimated expenses of RM2.0 million for the Proposed Disposal; and
- (iii) assuming the Private Placement and the Proposed Capital Reduction are implemented after the completion of the Proposed Disposal.

(2) Comprising bank borrowings and lease liabilities.

(3) After the repayment of bank borrowings of approximately RM25.03 million from the proceeds of the Proposed Disposal.

(4) Computed based on total borrowings divided by total equity.

7.3 LAT and LPS

For illustration purpose, based on our latest audited consolidated financial statements for the FYE 2021 as well as assuming that the Proposed Disposal had been completed at the beginning of the financial year (i.e., 1 July 2020) and the Private Placement as well as the Proposed Capital Reduction have not been implemented, the pro forma effects of the Proposed Disposal on the LAT of our Group are as follows:

	(Audited) As at 30 June 2021	(I) After the Proposed Disposal
LAT (RM'000)	(98,670)	(101,788)*
No. of Shares in issue ('000)	2,932,561	2,932,561
Basic LPS (sen)	(3.36)	(3.47)

Note:

* After taking into account the gross loss on disposal of approximately RM1.12 million and the estimated expenses for the Proposed Disposal of approximately RM2.0 million.

7.4 Expected loss arising from the Proposed Disposal

Based on the audited NBV of the Property as at 30 June 2021 and the Disposal Consideration, the Proposed Disposal is expected to result in a pro forma loss on disposal to our Group as set out below:

	Amount (RM'000)
Disposal Consideration	36,220
<i>Less: NBV of the Property as at 30 June 2021</i>	<i>(37,338)</i>
Gross loss on disposal of the Property	(1,118)
<i>(Less):</i>	
<i>Estimated expenses in relation to the Proposed Disposal</i>	<i>(2,000)</i>
Total expected loss on disposal of the Property	(3,118)

8. APPROVAL/ CONSENT REQUIRED

The Proposed Disposal is subject to the following approvals being obtained from:

- (i) our shareholders at our forthcoming EGM, as pursuant to Paragraph 10.02(g) of the Listing Requirements, the highest percentage ratio applicable to the Proposed Disposal is approximately 38.83%, calculated based on the audited NBV of the Property over the NA based on our latest audited consolidated financial statements for the FYE 2021; and
- (ii) any other relevant authorities, if required. The Proposed Disposal is not subject to any approval from relevant government authorities.

9. CONDITIONALITY OF THE PROPOSED DISPOSAL

The Proposed Disposal is not conditional upon any other corporate proposals undertaken or to be undertaken by our Company.

Save for the Private Placement and the Proposed Capital Reduction, there are no other corporate exercises which has been announced by our Company but not yet completed before the date of this Circular.

10. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

None of our Directors, Major Shareholders and persons connected with them have any interest, whether direct or indirect, in the Proposed Disposal.

11. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, after having considered all aspects of the Proposed Disposal, including the rationale and justification for the Proposed Disposal, the salient terms of the APA, the basis and justification of arriving at the Disposal Consideration as well as the financial effects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interests of our Company and the terms and conditions of the APA are fair and reasonable and accordingly recommend you to vote **IN FAVOUR** of the resolution in respect of the Proposed Disposal to be tabled at our Company's forthcoming EGM.

12. TENTATIVE TIMETABLE FOR IMPLEMENTATION

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Proposed Disposal is expected to be completed by the second quarter of year 2022.

Tentative timeline	Events
18 April 2022 End April 2022	<ul style="list-style-type: none">• EGM• Fulfilment of the conditions precedent in the APA and the APA becomes unconditional• Completion of the Proposed Disposal

13. EGM

Our EGM, the notice of which is enclosed in this Circular, will be conducted on a fully virtual basis via remote participation and electronic voting via online meeting platform at the TIIH Online website at <https://tiih.online> (Domain Registration No. with MYNIC - D1A282781) provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia on Monday, 18 April 2022 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposed Disposal.

If you are unable to attend and vote in person at our EGM, you should complete, sign and return the enclosed Form of Proxy in accordance with the instructions provided therein so as to arrive at our share registrar's office at Unit 32-01, Level 32 Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or submit electronically via TIIH Online at <https://tiih.online> not less than 48 hours before the time set for holding our EGM or any adjournment thereof.

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

Shareholders are advised to refer to the Administrative Guide for the EGM on the registration and voting process for the EGM.

14. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board
MALAYAN UNITED INDUSTRIES BERHAD

ANDREW KHOO BOO YEOW
Chairman and Chief Executive Officer

PART B

**LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED CAPITAL
REDUCTION**



Malayan United Industries Berhad

Registration No. 196001000140 (3809-W)
(Incorporated in Malaysia)

Registered Office:

189 Jalan Ampang
50450 Kuala Lumpur
Malaysia

25 March 2022

Board of Directors

Andrew Khoo Boo Yeow (*Chairman and Chief Executive Officer*)
Chan Choung Yau (*Executive Director*)
Dato' Dr Tan Kee Kwong (*Independent Non-Executive Director*)
Dr Wong Hong Meng (*Independent Non-Executive Director*)
Farizon binti Ibrahim (*Independent Non-Executive Director*)
Wong Nyen Faat (*Non-Independent Non-Executive Director*)

To: Our shareholders

Dear Sir / Madam,

PROPOSED CAPITAL REDUCTION

1. INTRODUCTION

On 3 March 2022, TA Securities had, on behalf of our Board, announced that we propose to undertake the Proposed Capital Reduction.

Further details of the Proposed Capital Reduction are set out in **Section 2 of Part B** below.

THE PURPOSE OF PART B OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED CAPITAL REDUCTION, TO SET OUT OUR BOARD'S RECOMMENDATION ON THE PROPOSED CAPITAL REDUCTION AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED CAPITAL REDUCTION TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF PART B OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED CAPITAL REDUCTION TO BE TABLED AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED CAPITAL REDUCTION

The Proposed Capital Reduction entails the reduction of our Company's issued share capital pursuant to Section 117 of the Act via the cancellation of our Company's paid-up share capital which is substantially unrepresented by available assets of RM3,070,000,000. The corresponding credit of RM3,070,000,000 arising from such cancellation will be used to set-off against the accumulated losses of our Company while the remaining balance will be credited to the retained earnings of our Company which shall be used in a manner to be determined by our Board at a later date and in the best interest of our Company as permitted by the relevant and applicable laws as well as the Listing Requirements.

As at the LPD, our Company's issued share capital was RM3,152,866,599.60 comprising 2,932,561,192 MUI Shares.

On 27 January 2022, our Company announced that we proposed to undertake the Private Placement. As at the LPD, our Company has not issued any Placement Shares.

For illustrative purposes only, the Proposed Capital Reduction will have the following effects:

	(Audited) As at 30 June 2021		(Unaudited) As at 31 December 2021	
	Company level	Group level	Company level	Group level
	RM'000	RM'000	RM'000	RM'000
Accumulated losses	(2,877,927)	(3,043,104)	(2,880,199)	(3,061,181)
Add: Credit arising from the Proposed Capital Reduction	3,070,000	3,070,000	3,070,000	3,070,000
Less: Estimated expenses for the Proposed Capital Reduction	(165)	(165)	(165)	(165)
Resultant retained earnings	191,908	26,731	189,636	8,654

The summary and commentaries of the financial information of our Group for the past 3 FYEs 2019 to 2021 as well as 6M-FPE 2021 and 6M-FPE 2022 are set out in **Appendix III** of this Circular.

Subject to and subsequent to the approval of the Proposed Capital Reduction by our shareholders at the forthcoming EGM, the Proposed Capital Reduction will be effective when the Registrar of Companies has recorded the information lodged in the appropriate register in accordance with Section 119 of the Act.

For the avoidance of doubt, the Proposed Capital Reduction will not result in:

- (a) any adjustment to the share price of MUI Shares;
- (b) any change in the total number of MUI Shares in issue or the number of MUI Shares held by our shareholders;
- (c) any payment to our shareholders; and
- (d) any cash outflow or change in the NA of our Group, save for the estimated expenses to be incurred in relation to the Proposed Capital Reduction.

3. RATIONALE FOR THE PROPOSED CAPITAL REDUCTION

Due to the accumulated losses, the share capital to be cancelled is substantially no longer represented by available assets. As such, the Proposed Capital Reduction will enable our Company to eliminate our accumulated losses to reflect more accurately our financial position. It will also enhance our Company's ability to declare and pay dividends out of our retained earnings in the future, as and when appropriate, when our Company returns to profitability. The Proposed Capital Reduction would also enhance our Group's credibility with its customers, financiers, suppliers and investors.

4. EFFECTS OF THE PROPOSED CAPITAL REDUCTION

4.1 Share capital

The pro forma effects of the Proposed Capital Reduction on the issued share capital of our Company are illustrated as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	2,932,561,192	3,152,866,600	2,932,561,192	3,152,866,600
To be issued pursuant to the Private Placement	– ⁽¹⁾	–	293,256,000 ⁽²⁾	16,803,569
To be cancelled pursuant to the Proposed Capital Reduction	2,932,561,192 –	3,152,866,600 (3,070,000,000)	3,225,817,192 –	3,169,670,169 (3,070,000,000)
After the Proposed Capital Reduction	2,932,561,192	82,866,600	3,225,817,192	99,670,169

Notes:

- (1) Assuming none of the Placement Shares are placed out prior to the implementation of the Proposed Capital Reduction.
- (2) Assuming all the Placement Shares are placed out prior to the implementation of the Proposed Capital Reduction at an indicative issue price of RM0.0573 per Placement Share, equivalent to the 5-day volume weighted average market price of MUI Share up to and including the LPD of RM0.0573 per MUI Share.

4.2 Substantial shareholders' shareholdings

The Proposed Capital Reduction will not have any effect on our substantial shareholders' shareholdings.

4.3 Earnings and EPS

The Proposed Capital Reduction will not have any material effect on our Group's earnings and EPS for the FYE 2022.

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4.4 NA and gearing

The pro forma effects of the Proposed Capital Reduction on the NA and gearing level of our Group based on our latest consolidated audited financial statements as at 30 June 2021 are as follows:

Minimum Scenario

	(Audited) As at 30 June 2021 RM'000	(I) After the Proposed Disposal RM'000	(II) After (I) and the Proposed Capital Reduction ⁽¹⁾ RM'000
Share capital	3,152,866	3,152,866	82,866
Reserves	(13,605)	(13,605)	(13,605)
Accumulated losses	(3,043,104)	(3,046,222) ⁽²⁾	23,613 ⁽³⁾
Shareholders' funds / NA	96,157	93,039	92,874
Non-controlling interests	236,160	236,160	236,160
Total equity	332,317	329,199	329,034
No. of shares in issue ('000)	2,932,561	2,932,561	2,932,561
NA per Share (RM)	0.03	0.03	0.03
Total borrowings ⁽⁴⁾ (RM'000)	903,870	878,844 ⁽⁵⁾	878,844
Gearing ⁽⁶⁾ (times)	2.72	2.67	2.67

Notes:

- (1) Assuming none of the Placement Shares are placed out prior to the implementation of the Proposed Capital Reduction.
- (2) After taking into consideration the following:
 - (i) assuming the Proposed Disposal is completed prior to the implementation of the Proposed Capital Reduction; and
 - (ii) deducting the estimated gross loss of approximately RM1.12 million and estimated expenses of RM2.0 million for the Proposed Disposal.
- (3) After setting off RM3,070,000,000 from our Company's accumulated losses due to the cancellation of our Company's issued share capital and deducting the estimated expenses of RM165,000 in relation to the Proposed Capital Reduction.
- (4) Comprising bank borrowings and lease liabilities.
- (5) After the repayment of bank borrowings of approximately RM25.03 million from the proceeds of the Proposed Disposal.
- (6) Computed based on total borrowings divided by total equity.

