

THIS CIRCULAR AND THE INDEPENDENT ADVICE LETTER ("DOCUMENT") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

You should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately if you have any doubt about the Proposed SCR (as defined herein) and the course of action to be taken.

If you have sold or transferred all your shares in MBf Corporation Berhad ("MBfCorp" or "Company"), you should at once hand this Document together with the enclosed Proxy Form to the agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee or you may hand this Document directly to the purchaser or transferee.

The Securities Commission Malaysia ("SC") takes no responsibility for the contents of this Document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Document.

The SC has notified that it has no further comments to this Document pursuant to paragraph 2(a) of Schedule 3 of the Rules on Take-overs, Mergers and Compulsory Acquisitions. However, such notification shall not be taken to indicate that the SC recommends the Proposed SCR or that the SC agrees with the recommendation of the Board of Directors of MBfCorp (save for the Interested Directors as defined herein) or that the SC assumes responsibility for the correctness of any statements made or opinions or reports expressed in this Document.



MBf CORPORATION BERHAD
(Registration No.: 200201008009 (575672-X))
(Incorporated in Malaysia)

PART A

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED SELECTIVE CAPITAL REDUCTION
AND REPAYMENT EXERCISE OF MBfCORP PURSUANT TO SECTION 116 OF THE
COMPANIES ACT 2016 ("PROPOSED SCR")**

PART B

**INDEPENDENT ADVICE LETTER FROM TA SECURITIES HOLDINGS BERHAD TO THE NON-INTERESTED
DIRECTOR AND NON-INTERESTED SHAREHOLDERS OF MBfCORP IN RELATION TO THE PROPOSED SCR**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



M&A SECURITIES SDN BHD

(Registration No. 197301001503 (15017-H))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser

TA SECURITIES

AN UNWAVERING COMMITMENT

TA SECURITIES HOLDINGS BERHAD

(Registration No.: 197301001467 (14948-M))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("EGM") of MBfCorp and the Proxy Form are enclosed in this Document. The EGM will be held as follows:

Venue of the EGM : Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia

Date and time of the EGM : Wednesday, 28 June 2023 at 11.30 a.m. or immediately after the conclusion of the Twenty-First Annual General Meeting of the Company to be held on the same day at 10.00 a.m. whichever is earlier, or at any adjournment thereof

Last date and time for lodging the Proxy Form : Monday, 26 June 2023 at 11.30 a.m.

A member entitled to attend, participate, speak and vote at the EGM is entitled to appoint proxy(ies) to attend, participate, speak and vote on his behalf. The Proxy Form should be lodged with the Share Registrar of the Company, Insurban Corporate Services Sdn Bhd at 149, Jalan Aminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur, Malaysia, not less than 48 hours before the time appointed for holding the EGM or at any adjournment thereof. The lodgement of the Proxy Form will not preclude you from attending, participating, speaking and voting in person at the EGM should you subsequently wish to do so.

DEFINITIONS

The following definitions shall apply throughout this Document unless the context requires otherwise:

"AUD"	: Australian Dollar
"Act"	: Companies Act 2016
"Board"	: Board of Directors of MBfCorp
"Bursa Depository"	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
"Bursa Securities"	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"Circular"	: This circular dated 30 May 2023 issued to the shareholders of MBfCorp in relation to the Proposed SCR, as set out in Part A of this Document
"CMSA"	: Capital Markets and Services Act 2007
"Completion"	: The completion of the Proposed SCR, being the date on which all MBfCorp Shares held by the Entitled Shareholders have been paid and the Non-Entitled Shareholders will be the only shareholders of MBfCorp
"CP Scheme"	: ConnectionPoints Timeshare Scheme
"Dato' Loy"	: Dato' Loy Teik Ngan, a Non-Entitled Shareholder for the Proposed SCR
"Distribution"	: Any dividends and/or distributions of any nature whatsoever
"Document"	: This entire document dated 30 May 2023 comprising the Circular, IAL and all the accompanying appendices
"Effective Date"	: The date on which the order granted by the High Court confirming the reduction of share capital in accordance with Section 116 of the Act has been lodged with the Registrar of Companies
"EGM"	: Extraordinary General Meeting
"Entitled Shareholders"	: The shareholders of MBfCorp (save for the Non-Entitled Shareholders) whose names appear in the ROD of MBfCorp on the Entitlement Date
"Entitlement Date"	: The date on which the names of the Entitled Shareholders must appear in the ROD of MBfCorp as at the close of business for the purpose of determining their entitlement under the Proposed SCR, which shall be determined and announced later by the Board (save for the Interested Directors)
"EPS"	: Earnings per share
"FYE"	: Financial year ended/ending, where applicable
"High Court"	: High Court of Malaya
"IAL"	: Independent advice letter dated 30 May 2023 from the Independent Adviser to the Board (save for the Interested Directors) and the Non-Interested Shareholders in relation to the Proposed SCR, as set out in Part B of this Document

DEFINITIONS *(Cont'd)*

"Independent Valuer(s)"	: KGV International Property Consultants (M) Sdn Bhd and/or Preston Rowe Paterson Southport Pty Limited
"Interested Directors"	: Collectively, Dato' Loy Teik Ngan and Angelina Sahaya Mary
"LAT"	: Loss after tax
"LBT"	: Loss before tax
"LHB"	: Leisure Holidays Berhad (Registration No. 198401014420 (126976-X)), a 76.48%-owned subsidiary of MBfCorp
"LHC Scheme"	: Leisure Holiday Club Timeshare Scheme
"LHHSB"	: Leisure Holidays Holdings Sdn Bhd (Registration No. 198001002186 (55969-T)), a Non-Entitled Shareholder for the Proposed SCR
"LPD"	: 23 May 2023, being the latest practicable date, which is within 7 days prior to the date of this Document
"MBfCorp" or "Company"	: MBf Corporation Berhad (Registration No.: 200201008009 (575672-X))
"MBfCorp Group" or "Group"	: Collectively, MBfCorp and its subsidiaries, excluding Summerset Resort Sdn Bhd and Summerset Group Management Sdn Bhd which are under liquidation
"MBfCorp Shares" or "Shares"	: Ordinary shares of MBfCorp
"M&A Securities" or "Principal Adviser"	: M&A Securities Sdn Bhd (Registration No. 197301001503 (15017-H))
"NA"	: Net assets
"NBV"	: Net book value
"Non-Entitled Shareholders" or "Interested Major Shareholders"	: Collectively, LHHSB, Puan Sri Ling, Dato' Loy and Loy Teik Inn
"Non-Interested Shareholders"	: All shareholders of MBfCorp, other than the Non-Entitled Shareholders and persons acting in concert with them
"Offer Letter"	: The offer letter dated 7 April 2023 from the the Non-Entitled Shareholders requesting the Company to undertake the Proposed SCR
"PBR"	: Price-to-book ratio
"PBT"	: Profit before tax
"Proposed SCR"	: Proposed selective capital reduction and repayment exercise pursuant to Section 116 of the Act to be undertaken by MBfCorp