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Maximum Scenario

	(Audited) As at 30 June 2021 RM'000	(I) After the Proposed Disposal RM'000	(II) After (I) and the Proposed Private Placement ⁽¹⁾ RM'000	(III) After (II) and the Proposed Capital Reduction RM'000
Share capital	3,152,866	3,152,866	3,169,670	99,670
Reserves	(13,605)	(13,605)	(13,605)	(13,605)
Accumulated losses	(3,043,104)	(3,046,222) ⁽²⁾	(3,046,397) ⁽³⁾	23,438 ⁽⁴⁾
Shareholders' funds / NA	96,157	93,039	109,668	109,503
Non-controlling interests	236,160	236,160	236,160	236,160
Total equity	332,317	329,199	345,828	345,663
No. of shares in issue ('000)	2,932,561	2,932,561	3,225,817	3,225,817
NA per Share (RM)	0.03	0.03	0.03	0.03
Total borrowings ⁽⁵⁾ (RM)	903,870	878,844 ⁽⁶⁾	865,789 ⁽⁷⁾	865,789
Gearing ⁽⁸⁾ (times)	2.72	2.67	2.50	2.50

Notes:

- (1) Assuming all the Placement Shares are placed out at the indicative issue price of RM0.0573 per Placement Share prior to the implementation of the Proposed Capital Reduction.
- (2) After taking into consideration the following:
 - (i) assuming the Proposed Disposal is completed prior to the completion of the Private Placement and the implementation of the Proposed Capital Reduction; and
 - (ii) deducting the estimated gross loss of approximately RM1.12 million and estimated expenses of RM2.0 million for the Proposed Disposal.
- (3) After deducting the estimated expenses of RM175,000 for the Private Placement.
- (4) After setting off RM3,070,000 from our Company's accumulated losses due to the cancellation of our Company's issued share capital and deducting the estimated expenses of RM165,000 in relation to the Proposed Capital Reduction.
- (5) Comprising bank borrowings and lease liabilities.

- (6) *After the repayment of bank borrowings of approximately RM25.03 million from the proceeds of the Proposed Disposal.*
- (7) *After the repayment of bank borrowings of approximately RM13.06 million from the proceeds of the Private Placement.*
- (8) *Computed based on total borrowings divided by total equity.*

4.5 Convertible securities

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

5. HISTORICAL SHARE PRICES

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

	Highest (RM)	Lowest (RM)
<u>2021</u>		
March	0.095	0.080
April	0.110	0.090
May	0.105	0.085
June	0.105	0.085
July	0.095	0.085
August	0.110	0.080
September	0.090	0.080
October	0.090	0.080
November	0.090	0.075
December	0.080	0.065
<u>2022</u>		
January	0.075	0.065
February	0.070	0.065

The last transacted market price of MUI Shares on 2 March 2022 (being the last trading date prior to the Capital Reduction Announcement) was RM0.065 each.

The last transacted market price of MUI Shares on 8 March 2022 (being the last trading date prior to the LPD) was RM0.06 each.

(Source: Bloomberg)

6. APPROVAL/ CONSENT REQUIRED

The Proposed Capital Reduction is subject to the following approvals being obtained from:

- (a) our shareholders at the forthcoming EGM; and
- (b) any other relevant parties/authorities, if required.

7. CONDITIONALITY OF THE PROPOSED CAPITAL REDUCTION

The Proposed Capital Reduction is not conditional upon any other corporate proposals undertaken or to be undertaken by our Company.

Save for the Proposed Disposal and the Private Placement, there are no other corporate exercises which has been announced by our Company but not yet completed before the date of this Circular.

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

None of our Directors, Major Shareholders, chief executive and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Capital Reduction.

9. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, after having considered all aspects of the Proposed Capital Reduction, including but not limited to the rationale and effects of the Proposed Capital Reduction, is of the opinion that the Proposed Capital Reduction is in the best interests of our Company and accordingly recommend you to vote **IN FAVOUR** of the resolution in respect of the Proposed Capital Reduction to be tabled at our Company's forthcoming EGM.

10. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Proposed Capital Reduction is expected to be completed by the 2nd quarter of 2022.

The indicative timetable of events in relation to the Proposed Capital Reduction is set out below:

Tentative timeline	Events
18 April 2022	• EGM
End May 2022	• Lodgement of document with the Registrar of Companies for the Proposed Capital Reduction
Early June 2022	• Effective date of the Proposed Capital Reduction

11. EGM

Our EGM, the notice of which is enclosed in this Circular, will be conducted on a fully virtual basis via remote participation and electronic voting via online meeting platform at the TIIH Online website at <https://tiih.online> (Domain Registration No. with MYNIC - D1A282781) provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia on Monday, 18 April 2022 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposed Capital Reduction.

If you are unable to attend and vote in person at our EGM, you should complete, sign and return the enclosed Form of Proxy in accordance with the instructions provided therein so as to arrive at our share registrar's office at Unit 32-01, Level 32 Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or submit electronically via TIIH Online at <https://tiih.online> not less than 48 hours before the time set for holding our EGM or any adjournment thereof.

The lodging of the Form of Proxy will not, however, preclude you from attending our EGM and voting in person should you subsequently wish to do so. Shareholders are advised to refer to the Administrative Guide for the EGM on the registration and voting process for the EGM.

12. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board
MALAYAN UNITED INDUSTRIES BERHAD

ANDREW KHOO BOO YEOW
Chairman and Chief Executive Officer

SALIENT TERMS OF THE APA

The salient terms of the APA are set out below:

1. Agreement to sell and purchase

- 1.1 Subject to the terms and conditions of the APA, the Vendor agrees to sell and transfer and Westbourne agrees to buy the Business as a going concern, comprising the Property and the following assets (“**Assets**”):
- (a) the goodwill of the Vendor in relation to the Business and the exclusive right for the Purchaser to carry on the Business under The Regency Hotel (“**Business Name**”);
 - (b) all plant, machinery, equipment and other tangible assets used or intended for use in connection with the Business, as set out in the APA including but not limited to information technology systems, kitchen equipment, bedroom and bar furniture and equipment as well as office equipment as set out in the APA (“**Moveable Assets**”);
 - (c) the membership contracts entered into between the members and users of the health and fitness club operated as part of the Business at the Property and customer contracts, engagements or orders entered into on or before midday on the Completion Date (as detailed in **Section 7.1 of this appendix**) (“**Effective Time**”) in respect of the customers of the Business and specific leases and/or agreements entered into with third parties relating to the use of parts of the car park of the Property (“**Business Contracts**”);
 - (d) all in date and unopened wet and dry stock in trade at the Property as at the Effective Time (“**Stock**”); and
 - (e) all information, know-how and techniques relating to the Business, which are more particularly set out in the APA (“**Business Information**”).
- 1.2 On the date of the APA, the parties shall do the following:
- (a) the Vendor to deliver the duly executed disclosure letter to the Purchaser and acknowledged receipt by the Purchaser; and
 - (b) GBP100,000 which has been paid by the Purchaser and forms part of the deposit of GBP325,000 (“**Deposit**”) be released to the Vendor’s solicitors to be held as stakeholder.

2. Conditions precedent

The Completion is subject to and conditional upon the following conditions (“**Conditions Precedent**”) being satisfied before 5.00 p.m. (UK time) on 29 April 2022 (“**Longstop Date**”):

- (a) the Purchaser receiving written confirmation and documentary evidence that the Proposed Disposal has been approved by the shareholders of our Company at an extraordinary general meeting to be convened and the Vendor confirming to the Purchaser in writing that no objections have been raised by or any other relevant national authorities, regulatory bodies where the transaction is to be notified for clearance;
- (b) the Vendor receiving a validly executed deed of release and DS1, whereby The Bank of East Asia, Limited releases the Vendor from any security held by it attaching respectively to the Business, Property and Assets;
- (c) the Vendor’s warranties being true and accurate in all material respects and not materially misleading as if the Vendor had given them at Completion by reference to the facts and circumstances existing as at Completion so that no claim arises;
- (d) the Vendor having complied with its obligations set out in the APA; and

SALIENT TERMS OF THE APA (CONT'D)

- (e) no change, event, circumstance or effect that individually or in aggregate is materially adverse to the Business or which is reasonably likely to lead to any such change, event, circumstances or effect where such change, event or circumstances unless directly or indirectly resulting from COVID-19 (“**Material Adverse Change**”) having occurred during the period from the date of the APA up to and including the Effective Time or, if earlier, the termination of the APA in accordance with its terms (“**Interim Period**”).

3. Termination

3.1 The APA shall automatically terminate and cease to have effect:

- (a) on the Longstop Date, if any of the Conditions Precedent are not satisfied by or before the Longstop Date; or
- (b) the Property has been destroyed or damaged so that it can no longer operate as a Business unless the Purchaser’s interest is noted on any insurance policy under which it is entitled to the proceeds of any claim on insurance policy in respect of the damage or destruction; or
- (c) if any of the Conditions Precedent (c) to (e) are incapable of remedy or have not been remedied to the Purchaser’s satisfaction in accordance with **Section 3.2 of this appendix**.

3.2 If at any time during the Interim Period, there has been a Material Adverse Change, a Vendor’s warranty has been breached, is untrue, inaccurate or misleading, or the Vendor has breached its pre-completion obligations under the APA (“**Event**”), then the Vendor shall immediately notify the Purchaser in writing of the relevant fact or circumstance to enable the Purchaser to make an accurate assessment of the Event. Following that notification, the Vendor shall use all reasonable endeavours to remedy the Event within a period of 28 days so that the breach is remedied to the satisfaction of the Purchaser. If the Vendor fails to remedy such circumstances or the matter is incapable of remedy then the Purchaser may at its sole discretion:

- (a) terminate the APA by notice in writing to the Vendor; or
- (b) proceed to Completion.

3.3 If the APA is terminated in accordance with **Section 3.1 of this appendix**, it will immediately cease to have any further force and effect except for:

- (a) any provision of the APA that expressly or by implication is intended to come into or continue in force on or after termination; and
- (b) any rights, remedies, obligations or liabilities of the parties that have accrued before termination.

3.4 If the Conditions Precedent are not satisfied by the Longstop Date (or the period of 28 days referred in **Section 3.2 of this appendix**) which results in the termination of the APA, the Vendor shall return the Deposit to the Purchaser, as soon as reasonably practicable and without delay following termination.

4. Purchase price

4.1 The purchase price for the Business, the Assets and the Property (“**Purchase Price**”) is the completion payment being the sum of GBP6,500,000 (less the Apportionment, Deposit and SDLT Contribution) (“**Completion Payment**”).

SALIENT TERMS OF THE APA (CONT'D)

4.2 The Purchaser shall transfer the Completion Payment to the Vendor's solicitors' bank account on Completion and the retention sum of GBP150,000 ("**Retention**") shall be paid into the Purchaser's solicitors' interest-bearing client account ("**Escrow Account**") in cash on Completion by electronic transfer.

4.3 The Purchase Price shall be deemed to be reduced by the amount of any payment made to the Purchaser in respect of:

- (a) a claim under the Vendor's warranties pursuant to the APA; or
- (b) a claim under the Vendor's indemnities pursuant to the APA,

and the reduction shall be allocated as nearly as possible to the Assets to which the breach or indemnity relates or, if that is not practicable or possible, in such manner as the Purchaser shall decide.

5. Escrow Account

5.1 From Completion, the Retention shall be held in the Escrow Account in accordance to the terms of the APA.

5.2 If a claim under the Vendor's warranties or indemnities is notified by the Purchaser to the Vendor ("**Notified Claim**") and is resolved on or before 3 months from the Completion ("**First Release Date**") or 6 months from the date of Completion ("**Final Release Date**"), the parties shall, as soon as reasonably practicable and in any event within 5 business days of the Notified Claim being resolved, instruct the Purchaser's solicitors ("**Escrow Agent**") to release to the Purchaser from the Escrow Account the due amount in respect of that Notified Claim (together with any accrued interest on the amount so paid but less any applicable bank charges) or, if lower, the remaining balance standing to the credit of the Escrow Account (but less any applicable bank charges).

5.3 On the First Release Date, the parties shall instruct the Escrow Agent to pay to the Vendor the balance from the Escrow Account (if any) then standing to the credit of the first GBP100,000 of the Retention standing after deducting the following sums:

- (a) if there are any outstanding claims, an amount equal to the Purchaser's reasonable estimate of the Vendor's aggregate liability in respect of those outstanding claims; and
- (b) each and any amount due for payment by the Vendor to the Purchaser in respect of a Notified Claim that has been resolved ("**Due Amount**"), if and to the extent that it has not been satisfied on or before the First Release Date,

together with any accrued interest on the amount so paid but less any applicable bank charges.

5.4 On the Final Release Date, the parties shall instruct the Escrow Agent to pay to the Vendor the balance from the Escrow Account (if any) then standing to the credit of the remaining GBP50,000 of the Retention standing after deducting the following sums:

- (a) if there are any outstanding claims, an amount equal to the Purchaser's reasonable estimate of the Vendor's aggregate liability in respect of those outstanding claims; and
- (b) each and any Due Amount, if and to the extent that it has not been satisfied on or before the Final Release Date,

together with any accrued interest on the amount so paid but less any applicable bank charges.

SALIENT TERMS OF THE APA (CONT'D)

- 5.5 If, following the First Release Date or the Final Release Date (as the case may be), the Retention (or any part of it) continues to be held in the Escrow Account pending resolution of any outstanding claims, the following provisions shall apply:
- (a) upon an outstanding claim being resolved, the parties shall, as soon as reasonably practicable and in any event within 5 business days of the outstanding claim being resolved, instruct the Escrow Agent to release to the Purchaser from the Escrow Account any unpaid Due Amount in respect of that outstanding Claim (together with any accrued interest on the amount so paid but less any applicable bank charges) or, if lower, the remaining balance standing to the credit of the Escrow Account (less any applicable bank charges); and
 - (b) after all outstanding claims have been resolved and all Due Amounts have been paid to the Purchaser in full, the parties shall, as soon as practicable, instruct the Escrow Agent to release to the Vendor the remaining balance (if any) standing to the credit of the Escrow Account (but less any applicable bank charges) on the First Release Date in respect of the GBP100,000 of the Retention and the balance of GBP50,000 remaining on the Final Release Date.
- 5.6 If any Due Amount is not satisfied in full by a payment to the Purchaser from the Escrow Account, nothing in the APA shall prevent or otherwise restrict the Purchaser's right to recover the balance from the Vendor and the due amount (to the extent not so satisfied from the Escrow Account) shall remain fully enforceable against the Vendor.
- 5.7 Any payments made from the Escrow Account to the Purchaser shall be treated as a reduction of the Purchase Price.

6. Guarantor

- 6.1 Corus Hotels Limited ("**Guarantor**"), a wholly-owned indirect subsidiary of our Company, has agreed to guarantee the due and punctual performance, observance and discharge by the Vendor of all present and future obligations and liabilities of the Vendor under the APA or arising from the termination of the APA, including money and liabilities due, owing or incurred by the Vendor to the Purchaser under the APA ("**Guaranteed Obligations**") if and when they become due under the APA.
- 6.2 If the Vendor defaults in the payment of any amount due that is part of the Guaranteed Obligations, the Guarantor shall immediately pay that amount to the Purchaser in accordance with the terms of the APA as if it were the Vendor.

7. Completion

- 7.1 The Completion Date means:
- (a) the later of 18 February 2022 or a date that is 10 business days after the last of the Conditions Precedent have been satisfied, provided that the Completion shall occur on or before the Longstop Date, or, on a different date which the parties have agreed in writing; or
 - (b) provided that the Conditions Precedent are satisfied, if Completion is deferred in accordance with **Sections 3.2 or 7.2 of this appendix**, the date on which the Completion is so deferred provided that it is no earlier than 18 February 2022; or
 - (c) if there is a mandatory UK government sanctioned lockdown in place at the time when the Conditions Precedent have been satisfied which arises out of or in connection with COVID-19, then the Completion shall be deferred until 5 business days after such lockdown has been lifted by the UK government, subject to a maximum period of 30 days from the date the Conditions Precedent have been satisfied, provided that it is no earlier than 18 February 2022.

SALIENT TERMS OF THE APA (CONT'D)

- 7.2 If the Vendor does not comply with its obligations on Completion in any material respect, the Purchaser may, at its sole discretion and without prejudice to any other rights or remedies it has (including the right to claim damages for breach of the APA):
- (a) so far as practicable, proceed to Completion; or
 - (b) defer Completion to a business day no more than 28 days after the date on which Completion would otherwise have taken place; or
 - (c) after the expiry of such 28 days, but only if the Event has not by then been remedied in accordance with the provisions of the APA; or
 - (d) terminate the APA by giving written notice to the Vendor.
- 7.3 At Completion, subject to the Vendor having complied with its obligations as set out in the APA, the Purchaser shall:
- (a) pay the Purchase Price in accordance with **Section 4.2 of this appendix**; and
 - (b) deliver to the Vendor a certified copy of the resolution adopted by the board of directors of the Purchaser authorising the Proposed Disposal and the execution and delivery by the officers specified in the resolution of the APA, and any other documents referred to in the APA as being required to be delivered by it.

8. Completion Statement and adjustment of the Purchase Price

- 8.1 On the Completion Date, the parties shall procure that the completion statement detailing the Apportionments and produced on the Completion Date, signed by or on behalf of the Purchaser and the Vendor in the form as provided in the APA which shall be subject to adjustment in accordance with this provision (“**Completion Statement**”) is prepared and agreed in accordance with **Section 12 of this appendix**, provided that if an error (except that the Stock Price shall be final and binding on the parties) being discovered with the Apportionment in writing and notified in writing by either party to the other after the Completion Date, the Purchaser and the Vendor shall seek in good faith to resolve any dispute with the Apportionment within a period of 10 business days from such notification (“**Notice Period**”). If the disputed matter is not resolved by the parties during the Notice Period either party may, by written notice, require the disputed matters to be referred to a member of an independent firm of chartered accountants (not being the auditors of the Purchaser or Vendor) appointed to resolve any dispute in relation to the Apportionment (“**Expert**”) for determination. The Expert’s decision shall be final and binding on the parties.
- 8.2 The cost of the Expert shall be borne equally between the parties.

9. Warranties

Save for the matters disclosed in the disclosure letter dated 31 December 2021 from the Vendor to the Purchaser (“**Disclosure Letter**”) which constitute exceptions to the Vendor’s warranties, the Vendor warrants and represents to the Purchaser that each warranty provided by the Vendor under the APA is true, accurate and not misleading on the date of the APA and at the Effective Time. The matters disclosed in the Disclosure Letter include among others:

- (a) all matters revealed by search of the file of the Vendor at the Companies House, UK;
- (b) all matters revealed by searches at Her Majesty’s Land Registry, UK and all matters shown by searches at the local authorities and public registers in respect of the Property; and
- (c) all matters contained in the documents relating to the Business in the data room hosted by the Purchaser’s solicitors.

SALIENT TERMS OF THE APA (CONT'D)

10. Limitations on claims

- 10.1 Save as provided in **Section 10.5 below**, the aggregate liability of the Vendor for all claims under the APA shall not exceed an amount equal to the GBP750,000.
- 10.2 The Vendor shall not be liable for a claim unless:
- (a) the Vendor's liability in respect of such claim (together with any connected claims) exceeds GBP1,000; and
 - (b) the aggregate amount of all claims for which the Vendor would be liable shall exceed GBP4,000 and in such event the Vendor shall be liable for the whole of such amount and not merely the excess.
- 10.3 The Vendor shall not be liable for a claim unless notice in writing summarising the nature of the claim has been given by or on behalf of the Purchaser to the Vendor:
- (a) in the case of a claim made under the tax warranties, on or before the 7th anniversary of Completion; or
 - (b) in any other case, prior to the expiry of the period of 12 months commencing on the Completion Date.
- 10.4 Any claim notified in accordance with **Section 10.3 above** shall (if not previously satisfied, settled or withdrawn) be deemed to have been irrevocably withdrawn 6 months after the date on which notice of the relevant claim was given (and no new claim or other claim under the APA may be made in respect of the same facts) unless, on or before that date, legal proceedings have been issued on the Vendor in respect of the relevant claim.
- 10.5 The provisions in **Section 10 of this appendix** shall not exclude or limit the liability of the Vendor in respect of any claim arising from dishonesty, fraud, wilful misconduct or wilful concealment by the Vendor, its agents or advisers.

11. Risk and insurance

- 11.1 The Vendor shall continue to carry on the Business for its own benefit and at its own risk up to the Effective Time. The risk in and ownership of the Assets shall pass to the Purchaser at the Effective Time.
- 11.2 The Vendor or the Guarantor, shall maintain in force, up to and including the Effective Time, all the policies of insurance which have been disclosed and shall use its reasonable endeavours to procure that from the date of the APA, the interest of the Purchaser under or pursuant to the APA in respect of the Moveable Assets and the Property is noted on all such policies effected by or for the benefit of the Vendor or the Guarantor in respect thereof.
- 11.3 If any of the Moveable Assets or the Property are lost, destroyed or damaged prior to the Effective Time, to the extent that the damage is covered by a policy maintained by the Vendor, the Vendor must procure that the insurance monies recoverable in respect thereof shall be paid to it and the Vendor shall direct the insurance company accordingly, and in such event any such insurance monies received by the Vendor shall be held by it on trust for the Purchaser.

12. Apportionments

- 12.1 All periodical charges and outgoings of the Business shall be apportioned as at the Effective Time and the amount due shall be borne by the party from whom it is due.