DEFINITIONS *(Cont'd)*

"Puan Sri Ling"	: Puan Sri Ling Mah Lee @ Ling Lee Hung, a Non-Entitled Shareholder for the Proposed SCR. Puan Sri Ling is also the controlling shareholder of LHHSB, holding 1,299,999 ordinary shares, representing 99.99% equity interest in LHHSB
"ROD"	: A record of securities holders provided by Bursa Depository pursuant to the rules of the central depository as defined in the Securities Industry (Central Depositories) Act 1991
"Registrar of Companies"	: Registrar of Companies in Malaysia
"RM" and "sen"	: Ringgit Malaysia and sen, respectively
"RNAV"	: Revalued net asset value
"Rules"	: Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC
"SC"	: Securities Commission Malaysia
"SCR Offer Price"	: RM0.095 per MBfCorp Share, being the cash consideration to be paid for each MBfCorp Share held by the Entitled Shareholders on the Entitlement Date pursuant to the Proposed SCR
"Share Registrar"	: The share registrar of MBfCorp, namely Insurban Corporate Services Sdn Bhd (Registration No.: 198101010136 (76260-W))
"Special Resolution"	<p>: The special resolution in respect of the Proposed SCR to be tabled at the Company's forthcoming EGM which, pursuant to paragraph 2(f) of Schedule 3 of the Rules, must be approved by at least:</p> <p>(a) a majority in number of the Non-Interested Shareholders and 75% in value to the votes attached to the disinterested MBfCorp Shares that are cast either in person or by proxy at a duly convened EGM; and</p> <p>(b) the value of the votes cast against the Special Resolution for the Proposed SCR at such duly convened EGM is not more than 10% of the votes attaching to all disinterested MBfCorp Shares of the total voting shares of MBfCorp</p>
"sq ft"	: Square foot/Square feet, as the case may be
"sq m"	: Square metres
"TA Securities" or "Independent Adviser"	: TA Securities Holdings Berhad (Registration No.: 197301001467 (14948-M))
"Timeshare Points"	: A point-based timeshare system
"Timeshare Schemes"	: Collectively, the LHC Scheme and CP Scheme

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

DEFINITIONS *(Cont'd)*

Any reference in this Document to any statute, rules, regulation or rules of stock exchange shall (where context admits) be construed as a reference to such statute, rules, regulation or rules of stock exchange (as the case may be) for the time being in force and as may be amended from time to time and re-enacted thereof.

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

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy in the figures included in this Document between the amount listed and the total thereof is due to rounding.

Certain statements in this Document may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due inquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Document should not be regarded as a representation or warranty that the stated plans and objectives will be achieved.

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PART A

**CIRCULAR TO THE SHAREHOLDERS OF MBfCORP IN RELATION
TO THE PROPOSED SCR**



MBf CORPORATION BERHAD
(Registration No.: 200201008009 (575672-X))
(Incorporated in Malaysia)

Registered Office:

1023, Level 10, Block B1
Pusat Dagang Setia Jaya
(Leisure Commerce Square)
No. 9 Jalan PJS 8/9
46150 Petaling Jaya
Selangor Darul Ehsan

30 May 2023

Board of Directors:

Dato' Loy Teik Ngan (*Managing Director and Chief Executive Officer*)
Angelina Sahaya Mary A/P Ramakrishnan (*Non-Independent Non-Executive Director*)
Christopher Koh Swee Kiat (*Independent Non-Executive Director*)

To: The Shareholders of MBfCorp

Dear Sir/Madam,

**PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE OF MBfCORP
PURSUANT TO SECTION 116 OF THE ACT**

1. INTRODUCTION

On 7 April 2023, the Company received the Offer Letter from the Non-Entitled Shareholders of MBfCorp, informing the Board of their intention to privatise MBfCorp by way of a selective capital reduction and repayment exercise pursuant to Section 116 of the Act and requesting MBfCorp to undertake the Proposed SCR.

On 11 April 2023, the Board (save for the Interested Directors)*, had appointed TA Securities as the Independent Adviser to provide their comments, opinions, information and recommendations to the Non-Interested Shareholders in respect of the Proposed SCR. The IAL is set out in Part B of this Document.

* Christopher Koh Swee Kiat, who is the Independent Non-Executive Director is the sole non-interested director for the Proposed SCR.

On 25 April 2023, the Board (save for the Interested Directors), after taking into consideration the advice from the Independent Adviser, had deliberated on the contents of the Offer Letter and had resolved to table the Proposed SCR to all the shareholders of MBfCorp (save for the Non-Entitled Shareholders) for their consideration and approval.