SALIENT TERMS OF THE APA (CONT'D)

- 12.2 All periodical income and receipts of the Business shall be apportioned as at the Effective Time and such amount shall belong to the party who is entitled to the payment.
- 12.3 The value of the Stock ("**Stock Price**") shall be calculated in accordance with the terms of the APA, and when so agreed or determined shall form part of the Apportionments and verified in the Completion Statement.
- 12.4 The difference between the sums calculated pursuant to **Sections 12.1 to 12.3 above** from the Apportionment which shall be deducted from or added to as appropriate to the Completion Payment.

13. Restrictions on the Vendor


- 13.1 The Vendor covenants that it shall not and shall procure that no other member of our Group shall:
- (a) at any time during the period of 2 years commencing on the Completion Date, within a 30-mile radius of the Property, carry on or be engaged, concerned or interested in, or in any way assist any business which is or would be in competition with any part of the Business as was carried on at the Completion Date ("**Restricted Business**"); or
 - (b) at any time after Completion, use in the course of any business operated within a 30-mile radius of the Property the words "The Regency Hotel";
 - (c) at any time after Completion, present itself or permit itself to be presented as:
 - (i) connected in any capacity with the Business; or
 - (ii) interested or concerned in any way with any other member of the Purchaser, its subsidiaries or holding company ("**Purchaser's Group**"), other than as the Vendor of the Business to the Purchaser; or
 - (iii) any time after Completion, do or say anything which may be harmful to the reputation of the Business.
- 13.2 The covenants in **Section 13.1 of this appendix** are intended to be for the benefit of, and shall be enforceable by the Purchaser, any other member of the Purchaser's Group to whom any part of the Business and Assets are transferred and apply to actions carried out by the Vendor (or any other member of our Group) in any capacity (including as shareholder, partner, director, principal, consultant, officer, agent or otherwise) and whether directly or indirectly, on its own behalf or on behalf of, or jointly with, any other person.
- 13.3 Each of the covenants in **Section 13.1 of this appendix** is a separate undertaking by the Vendor and shall be enforceable by the Purchaser and any member of the Purchaser's Group to whom it transfers any part of the Business and Assets separately and independently of their right to enforce any one or more of the other covenants contained in that clause.

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VALUATION CERTIFICATE

The Regency Hotel, Stratford Road, Shirley, Solihull B90 4EB, United Kingdom

Valuation Certificate



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VALUATION CERTIFICATE (CONT'D)

Valuation Certificate

The Regency Hotel, Stratford Road, Shirley B90 4EB



22 December 2021

Ref: 492749/JB

Malayan United Industries Berhad

189 Jalan Ampang
50450 Kuala Lumpur
Malaysia

James Bradley MRICS
E: jbradley@savills.com
DL: +44 (0) 20 7409 8771

London Vista Hotels Limited

Corus House, 1 Auckland Park
Bletchley
Milton Keynes MK1 1BU
United Kingdom

33 Margaret Street
London
W1G 0JD
T: +44 (0) 20 7499 8644
savills.com

(the **Addressees**)**VALUATION CERTIFICATE**

Dear Sirs,

INSTRUCTION: VALUATION OF THE REGENCY HOTEL, STRATFORD ROAD, SHIRLEY, SOLIHULL B90 4EB, UNITED KINGDOM
CLIENT: MALAYAN UNITED INDUSTRIES BERHAD
OTHER ADDRESSEE: LONDON VISTA HOTELS LIMITED

We, Savills Advisory Services Limited are pleased to certify that we have carried out a valuation in accordance with the instructions from Malayan United Industries Berhad and London Vista Hotels Limited, of the above mentioned property (herein referred to as the "subject property") bearing Reference No. 492749/JB for the purpose of submission to Bursa Malaysia Securities Berhad and inclusion in the circular to shareholders pursuant to the proposed disposal of The Regency Hotel, Solihull. We provide our Report and Valuation, as at the date of our report being 10 December 2021 but the condition of the Property as at the date of inspection on 16 November 2021.

1.1. Basic Requirements**1.1.1. Details of instructions**

You have instructed us to provide our opinion of value on the following basis:

- The current Market Value of the freehold interest in the subject property ("Market Value");

In respect of a trading business, this normally changes hands in the open market as a fully equipped operational business unit and is therefore valued including:

VALUATION CERTIFICATE (CONT'D)

Valuation Certificate

The Regency Hotel, Stratford Road, Shirley B90 4EB



- all plant, equipment, furniture, furnishings, fixtures and fittings on the assumption that these are free from lien and encumbrance;
- the market's perception of the trading potential excluding any personal goodwill;
- all licences, consents, certificates and permits necessary to allow the Property to properly trade on the assumption that these will be received as required;
- all existing staff, membership and bookings but excluding stock in trade, consumables and any additional value attributable to works of art, historic artefacts and the like.

1.1.2. Purpose of Valuation

You instruct us that our valuation is required for submission to Bursa Malaysia Securities Berhad and for the inclusion of the valuation certificate in the circular to shareholders of Malayan United Industries Berhad pursuant to the proposed disposal of the property.

1.1.3. Basis of Valuation

For the present exercise, we assess the **current Market Value of the freehold title of the subject property, unencumbered by lease or management agreement, assuming a fully equipped operational trading entity in its current condition with all fixtures and fittings available** and subject to the details referred to herein, as at 10 December 2021, and subject to the details referred to herein.

In undertaking our valuations, we have adopted the RICS definition of Market Value, as detailed below:

Valuation Standard VPS 4, section 4 of the Red Book details Market Value (MV) as defined in IVS 104 paragraph 30.1 as:

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

1.1.4. Statement to affirm reference and compliance with relevant and applicable valuation standards/guidelines;

We have inspected the subject property on 16 November 2021 and investigated all available data relevant to the matter. The material date of valuation is taken as at 10 December 2021. We note that this document is a summary of our full valuation and should be read in conjunction with our full valuation report, bearing reference no. 492749/JB as at 10 December 2021.

This report has been prepared in accordance with Royal Institution of Chartered Surveyors' ("RICS") Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2020 together, where applicable, with the UK National Supplement effective 14 January 2019, together the "Red Book". This report has also been prepared in accordance with Asset Valuation Guidelines issued by the Securities Commission Malaysia with the necessary professional responsibilities and due diligence.

VALUATION CERTIFICATE (CONT'D)

Valuation Certificate

The Regency Hotel, Stratford Road, Shirley B90 4EB



1.1.5. Details of Valuer and inspection

The due diligence enquiries referred to in the Report and Valuation were undertaken by James Bradley MRICS (RICS Member Number 1268210) and Izzy Trompetas MSc. The valuation has also been reviewed by David Elton MRICS (RICS Member Number 0842585).

The valuation was panel reviewed. The panel comprised James Bradley MRICS (Director) and David Elton MRICS (Associate Director) – and two independent directors with relevant experience in the sector – Ross Connolly MRICS (Director) and Giles Furze MRICS (Director).

The Property was inspected on 16 November 2021 by James Bradley MRICS. We were able to inspect the whole of the Property, both externally and internally, but limited to those areas that were easily accessible or visible. The weather on the date of our inspection was dry and overcast.

All those above with MRICS or FRICS qualifications are also RICS Registered Valuers. Furthermore, in accordance with PS2, we confirm that the aforementioned individuals have sufficient current local, national and international (as appropriate) knowledge of the particular market and the skills and understanding to undertake the valuation competently.

1.1.6. Information on legal opinion, with regard to ownership, joint venture interest, title restrictions, encumbrances etc., where relevant

Registered Proprietor

The HM Land Registry certificate, as at the date of search being 24 November 2021, shows that the Registered Owner of the subject property is The Regency Hotel Hospitality Limited (Co. Regn. No. 11915720) of Corus House, 1 Auckland Park, Bletchley, Milton Keynes MK1 1BU.

Title Details

The subject property is held freehold, with title number WM344105, as shown on the Ordnance Survey Plan under reference SP1376. The stated owner is The Regency Hotel Hospitality Limited. The title covers Corus Hotel (previous name of the hotel), Stratford Road, Shirley, Solihull B90 4EB. We have valued the freehold interest in the Property.

1.2. Detailed Requirements

1.2.1. Identification of Property

Property address

The Regency Hotel, Stratford Road, Shirley, Solihull B90 4EB, United Kingdom.

Interest valued

We have valued the freehold interest in the subject property with title number WM344105. There are stated to be no third party leases or management agreements in existence, and therefore we have valued the subject property with the benefit of full vacant possession.

VALUATION CERTIFICATE (CONT'D)

Valuation Certificate

The Regency Hotel, Stratford Road, Shirley B90 4EB



Category of land use

With reference to the Town and Country Planning (Use Classes) Order 1987 (as amended), we have assumed the Property to have a use class of C1 Hotels - Hotels, boarding and guest houses where no significant element of care is provided (excludes hostels), in accordance with its current use.

Registered owner

The HM Land Registry certificate, as at the date of search being 24 November 2021, shows that the Registered Owner of the subject property is The Regency Hotel Hospitality Limited (Co. Regn. No. 11915720).

Location of subject property

The Regency Hotel is located in the Shirley district of Solihull, 10 miles south east of Birmingham city centre and 114 miles north west of London. The subject property fronts Stratford Road (A34) one of the main arterial routes out of Birmingham which links with J4 of the M42 Motorway approximately 1 mile to the south east. The M42 provides direct links to the M40 and M6 motorways 3.5 miles south and 9 miles north respectively.

1.2.2. General description

Overview

The original element of the subject property comprises a Victorian dwelling with Regency facade, which was converted to a restaurant and banqueting complex in the 1950s before being converted to a hotel in the 1980s. A rear extension was added around 30 years ago.

The original building is of a traditional build with rendered façades and the later extension is brick built. Most glazing comprises double glazed units, with several single glazed units to the front of the original building. There are mainly pitched roofs of corrugated metal sheeting. There is no cladding at the subject property.

The site occupies an irregular shape, bounded by Stratford Road (A34) to the south west, while all other sides are bounded by commercial and retail units to the north and east. We calculate the subject property has a total site area of approximately 4.2 acres.

With reference to the Property's Energy Performance Certificate (EPC), the subject property is stated to have a total floor area of 7,203 sq m (77,526 sq ft).

The subject property comprises a full service hotel with 111 guest bedrooms, a 70 cover restaurant and 20 cover bar, a 35 cover tea room, 90 cover pub, 7 meeting rooms and a leisure club, which stands within a substantial site providing car parking for approximately 280 vehicles.

Planning Details

We note that there have been no new planning applications since 2010. We do not believe the 2002 permission, with ref PL/2001/00122/FULL (detailed in the Report and Valuation), for an extension was realised. In valuing the subject property we have assumed that the building is used in accordance with its present lawful uses and that the building complies with current planning laws and building regulations and that it is not subject to any adverse proposals or possible enforcement actions.

VALUATION CERTIFICATE (CONT'D)

Valuation Certificate

The Regency Hotel, Stratford Road, Shirley B90 4EB



Trading Summary

The subject property currently trades as a full-service hotel with 111 bedrooms, food and beverage facilities and meetings and conference facilities. Between 50-55% of total revenue is generated from bedrooms with 27-30% being generated from food and beverage, circa 11% from room hire and the remaining from the leisure club business.

The Regency Solihull	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	12 months Forecast June 2022
Occupancy %	61.0%	61.0%	55.0%	48.9%	15.8%	48.0%
Average Daily Rate (ADR) (£)	£55.27	£56.37	£61.18	£60.42	£53.89	£59.34
Revenue per available room (RevPAR) (£)	£33.89	£34.66	£33.80	£29.52	£8.52	£28.51
Total Revenue (£'s)	£2,572,338	£2,618,872	£2,465,619	£2,445,875	£703,390	£1,954,871
Gross Operating Income (GOI) (£)	£1,171,751	£1,188,781	£1,088,161	£778,959	£115,770	£775,696
Gross Operating Profit (GOP) (£)	£501,676	£516,653	£330,779	£10,824	£-369,238	£105,115
EBITDA* (£'s)	£367,154	£384,541	£200,638	£-112,869	£-409,122	£115
EBITDA* (% of Revenue)	14.3%	14.7%	8.1%	-4.6%	-58.2%	0.0%

* Earnings before interest, tax, depreciation and amortization.

Source: Corus

1.3. Market Value

1.3.1. General

Market value of the subject property

We assess the current Market Value of the freehold title of the subject property, unencumbered by lease or management agreement, assuming a fully equipped operational trading entity with all fixtures and fittings available for trade, as at 10 December 2021 but condition as at 16 November 2021, and subject to the details referred to herein, to be **£6,500,000**. This equates to £58,559 per bedroom.

Based upon the exchange rate of £1 = MYR 5.5723 (as published by The Bank of England on 10 December 2021) our opinion of value equates to MYR 36,219,950. We confirm that the valuation has been prepared in GBP and the conversion to MYR is for convenience only.

Date of Valuation

Our opinions of value are as at the date of our Report and Valuation, 10 December 2021. The importance of the date of valuation must be stressed as property values can change over a relatively short period.

Method(s) of valuation adopted

Our two principal valuation methodologies are:

1. Discounted Cashflow Approach (PRIMARY METHOD OF VALUATION)
2. Comparables Approach (SECONDARY METHOD OF VALUATION)

VALUATION CERTIFICATE (CONT'D)

Valuation Certificate

The Regency Hotel, Stratford Road, Shirley B90 4EB



Sources of information relied upon in the valuation

Document/Item	Source
Floor Areas/Plans	Corus Hotels Management
Accommodation Schedule	Corus Hotels Management
Title plan and title register	HM Land Registry
Recent Capital Expenditure & Planned Capital Expenditure	Corus Hotels Management
Management Accounts	Corus Hotels Management
Management Forecasts	Corus Hotels Management
Signed Heads of Terms	Corus Hotels Management

- This valuation is being undertaken at a time of global pandemic. Covid-19 has led to hundreds of thousands of deaths, travel restrictions, national and regional 'lockdowns', unprecedented government spending and has severely impacted economies and financial markets.
- However, it has now been over 18 months since the announcement by the WHO of the Global Pandemic. It is generally thought that the country is finally in a recovery period with an increase in both domestic and international travel and also high vaccination rates.
- Most government support schemes have now come to an end with the exception of Business Rates Relief. In the Autumn Budget and Spending Review 2021, the Chancellor of the Exchequer announced further relief for business rates for the hospitality sector in 2022/2023.
- As at the valuation date, nearly all UK Government restrictions have been eased with the exception of some international travel restrictions. Accommodation demand is forecast to continue to increase, but this is dependent on there being no further 'lockdowns' or travel restrictions resulting from a 'fourth wave' of infections or spread of a new Covid variant.
- It is important to note however, that whilst accommodation demand has increased and many operators are citing strong performance for the months of August and September relative to year-to-date performance, transaction volumes are still down on 2019. Despite 2021 investment transactions so far equating to £326 million, up 27% versus 2020, volumes are still significantly down on 2018 and 2019. There are still some challenges in the operational, lending and equity markets. Therefore, when undertaking our valuation, we have considered the associated risks of marketing an asset in these market conditions, in particular, the risks of reduced buyer pools and possible increased risks that buyers might factor into their appraisals.

1.3.2. Valuation

Primary Methodology: Income Approach / Discounted Cashflow Approach

In valuing the subject property, we have utilised a discounted cashflow approach, discounting each year's projected EBITDA at an appropriate discount rate and capitalising the year 10 (assumed exit) EBITDA into perpetuity at an appropriate capitalisation rate and discounting to present day values. This is the normal methodology for the valuation of hotels. Our valuation is based on a hypothetical reasonably efficient operator's likely trading performance at the subject property. We have assumed an owner operator scenario, although there is also potential to install third party operators, with or without a brand solution.

VALUATION CERTIFICATE (CONT'D)

Valuation Certificate

The Regency Hotel, Stratford Road, Shirley B90 4EB



In recent years, EBITDA has been minimal or negative. Given the current condition of the subject property, it is likely that a purchaser of the hotel would plan to commit capital expenditure ("capex") to enhance revenue potential – indeed we understand this is the actual purchaser's intention. As Valuers, it is right that we reflect a typical buyer's approach to pricing and we have made an allowance for a full refurbishment and capex spend in our valuation. We have not been provided with capex plans from the buyer (we understand that costings have not yet been undertaken). However, the vendor has previously considered a full refurbishment of the subject property and the total capex cost was estimated at approximately £4,850,000. There is no single correct refurbishment plan and cost for the subject property, and it is perfectly feasible that a buyer would pursue a different type of refurbishment to the vendor, resulting in a higher or lower spend, but we have adopted the vendor's capex costs in our valuation as the best available data relating to a comprehensive refurbishment programme. As the refurbishment costs were prepared in 2019 we have **added a contingency of 10% to reflect potential cost inflation and changes in the construction sector**. This adjustment is subjective but necessary in our opinion. Therefore, in our valuation we have **deducted a capex amount of £5,350,000 (£49,198 per key) to account for a comprehensive refurbishment and repositioning of the subject property**. This sum covers refurbishment of all bedrooms, bathrooms, corridors, external areas, all food and beverage operations, function rooms and leisure club.

In modelling a 10 year forecast for the hotel, we have considered the actual trading information supplied, together with current budget and forecast information, but estimated potential revenue taking into account a capex programme as described above. We have balanced actual operating costs with benchmark performance ratios derived from comparable trading assets that we have reviewed in the course of our professional work. We have also had regard to the latest economic data and hotel performance recovery research, in order to model an improvement in revenue and EBITDA from the current unprecedented market-wide nadir.

We have produced our own trading forecasts for the hotel and summarise these in the table below. Our full DCF valuation is appended to our valuation report.

Savills Forecast	Year 1	Year 2	Year 3	Year 4	Year 5	CAGR
Occ %	40.0%	55.0%	70.0%	70.0%	70.0%	15.0%
ADR £	45.00	65.00	82.00	84.05	86.15	17.6%
RevPAR £	18.00	35.75	57.40	58.84	60.31	35.3%
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	
Total Revenue £	1,185.8	2,586.4	4,387.9	4,497.5	4,610.0	40.4%
Gross Operating Income (GOI)	569.5	1,331.9	2,377.8	2,437.2	2,498.2	44.7%
(% of Total Revenue)	48.0%	51.5%	54.2%	54.2%	54.2%	
Gross Operating Profit (GOP)	201.9	756.4	1,555.1	1,593.9	1,633.8	68.7%
(% of Total Revenue)	17.0%	29.2%	35.4%	35.4%	35.4%	
Income before Fixed Charges	166.4	678.8	1,423.4	1,459.0	1,495.5	73.2%
(% of Total Revenue)	14.0%	26.2%	32.4%	32.4%	32.4%	
EBITDA £	70.2	495.6	1,125.5	1,153.6	1,182.4	102.6%
(% of Total Revenue)	5.9%	19.2%	25.6%	25.6%	25.6%	

Source: Savills

VALUATION CERTIFICATE (CONT'D)

Valuation Certificate

The Regency Hotel, Stratford Road, Shirley B90 4EB



Performance in Years 1 and 2 is impacted by refurbishment works with blended average ADR reflecting a mix of refurbished and un-refurbished bedrooms. For valuation purposes we have assumed a full refurbishment will be undertaken (and made allowance for the assumed £5,350,000 cost of said refurbishment). Our stabilised ADR, occupancy, and revenue inputs reflect the refurbished product. We have modelled a cashflow which assumes a lower level of trade in Year 1 and Year 2, whilst refurbishment works are undertaken. The modelled departmental costs and undistributed operating expenses reflect the characteristics of the subject property and a hypothetical reasonably efficient operator's likely trading performance. We have modelled a management fee of 3.0% of total revenue to reflect the fees which would be payable to a non-brand management company (or the internal costs an owner operator would incur). We have also deducted fixed costs, including property insurance costs, business rates (property tax) and also a **Furniture, Fittings and Equipment reserve contribution equal 2.0% of total revenue in Year 1, stabilising at 4.0% of total revenue in Year 3**, as is standard for a hotel of this type.

We have applied a **Capitalisation Rate of 8.00% to the year 10 income and discounted annual forecast returns (EBITDA) at 10.50%**. Our valuation reflects the tenure of the asset, location, trading potential and prevailing appetite for this profile of investment in the market as at the date of valuation. We have cross checked our valuation on a capital value per key basis, as well as yield analysis.

The subject property is not a stabilised trading business making sustainable levels of EBITDA. It has recently achieved very low EBITDA and our valuation factors in a substantial capex to lift performance to market levels. As such, it is not possible to directly compare yields to market transactions (which include hotels achieving EBITDA closer to market levels). The running yield profile (adding back the estimated capex) is as follows:

Year 1: 0.6%, Year 2: 4.2%, Year 3: 9.5%, Year 4: 9.7%, Year 5: 10.0%.

The management fees are assumed at 3.0% of total revenue per annum, as described above.

Years 1 and 2 reflect the reduced EBITDA generated during the capex refurbishment and recovery period. The Year 3 yield onwards reflects the stabilised business and the risk associated with getting to that stage. Although direct yield comparisons are not possible, we have had regard to the following transactions in benchmarking our yield profile and capitalisation rate of 8.0%:

Date of Sale	Property Name	Keys	Sale Price	Yield (on 2019 EBITDA)	Comments
November 2021	The Welcombe Hotel Stratford upon Avon	85	£13,000,000	c.7.7%	Historic country house hotel outside UK town. Freehold. Purchased by Conker Dawn. Vacant possession.
October 2021	Hotel Ibis Swansea	99	£3,150,000	c.7.0%	Budget, branded hotel on the outskirts of a UK city. Freehold. Purchased by AGO Hotels. Franchise agreement structure.
October 2021	Ibis Budget Newport	103	£4,350,000	c.8.3%	Budget, branded hotel on the outskirts of a UK town. Freehold. Purchased by AGO Hotels. Management agreement structure.

VALUATION CERTIFICATE (CONT'D)

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This produces a gross value of £11,836,991, from which we have then deducted the costs of refurbishment, resulting in a figure of £6,486,991. Therefore our current Market Value for the Property is **£6,500,000** (rounded), equating to **£58,559 per bedroom**.