The SC had vide its letter dated 29 May 2023 notified that it has no further comments to this Document. However, such notification shall not be taken to indicate that the SC recommends the Proposed SCR or that the SC agrees with the recommendation of the Board (save for the Interested Directors) or that SC assumes responsibility for the correctness of any statements made or opinions or reports expressed in this Document.

THE PURPOSE OF THIS DOCUMENT IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION PERTAINING TO THE PROPOSED SCR AND TO SEEK YOUR APPROVAL PERTAINING TO THE PROPOSED SCR VIA THE SPECIAL RESOLUTION TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE PROXY FORM ARE ENCLOSED HEREIN.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS DOCUMENT, INCLUDING THE RECOMMENDATION OF THE INDEPENDENT ADVISER AS SET OUT IN PART B OF THIS DOCUMENT BEFORE VOTING ON THE SPECIAL RESOLUTION PERTAINING TO THE PROPOSED SCR TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED SCR

2.1 Particulars of the Proposed SCR

The Proposed SCR involves MBfCorp undertaking a selective capital reduction and a corresponding capital repayment pursuant to Section 116 of the Act in relation to MBfCorp Shares held by the Entitled Shareholders on the Entitlement Date.

Pursuant to the Proposed SCR, the Entitled Shareholders will receive a cash amount of **RM0.095** for each MBfCorp Share held on the Entitlement Date.

As at the LPD, MBfCorp has an issued share capital of RM282,033,314 comprising 282,033,314 MBfCorp Shares. For information, MBfCorp does not have any treasury shares. The Non-Entitled Shareholders collectively hold 111,387,661 MBfCorp Shares, representing approximately 39.49% of the total issued shares of MBfCorp.

There is no person acting in concert with the Non-Entitled Shareholders who holds MBfCorp Shares in relation to the Proposed SCR pursuant to subsections 216(2) and 216(3) of the CMSA.

The relationship between the Non-Entitled Shareholders and their respective shareholdings in the Company as at the LPD are as follows:

Non-Entitled Shareholder	Relationship between the Non-Entitled Shareholders	Direct		Indirect	
		No. of Shares	%^(a)	No. of Shares	%^(a)
LHHSB	<ul style="list-style-type: none"> A major shareholder of MBfCorp LHHSB is owned by Puan Sri Ling (99.99%) and Dato' Loy (0.01%) The directors of LHHSB are Dato' Loy and Loy Teik Inn 	111,380,600	39.49	-	-
Puan Sri Ling	<ul style="list-style-type: none"> Controlling shareholder of LHHSB Mother to Dato' Loy and Loy Teik Inn 	6,811	~	111,380,600 ^(b)	39.49
Dato' Loy	<ul style="list-style-type: none"> A major shareholder of LHHSB by virtue of his indirect interest through his mother, Puan Sri Ling Managing Director and Chief Executive Officer of MBfCorp Director of LHHSB Brother of Loy Teik Inn 	-	-	111,387,661 ^(c)	39.49

Non-Entitled Shareholder	Relationship between the Non-Entitled Shareholders	Direct		Indirect	
		No. of Shares	% ^(a)	No. of Shares	% ^(a)
Loy Teik Inn	<ul style="list-style-type: none"> A major shareholder of LHHSB by virtue of his indirect interest through his mother, Puan Sri Ling Director of LHHSB Brother of Dato' Loy 	250	~	111,387,411 ^(d)	39.49
Total		111,387,661	39.49		

Notes:

~ Negligible

(a) Based on 282,033,314 issued Shares as at the LPD.

(b) Deemed interest by virtue of her interest in LHHSB.

(c) Deemed interest by virtue of his interest in LHHSB through his mother, Puan Sri Ling and the direct interest of his mother and brother, Loy Teik Inn, in MBfCorp.

(d) Deemed interest by virtue of his interest in LHHSB through his mother, Puan Sri Ling and the direct interest of his mother, in MBfCorp.

As at the LPD, the Entitled Shareholders collectively hold 170,645,653 MBfCorp Shares, representing approximately 60.51% of the total issued shares in MBfCorp.

For the avoidance of doubt, the Non-Entitled Shareholders as set out above have informed the Board (save for the Interested Directors) that they have decided to waive their entitlements and not accept the capital repayment pursuant to the Proposed SCR. Accordingly, at the SCR Offer Price of RM0.095 per MBfCorp Share, the cash repayment to the Entitled Shareholders represents a total cash amount of RM16,211,337.04.

Upon Completion, the share capital of MBfCorp will be reduced by RM16,211,337.04 by way of cancellation of 170,645,653 MBfCorp Shares held by the Entitled Shareholders at the SCR Offer Price. The Non-Entitled Shareholders will hold the remaining 111,387,661 MBfCorp Shares that are not cancelled, representing the entire equity interest in MBfCorp after the Proposed SCR, which will result in the Non-Entitled Shareholders being the only shareholders of MBfCorp. The resultant shareholding structure of MBfCorp are set out in Sections 6 and 7.4 of this Circular.

The SCR Offer Price will be paid to each Entitled Shareholder as soon as practicable following the Effective Date, but in any event **no later than 10 days from the Effective Date**.

The Non-Entitled Shareholders have not acquired any MBfCorp Shares at a price higher than the SCR Offer Price during the period commencing 3 months prior to 7 April 2023, being the date the Offer Letter was served to the Board.

In compliance with paragraph 6.03 of the Rules, should any of the Non-Entitled Shareholders or persons acting in concert with them acquire any MBfCorp Shares at a consideration that is higher than the SCR Offer Price during the period commencing from the date of the Offer Letter until the Completion, the SCR Offer Price will be revised accordingly to the higher price (excluding stamp duty and commission) of the MBfCorp Shares paid by the Non-Entitled Shareholders or persons acting in concert with them.

Up to the date of the Board's (save for the Interested Directors) acceptance of the Offer Letter, save for the Proposed SCR, MBfCorp has not received any alternative offer for MBfCorp Shares or any other offer to acquire the Company's assets and/or liabilities.

2.2 Basis of arriving at the SCR Offer Price

The SCR Offer Price, as set out in the Offer Letter, was arrived at after taking into consideration the pro forma RNAV per MBfCorp Share as at 31 December 2021 of RM0.137 which was determined as follows:

	RM
Audited consolidated NA as at 31 December 2021	3,829,964
<i>Add:</i> MBfCorp's share of net revaluation surplus ^(a)	34,707,051
Pro forma RNAV after incorporating the net revaluation surplus	38,537,051
Number of MBfCorp Shares in issue	282,033,314
Pro forma RNAV per Share as at 31 December 2021	0.137

^(a) The net revaluation surplus was arrived at based on the difference between the audited NBV of the properties of the MBfCorp Group as at 31 December 2021 and their open market values appraised by the Independent Valuers, and after accounting for deferred tax, if any, as set out in the Table 1 below.

The SCR Offer Price represents a discount of RM0.042 or 30.66% to the pro forma RNAV per MBfCorp Share as at 31 December 2021 of RM0.137.

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Table 1: Net revaluation surplus/(deficit) based on the audited NBV as at 31 December 2021