Secondary Methodology: Comparables Approach

To support our primary method of valuation we have also utilised the Comparables Method of valuation.

We have undertaken research and investigations into recent comparable transactions of hotels with a similar market positioning to that of the subject property. The hotel market, unlike other commercial property sectors, is more secretive about providing detailed information on transactions, as analysis is required of trading information, which is extremely sensitive between operators. For the purpose of our Valuation, we have had regard to other hotels that we have valued or sold and analysed Turnover, Net Operating Profit (before tax and interest) and achieved prices, albeit on a confidential basis.

Transactions we are aware of are listed below and whilst these provide a useful guide, we would point out that some of this information has been obtained from third parties and we cannot validate its accuracy. Furthermore, many of the transactions that we have considered during our valuation are subject to confidentiality clauses and as such we are unable to refer to them directly. The transactions which follow are nevertheless of assistance in providing a broad “cross-check”.

We provide below a summary table of transactions relevant to the subject property:

Date of Sale	Property Name	Keys	Sale Price	Price per key	Comments
Dec 2021	Hilton Leicester	179	£10,750,000	£60,056	Mid-market, branded hotel on the outskirts of a UK city. Freehold. Effectively vacant possession. Hilton exiting the property. Vendor: Sun Global Investments. Purchaser: Rajiv Nathwani. Floor Area: Approximately 27,000 sq ft.
June 2021	Hilton Maidstone	146	£9,500,000	£65,068	Mid-market, branded hotel on the outskirts of a UK town. Freehold. Effectively vacant possession. Vendor: Freelance Properties Limited. Purchaser: Orida Group. Floor Area: Approximately 80,000 sq ft.
May 2021	Hilton Warwick	181	£10,000,000	£55,249	Mid-market, branded hotel on the outskirts of a UK town. Freehold. Seven acre site. Extensive conference facilities. Originally leased to Hilton but converted to a franchise agreement in 2019. Available with vacant possession. Vendor: Michels & Taylor. Purchaser: Serani Hotels. Floor Area: Approximately 75,000 sq ft.
April 2021	Hilton Bracknell	215	£14,000,000	£65,116	Mid-market, branded hotel on the outskirts of a UK town. Long leasehold hotel (999 years from 6 March 2001). Full service hotel with seven meeting rooms, health club and spa. Vacant possession from 31 December 2021. Vendor: Tabamara Limited. Purchaser: KSL Capital Partners. Floor Area: Approximately 130,000 sq ft.

VALUATION CERTIFICATE (CONT'D)

Valuation Certificate

The Regency Hotel, Stratford Road, Shirley B90 4EB



In the table below we show our adjustments to each primary comparable to account for relative advantages / disadvantages versus the subject Property, which results in more directly comparable value per key results. We would emphasise that there are numerous factors which affect value for hotels.

Comparable	Macro location	Micro location	Product quality	Operating agreements	Implied value per key for subject Property
Hilton Leicester	0.0%	0.0%	-5.0%	0.0%	£57,053
Hilton Maidstone	-2.5%	0.0%	-7.5%	0.0%	£58,561
Hilton Warwick	0.0%	0.0%	-7.5%	0.0%	£51,105
Hilton Bracknell	-5.0%	0.0%	-7.5%	0.0%	£56,977

The primary per key comparables listed above show a range of approximately £50,000 to £60,000 per key once adjustments are made for differences in location and other characteristics. On 111 bedrooms, this implies a value of the subject Property of £5,550,000 to £6,660,000. If a 'best' comparable would need to be chosen, it would be the Hilton Leicester transaction. Using the comparables method – and having regard to all the comparable evidence - we would estimate the Market Value of the subject Property to be around **£6,300,000**.

1.3.3. Reconciliation of the Market Value

We have used two different approaches to arrive at the Market Value of the subject property. Our two principal valuation methodologies are:

Valuation Methodology	Value
Discounted Cashflow Approach (Income Approach)	£6,500,000
Comparables Approach	£6,300,000

As the subject property is an income generating asset, we have adopted the Income Approach to be the most suitable methodology for this present exercise. This method is subsequently counter-checked by the Comparables Approach to see the reasonableness of the results and values generated.

Having considered all of the above, we are of the opinion that the market value of the property is in the region of £6,500,000.

Market Value

£6,500,000 (SIX MILLION FIVE HUNDRED THOUSAND POUNDS)

Based upon the exchange rate of £1 = MYR 5.5723 (as published by The Bank of England on 10 December 2021) our opinion of value equates to MYR 36,219,950*. We confirm that the valuation has been prepared in GBP and the conversion to MYR is for convenience only.

VALUATION CERTIFICATE (CONT'D)

Valuation Certificate

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The Savills logo, consisting of the word "savills" in a lowercase, sans-serif font, with a small square icon to its left.

(*) This Valuation amounts are exclusive of a Goods and Services Tax.

Prepared by **Savills Advisory Services Limited**.

A handwritten signature in black ink, appearing to read "Bradley".

JAMES BRADLEY MRICS
RICS Registered Valuer
Director
RICS member number 1268210

A handwritten signature in black ink, appearing to read "David Elton".

DAVID ELTON MRICS
RICS Registered Valuer
Associate Director
RICS member number 0842585

HISTORICAL FINANCIAL INFORMATION OF OUR GROUP

The summary of the financial information of our Group for the past 3 audited FYEs 2019 to 2021 as well as the unaudited 6M-FPEs 2021 and 2022 is as follows:

	Audited			Unaudited	
	FYE 2019 ⁽¹⁾⁽²⁾	FYE 2020 ⁽²⁾⁽³⁾	FYE 2021	6M-FPE 2021	6M-FPE 2022
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	392,900	297,800	180,709	99,440	140,219
Profit / (Loss) before tax	(82,972)	(184,331)	(90,247)	131	(6,619)
LAT	(102,611)	(198,714)	(98,670)	(11,144)	(18,077)
Total borrowings ⁽⁴⁾	883,472	871,511	903,870	817,694	884,030
Shareholders' funds / NA	375,513	188,160	96,157	174,927	80,343
Total equity	604,236	420,170	332,317	416,519	318,213
Share capital	3,152,866	3,152,866	3,152,866	3,152,866	3,152,866
No. of Shares in issue ('000)	2,932,561	2,932,561	2,932,561	2,932,561	2,932,561
NA per Share (RM)	0.13	0.06	0.03	0.06	0.03
Loss per Share (sen)	(3.50)	(6.78)	(3.36)	(0.38)	(0.62)
Current ratio (times)	0.76	1.72	1.59	1.92	1.54
Gearing ratio (times) ⁽⁵⁾	1.46	2.07	2.72	1.96	2.78

Notes:

- (1) Reclassification of "Other investments" and "Deposits, bank balances and cash" to conform with the presentation of FYE 2020.
- (2) Our Group had restated the property, plant and equipment, lease liabilities, deferred tax liabilities, trade and other receivables and accumulated losses at 30 June 2020 and 1 July 2019 due to the inappropriate accounting treatment of operating leases commitments and disposal of assets by certain overseas subsidiaries. An adjustment was applied retrospectively in the consolidated financial statements.
- (3) Our Group has reclassified certain "Other Income" and "Expenses" to conform with the presentation of FYE 2021.
- (4) Comprising bank borrowings and lease liabilities.
- (5) Computed based on the total borrowings divided by total equity for the respective financial year/period under review.

Commentaries:**(i) 6M-FPE 2022 vs 6M-FPE 2021**

Our Group's revenue for the 6M-FPE 2022 increased by approximately RM40.78 million (41.01%) to RM140.22 million (6M-FPE 2021: RM99.44 million). Despite the higher revenue generated by the following divisions:

- (a) revenue from the hotel division of RM58.38 million (6M-FPE 2021: RM29.32 million) representing an increase of RM29.06 million (99.11%) resulting from the recovery of our Group's hotel operations in the UK after the relaxation of restrictions by the UK government in May 2021;
- (b) revenue from the property division of RM45.99 million (6M-FPE 2021: RM33.51 million) representing an increase of RM12.48 million (37.24%) resulting from continued strong demand for our Group's affordably-priced landed homes in Bandar Springhill, Negeri Sembilan; and
- (c) revenue from the food division of RM25.75 million (6M-FPE 2021: RM23.03 million) representing an increase of RM2.72 million (11.81%) resulting from increased domestic sales, led by our Group's Crispy and Tango brands of chocolate related products,

HISTORICAL FINANCIAL INFORMATION OF OUR GROUP (CONT'D)

our Group's revenue was dragged down by weak performance from the retailing division of RM10.10 million (6M-FPE 2021: RM13.58 million) representing a decrease of RM3.48 million (25.63%) resulting from only three and a half months' operations up to December 2021 as the retail outlets were mostly closed from 1 June 2021 to 18 August 2021.

Our Group's LAT for the 6M-FPE 2022 increased by RM6.94 million (62.30%) to RM18.08 million (6M-FPE 2021: RM11.14 million) mainly due to lower other income of RM6.76 million for 6M-FPE 2022 (6M-FPE 2021: RM30.24 million) in view of the absence of gains from the disposal of assets classified as held for sale and other investments during the financial period (6M-FPE 2021: RM18.84 million) as well as lower net gain on foreign exchange of RM1.02 million in 6M-FPE 2022 (6M-FPE 2021: RM5.85 million) and the losses were reduced by the increase in gross profit which is in tandem with the higher revenue for the 6M-FPE 2022 as well as the following:

- (a) decrease in administrative expenses of RM36.04 million for 6M-FPE 2022 (6M-FPE 2021: RM40.09 million) following the cost cutting measure undertaken by our Group during the financial period; and
- (b) written back net inventories of RM1.29 million in 6M-FPE 2022 (6M-FPE 2021: written down of RM1.14 million).

(ii) FYE 2021 vs FYE 2020

Our Group's revenue for the FYE 2021 decreased by approximately RM117.09 million (39.32%) to RM180.71 million (FYE 2020: RM297.80 million) mainly due to:

- (a) lower revenue generated by the hotel division of RM46.92 million (FYE 2020: RM120.24 million) representing a decrease of RM73.32 million (60.98%) resulting from the business of Corus hotels operations in the UK and Malaysia being badly disrupted by the COVID-19 pandemic for the majority of FYE 2021;
- (b) lower revenue generated by the retailing division of RM22.52 million (FYE 2020: RM45.64 million) representing a decrease of RM23.12 million (50.66%) as a result of enforced closure of our Group's retail operations for long periods due to the COVID-19 pandemic; and
- (c) lower revenue in the food division of RM34.77 million (FYE 2020: RM55.27 million) representing a decrease of RM20.50 million (37.09%) due to lower sales from both export and domestic market as a result of the COVID-19 pandemic.

Our Group's LAT for the FYE 2021 decreased by RM100.04 million (50.34%) to RM98.67 million (FYE 2020: RM198.71 million) due to:

- (a) lower administrative expenses of RM80.42 million in FYE 2021 (FYE 2020: 124.12 million) resulted from the aggressive cost cutting measures and strict control over spending were undertaken across our Group due to the pandemic; and
- (b) lower other expenses of RM37.85 million in FYE 2021 (FYE 2020: RM131.78 million) mainly due to the absence of a one-off loss of RM111.80 million from the derecognition of Laura Ashley Holdings plc ("Laura Ashley UK") as our associate company in FYE 2020 pursuant to Laura Ashley UK going into administration in March 2020.

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HISTORICAL FINANCIAL INFORMATION OF OUR GROUP (CONT'D)

(iii) FYE 2020 vs FYE 2019

Our Group's revenue for the FYE 2020 decreased by RM95.1 million (24.20%) to RM297.80 million (FYE 2019: RM392.90 million) mainly due to:

- (a) lower revenue generated by the hotel division of RM120.24 million in FYE 2020 (FYE 2019: RM179.40 million) representing a decrease of RM59.16 million (32.98%) was mainly due to restrictions including travel restrictions imposed by the governments of the UK and Malaysia to curb the spread of COVID-19 in the last quarter of the FYE 2020. The lower revenue of our Group's hotel operations in Malaysia was also affected by an oversupply of hotel rooms compared to market demand. In the UK, the lower revenue was mainly due to the slow performance by our Group's UK hotels outside London and early business disruption by the COVID-19 pandemic from February 2020 onwards whereby the international traveling into the UK was on a downward trend;
- (b) lower revenue generated by the retailing division of RM45.64 million in FYE 2020 (FYE 2019: RM84.29 million) representing a decrease of RM38.65 million (45.85%) was mainly due to the COVID-19 pandemic that forced a total closure of all stores during the movement control order imposed by the Malaysian government in FYE 2020, the closure of some loss-making stores during FYE 2019 and FYE 2020 as well as the total reliance on the domestic market after a slow and gradual reopening of the Malaysian economy; and
- (c) lower revenue generated by the food division of RM55.27 million (FYE 2019: RM71.73 million) representing a decrease of RM16.46 million (22.95%) as the business activities including export were slowed down by the COVID-19 pandemic.

Our Group's LAT for the FYE 2020 increased by RM96.10 million (93.66%) to RM198.71 million (FYE 2019: RM102.61 million) mainly due to the decrease in revenue as mentioned above as well as the one-off loss of RM111.80 million in FYE 2020 resulting from the derecognition of Laura Ashley UK as our associate company in FYE 2020 pursuant to Laura Ashley UK going into administration in March 2020.

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

Our Board, having seen, read and understood the contents of this Circular in relation to the Proposals approves and, collectively and individually, accepts full responsibility for the accuracy of the information contained in this Circular and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or information contained in this Circular, or other material facts and information, the omission of which would make any statement in this Circular false or misleading.

2. MATERIAL COMMITMENT

Save as disclosed below, as at 28 February 2022, there is no material commitment incurred or known to be incurred by our Group, which upon becoming enforceable, may have material impact on the financial position of our Group:

Description	RM'000
Investment in limited partnership	<u>3,653</u>

3. CONTINGENT LIABILITIES

Save as disclosed below, as at 28 February 2022, there is no contingent liability incurred or known to be incurred by our Group, which upon becoming enforceable, may have a material impact on the financial position of our Group:

Description	RM'000
Bank guarantees issued by a subsidiary to third parties	<u>301</u>

4. CONSENTS**4.1 Adviser**

TA Securities, as the adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

4.2 Valuer

Savills Advisory Services Limited, being the independent registered valuer for the Property, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the valuation certificate for the Property dated 22 December 2021 as appended in **Appendix II** of this Circular and all references thereto, in the form and context in which they appear in this Circular.

5. CONFLICT OF INTERESTS**5.1 Adviser**

TA Securities has confirmed that there is no conflict of interest which exists or is likely to exist in its capacity as the adviser for the Proposals.

FURTHER INFORMATION (CONT'D)

5.2 Valuer

Savills Advisory Services Limited has confirmed that there is no conflict of interest which exists or is likely to exist in its capacity as the independent registered valuer for the Property.

6. MATERIAL CONTRACTS

Save as disclosed below, as at the LPD, our Group has not entered into any contracts which are or may be material (not being contracts entered into in the ordinary course of business of our Group) during the 2 years immediately preceding the date of this Circular:

- (i) the APA;
- (ii) a sale and purchase agreement dated 23 September 2021 entered into between Inter Mark Resources Sdn Bhd and Pan Malaysia Corporation Berhad, our 66.51%-subsidiary, in relation to the A&W Acquisition. The A&W Acquisition was completed on 9 March 2022; and
- (iii) a sale and purchase agreement dated 30 June 2020 entered into between MJ Properties Sdn Bhd, our indirect 98.21%-subsidiary, and Iman Ikhlas (M) Sdn Bhd for the disposal of a freehold retail space known as Lot 3A-B, G-M01, Basement and Ground Floor of Kompleks Bukit Jambul, Jalan Rumbia, Bayan Lepas, 11900 Penang for a disposal consideration of RM25,500,000 (“**Disposal of Property**”). The Disposal of Property was completed on 21 October 2020.

7. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, the Property is not subject to any material litigation, claims and/ or arbitration and our Board confirms that there are no proceedings pending or threatened involving the Property, or of any facts likely to give rise to any proceedings.

Save as disclosed below, as at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of our Group and our Board is not aware of any proceedings pending or threatened, or of any facts likely to give rise to any proceedings, which might materially and adversely affect the business or financial position of our Group:

- (i) **MJ Department Stores Sdn Bhd vs. UDA Holdings Bhd
Court of Appeal (Civil Appeal No. W-02(NCvC)(W)-205-02/2020)**

On 28 February 2019, MJ Department Stores Sdn Bhd (“**Plaintiff**” or “**Appellant**”), a wholly-owned subsidiary of Metrojaya Berhad which in turn is an indirect 97.41%-owned subsidiary of our Company, had commenced legal proceedings against UDA Holdings Berhad (“**Defendant**” or “**Respondent**”) vide a Writ of Summons filed at the High Court of Kuala Lumpur (“**High Court**”).

Since 1981 until January 2015, the Plaintiff operated a Metrojaya Department Store at Bukit Bintang Plaza, Jalan Bukit Bintang, Kuala Lumpur. The last formal tenancy agreement entered into by the Plaintiff with the Defendant for the premises at Bukit Bintang Plaza was on 6 May 2010 (“**Tenancy Agreement**”). Pursuant to the terms of the Tenancy Agreement, the Plaintiff had the option to renew for 5 terms of 3 years each. However, the Defendant had prematurely terminated the Plaintiff’s tenancy at Bukit Bintang Plaza and the Plaintiff was forced to cease operating at Bukit Bintang Plaza with effect from 19 January 2015.

FURTHER INFORMATION (CONT'D)

The Plaintiff's total claim amounts to RM24,221,098, of which RM16,159,204 is for loss of profit. The rate of interest on the total claim by the Plaintiff shall be at such rate and for such period as the High Court may award as it deems fit. On 30 January 2020, the High Court dismissed the Plaintiff's claim with costs of RM30,000 subject to allocator's fees. The Plaintiff had, on 5 February 2020, filed a Notice of Appeal to the Court of Appeal against the High Court's decision to dismiss the Plaintiff's claim. The matter is fixed for case management on 29 March 2022 and hearing on 12 April 2022. The Appellant's solicitor is of the opinion that the Appellant has a good chance of succeeding on liability but less than fair chance of successfully recovering substantial damages.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at 189 Jalan Ampang, 50450 Kuala Lumpur, during normal business hours from 9.00 a.m. to 5.00 p.m. from Monday to Friday (excluding public holidays) for the period commencing from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) the Constitution of our Company;
- (ii) our Group's audited financial statements for FYEs 2020 and 2021 as well as latest unaudited quarterly results for the 6M-FPE 2022;
- (iii) the Valuation Report and valuation certificate in relation to the Property;
- (iv) the letters of consent and conflict of interest as referred to in **Sections 4 and 5 of this Appendix IV**;
- (v) the material contracts referred to in **Section 6 of this Appendix IV**; and
- (vi) the relevant cause papers in respect of the material litigation as referred to in **Section 7 of this Appendix IV**.

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Malayan United Industries Berhad

Registration No. 196001000140 (3809-W)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Malayan United Industries Berhad (“MUI” or the “Company”) (“EGM”) will be conducted on a fully virtual basis via remote participation and electronic voting via online meeting platform at TIIH Online website at <https://tiih.online> (Domain Registration No. with MYNIC - D1A282781) provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia on Monday, 18 April 2022 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications, the following resolutions:

ORDINARY RESOLUTION

PROPOSED DISPOSAL OF FREEHOLD LAND IN SHIRLEY, SOLIHULL, WEST MIDLANDS, ENGLAND, THE UNITED KINGDOM TOGETHER WITH A HOTEL ERECTED THEREON (“PROPERTY”), BY THE REGENCY HOTEL HOSPITALITY LIMITED, A WHOLLY-OWNED INDIRECT SUBSIDIARY OF MUI (“VENDOR”), TO WESTBOURNE LEISURE LIMITED (“PURCHASER”) FOR A TOTAL DISPOSAL CONSIDERATION OF GBP6,500,000 (“DISPOSAL CONSIDERATION”) TO BE SATISFIED ENTIRELY IN CASH (“PROPOSED DISPOSAL”)

“THAT subject to the approvals being obtained from all relevant parties and/or authorities, approval be and is hereby given to the Vendor to dispose of the Property to the Purchaser for the Disposal Consideration subject to and upon the terms and conditions of the conditional asset purchase agreement dated 31 December 2021 entered into between the Vendor and the Purchaser;

AND THAT the Board of Directors of MUI (“Board”) is hereby empowered and authorised to take all such steps and do all acts, deeds and things to enter into any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of the Company, all such documents as may be necessary, expedient and/or appropriate to implement and give full effect to the Proposed Disposal with full powers to assent to any conditions, modifications, variations and/or amendments as the Board may in its absolute discretion deem fit, necessary, expedient, appropriate and/or as may be imposed or permitted by any relevant authorities in connection with the Proposed Disposal and to do all such things as the Board may consider necessary or expedient in the best interest of the Company.”

SPECIAL RESOLUTION

PROPOSED REDUCTION OF THE ISSUED SHARE CAPITAL OF MUI OF RM3,070,000,000 PURSUANT TO SECTION 117 OF THE COMPANIES ACT 2016 (“ACT”) (“PROPOSED CAPITAL REDUCTION”)

“THAT subject to the approvals being obtained from all relevant parties and/or authorities (where applicable) pursuant to Section 117 of the Act, the Board be and is hereby given the authority and approval to reduce the share capital of the Company via the cancellation of the issued share capital by RM3,070,000,000 and for the credit arising from such cancellation to be used to set-off against the accumulated losses of the Company while the remaining balance, if any, will be credited to the retained earnings of the Company which shall be used in a manner to be determined by the Board at a later date and in the best interest of the Company as permitted by the relevant and applicable laws as well as the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

AND THAT the Board be and is hereby empowered and authorised to take all such steps and do all acts, deeds and things to enter into any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of the Company, all such documents as may be necessary, expedient and/or appropriate to implement and give full effect to the Proposed Capital Reduction with full powers to assent to any conditions, modifications, variations and/or amendments as the Board may in its absolute discretion deem fit, necessary, expedient, appropriate and/or as may be imposed or permitted by any relevant authorities in connection with the Proposed Capital Reduction and to do all such things as the Board may consider necessary or expedient in the best interest of the Company.”

By Order of the Board

Lee Chik Siong (MAICSA 7054334, SSM PC No. 202008000770)

Wong Shuk Fuen (MIA 12985, SSM PC No. 202008004207)

Joint Company Secretaries

Kuala Lumpur

25 March 2022

Notes:

- 1) *The EGM will be held on a fully virtual basis through live streaming and online remote voting via the Remote Participation and Voting (“RPV”) facilities provided by Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) which are available on its TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide to Shareholders for the detailed steps on the RPV facilities.*
- 2) *Only members whose names appear on the Record of Depositors as at 11 April 2022 shall be entitled to attend and vote at the meeting or appoint proxy(ies) to attend and vote on their behalf.*
- 3) *A member entitled to attend and vote may not appoint more than two proxies to attend and vote at the same meeting. A member who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint one proxy only in respect of each securities account it holds. Where a member is an exempt authorised nominee to multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- 4) *Where two or more proxies are appointed, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which the appointments shall be invalid.*
- 5) *The Form of Proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of the attorney.*
- 6) *The Form of Proxy must be deposited in the following manner, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof:*
 - (i) *Hardcopy form (applicable for all members)*
The original signed Form of Proxy must be deposited with the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (ii) *TIIH Online*
You may also submit the Form of Proxy electronically via TIIH Online website at <https://tiih.online> by following the procedures provided in the Administrative Guide for this EGM.
- 7) *Pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by way of poll.*



Malayan United Industries Berhad

Registration No. 196001000140 (3809-W)
(Incorporated in Malaysia)

EXTRAORDINARY GENERAL MEETING ADMINISTRATIVE GUIDE

Day, Date : Monday, 18 April 2022
Time : 10.00 a.m.
Online Meeting Platform : <https://tiih.online>

PROCEDURES FOR REMOTE PARTICIPATION AND VOTING (“RPV”) FACILITIES

Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) who wish to participate in the extraordinary general meeting of Malayan United Industries Berhad (“EGM”) remotely using the RPV facilities are to follow the requirements and procedures as summarised below:

Procedure		Action
BEFORE THE EGM DAY		
(a)	Register as a user with TIIH Online	<ul style="list-style-type: none">Using your computer, access the website at https://tiih.online. Register as a user under the “e-Services”. Refer to the tutorial guide posted on the homepage for assistance.Registration as a user will be approved within one working day and you will be notified via e-mail.If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.
(b)	Submit your registration for RPV facilities	<ul style="list-style-type: none">Registration is open from Friday, 25 March 2022 until the day of EGM on Monday, 18 April 2022. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the EGM to ascertain their eligibility to participate the EGM using the RPV facilities.Login with your user ID and password and select the corporate event: “(REGISTRATION) MUI EGM 2022”.Read and agree to the Terms & Conditions and confirm the Declaration.Select “Register for Remote Participation and Voting”.Review your registration and proceed to register.System will send an e-mail to notify that your registration for remote participation is received and will be verified.After verification of your registration against the General Meeting Record of Depositors, the system will send you an e-mail after to approve your registration for remote participation and the procedures to use the RPV facilities are detailed therein. In the event your registration is not approved, you will also be notified via email. <p><i>(Note: Please ensure to allow sufficient time required for the approval as a new user of TIIH Online as well as the registration for RPV facilities in order for you to login to TIIH Online and participate in the EGM remotely).</i></p>
ON THE DAY OF THE EGM		
(c)	Login to TIIH Online	<ul style="list-style-type: none">Login with your user ID and password for remote participation at the EGM at any time from 9.00 a.m. i.e., 60 minutes before the commencement of the EGM on Monday, 18 April 2022 at 10.00 a.m..

(d)	Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: “(LIVE STREAM MEETING) MUI EGM 2022” to engage in the proceedings of the EGM remotely. If you have any question for the Chairman/ Board, you may use the query box to transmit your question. The Chairman/ Board will endeavour to respond to questions submitted by remote participants during the EGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible time, after the meeting.
(e)	Online Remote Voting	<ul style="list-style-type: none"> The voting at the EGM will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Voting session commences from 10.00 a.m. on Monday, 18 April 2022 until a time when the Chairman announces the end of the session. Select the corporate event: “(REMOTE VOTING) MUI EGM 2022” or if you are on the live stream meeting page, you can select “GO TO REMOTE VOTING PAGE” button below the Query Box. Read and agree to the Terms & Conditions and confirm the Declaration. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes.
(f)	End of remote participation	<ul style="list-style-type: none"> Upon the announcement by the Chairman on the closure of the EGM, the live streaming will end.

Note to users of the RPV facilities:

- Should your registration for RPV facilities be approved, we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
- The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
- In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call the Company’s Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd’s (“**Tricor**”) Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE

Shareholders who appoint proxy(ies) or attorney(s) or corporate representative(s) to participate via RPV facilities at the EGM must ensure that the duly executed proxy forms (“**Form of Proxy**”) and/ or documents relating to the appointments of proxy(ies)/ attorney(s)/ corporate representative(s) (“**Appointment Documents**”) are deposited in the following manner no later than Saturday, 16 April 2022 at 10.00 a.m.:

(i) Hardcopy form (applicable for all members)

The original signed Form or Proxy and/ or Appointment Documents must be deposited with Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) TIIH Online

You may also submit the Form of Proxy electronically via <https://tiih.online> by the following procedures:

	Procedure	Action
i. Steps for Individual Shareholders		
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none"> Using your computer, please access the website at https://tiih.online. Register as a user under the “e-Services”. Please refer to the tutorial guide posted on the homepage for assistance. If you are already a user with TIIH Online, you are not required to register again.

(b)	Proceed with submission of Form of Proxy	<ul style="list-style-type: none"> After the release of the Notice of EGM by the Company, login with your username (i.e., email address) and password. Select the corporate event: “MUI EGM 2022 – SUBMISSION OF PROXY FORM”. Read and agree to the Terms & Conditions and confirm the Declaration. Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint the Chairman as your proxy. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your vote. Review and confirm your proxy(ies) appointment. Print the Form of Proxy for your record.
ii. Steps for Corporation or Institutional Shareholders		
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none"> Access TIIH Online at https://tiih.online Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects “Create Account by Representative of Corporate Holder”. Complete the registration form and upload the required documents. Registration will be verified, and you will be notified by email within 1 to 2 working days. Proceed to activate your account with the temporary password given in the email and re-set your own password. <p><i>(Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/ she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)</i></p>
(b)	Proceed with submission of Form of Proxy	<ul style="list-style-type: none"> Login to TIIH Online at https://tiih.online Select the corporate exercise name: “MUI EGM 2022 – SUBMISSION OF PROXY FORM” Read and agree to the Terms & Conditions and Declaration. Proceed to download the file format for “Submission of Proxy Form” in accordance with the Guidance Note set therein. Prepare the file for the appointment of proxies by inserting the required data. Submit the proxy appointment file. Login to TIIH Online, select corporate exercise name: “MUI EGM 2022 – SUBMISSION OF PROXY FORM”. Proceed to upload the duly completed proxy appointment file. Select “Submit” to complete your submission. Print the confirmation report of your submission for your record.

Please ensure ALL the particulars as required in the Form of Proxy are completed, signed and dated accordingly.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the EGM at <https://tiih.online> by selecting “e-Services” to login, pose questions and submit electronically not later than Saturday, 16 April 2022 at 10.00 a.m. The Board will endeavour to answer the questions received at the EGM.

NO RECORDING OR PHOTOGRAPHY

By participating at the EGM, you agree that no part of the EGM proceedings may be recorded, photographed, stored in any retrieval systems, reproduced, transmitted or uploaded in any form, platform or social media or by any means whether it is mechanical, electronical, photocopying, recording or otherwise without the prior written consent of the Company. The Company reserves the rights to take appropriate legal actions against anyone who violates this rule.

ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 8:30 a.m. to 5:30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line : +603-2783 9299
Fax Number : +603-2783 9222
Email : is.enquiry@my.tricorglobal.com

PERSONAL DATA POLICY

By registering for the remote participation and electronic voting meeting and/or submitting the instrument appointing a proxy(ies) and/or representative(s), the Share Owner of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The Share Owner agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Share Owner's breach of warranty.

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Malayan United Industries Berhad

Registration No. 196001000140 (3809-W)
(Incorporated in Malaysia)

FORM OF PROXY

IMPORTANT!

Please take note that all the fields underlined in this proxy form are mandatory and must be completed in full and accurately. The Company reserves the right to invalidate and/or reject any proxy form which is not complete or accurately filled in.

CDS Account Number	
No. of Shares Held	

I/We, _____ NRIC/ Company No. _____

of, _____ Tel No. _____

being a member of MALAYAN UNITED INDUSTRIES BERHAD hereby appoint _____

_____ NRIC No. _____

of _____ (percentage of shareholding represented: _____%)

and, _____ NRIC No. _____

of _____ (percentage of shareholding represented: _____%)

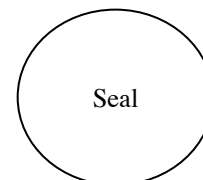
or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Extraordinary General Meeting of the Company ("EGM") to be conducted on a fully virtual basis at <https://tiih.online> provided by Tricor Investor & Issuing House Services Sdn Bhd (Domain Registration No. with MYNIC - D1A282781) on Monday, 18 April 2022 at 10.00 a.m. or at any adjournment thereof, and to vote as indicated below:

	Resolutions	For	Against
1.	Ordinary Resolution – Proposed Disposal		
2.	Special Resolution – Proposed Capital Reduction		

(Please indicate with an "X" how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion).

Signature

Signed this _____ day of _____, 2022.



Notes:

- 1) The EGM will be held on a fully virtual basis through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") which are available on its TIH Online website at <https://tiih.online>. Please refer to the Administrative Guide to Shareholders for the detailed steps on the RPV facilities.
- 2) Only members whose names appear on the Record of Depositors as at 11 April 2022 shall be entitled to attend and vote at the meeting or appoint proxy(ies) to attend and vote on their behalf.



- 3) *A member entitled to attend and vote may not appoint more than two proxies to attend and vote at the same meeting. A member who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint one proxy only in respect of each securities account it holds. Where a member is an exempt authorised nominee to multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- 4) *Where two or more proxies are appointed, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which the appointments shall be invalid.*
- 5) *The Form of Proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of the attorney.*
- 6) *The Form of Proxy must be deposited in the following manner, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof:*
- (i) *Hardcopy form (applicable for all members)*
The original signed Form of Proxy must be deposited with the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (ii) *TIIH Online*
You may also submit the Form of Proxy electronically via TIIH Online website at <https://tiih.online> by following the procedures provided in the Administrative Guide for this EGM.
- 7) *Pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of EGM will be put to vote by way of poll.*

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STAMP

The Share Registrar
Malayan United Industries Berhad
(Registration No.: 196001000140 (3809-W))
Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia

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