		Market value RM'000	Price range per unit ^(J)	Price range per sq ft ^(J)	Audited NBV as at 31 December 2021 RM'000	Gross revaluation surplus/ (deficit) RM'000	Deferred tax RM'000	Net revaluation surplus/ (deficit) RM'000	MBfCorp's share of net revaluation surplus /(deficit) RM'000
(i)	Greenhill Resort Apartments, Cameron Highlands • 36 units (of which 24 units are for timeshare)	9,310 ^(A)	RM255,000 - RM260,000	RM256 - RM262	3,029	6,281	628 ^(F)	5,653	4,323 ^(C)
(ii)	Golden City Condominiums, Kuala Lumpur • 24 units (of which 17 units are for timeshare)	6,035 ^(A)	RM220,000 - RM300,000	RM250 - RM275	3,433	2,602	260 ^(F)	2,342	1,791 ^(C)
(iii)	Kemang Indah Apartments, Port Dickson • 30 units (of which 20 units are for timeshare)	2,495 ^(A)	RM75,000 - RM90,000	RM101 - RM129	1,099	1,396	140 ^(F)	1,256	961 ^(C)
(iv)	Santana Holiday Resort, Australia • 10 units (of which 5 units are for timeshare)	8,610 ^(B)	*	**	1,615	6,995	2,098 ^(G)	4,897	3,745 ^(C)
(v)	Leisure Cove, Pulau Pinang • 49 units (of which 14 units are for timeshare)	19,250 ^(A)	RM390,000 - RM465,000	RM450 - RM500	11,586	7,664	766 ^(F)	6,898	5,275 ^(C)
(vi)	Lotus Desaru Beach Resort & Spa, Johor • 50 units (of which 40 units are for timeshare)	12,300 ^(A)	RM210,000 - RM270,000	RM230 - RM250	2,876	9,424	942 ^(F)	8,482	6,487 ^(C)

		Market value	Price range per unit ^(D)	Price range per sq ft ^(D)	Audited NBV as at 31 December 2021	Gross revaluation surplus/ (deficit)	Deferred tax	Net revaluation surplus/ (deficit)	MBfCorp's share of net revaluation surplus / (deficit)
		RM'000			RM'000	RM'000	RM'000	RM'000	RM'000
(vii)	Perdana Service Apartment & Resort, Langkawi	26,420 ^(A)	RM345,000	RM340 - RM360	10,856	15,564	1,556 ^(F)	14,008	10,713 ^(C)
	• 74 units (of which 15 units are for timeshare)		RM390,000						
(viii)	Amber Court Apartments, Genting Highlands	5,720 ^(A)	RM145,000	RM228 - RM232	1,662	4,058	406 ^(F)	3,652	2,793 ^(C)
	• 36 units		RM190,000						
(ix)	Leisure Commerce Square								
	• 1 unit of office lot	3,730 ^(A)	-	RM278	3,372	358	35 ^(F)	323	247 ^(C)
	• 12 units of office lots	8,850 ^(A)	RM140,000 - RM3,705,000	RM160 - RM230	8,759	91	- ^(H)	91	69 ^(C)
	• 51 units of retail and office lots	12,560 ^(A)	RM70,000 - RM1,140,000	RM160 - RM490	15,025	(2,465)	- ^(I)	(2,465)	(1,725) ^(D)
(x)	Binova Industrial Centre	300 ^(A)	-	RM195	272	28	- ^(H)	28	28 ^(E)
	• 1 unit								
Total									34,707

Notes:

^(A) As appraised by the Independent Valuer, KGV International Property Consultants (M) Sdn Bhd as at 3 January 2023, being the date of valuation, based on the comparison method of valuation.

^(B) Equivalent to AUD2.87 million as appraised by the Independent Valuer, Preston Rowe Paterson Southport Pty Limited as at 17 January 2023, being the date of valuation, based on the comparison method of valuation.

^(C) Computed based on MBfCorp's 76.48% equity interest in LHB, the registered proprietor of the units. The principal activities of LHB is promoting and selling of timeshare memberships, marketing of club memberships and provision of management service.

- (D) Computed based on MBfCorp's 70.00% equity interest in Leisure Commerce Square Sdn Bhd, the registered proprietor of the units. The principal activity of Leisure Commerce Square Sdn Bhd is property development.
- (E) Computed based on MBfCorp's 100.00% equity interest in MBF Premier Sdn Bhd, the registered proprietor of the unit. The principal activity of MBF Premier Sdn Bhd is investment holding.
- (F) Adjusted for potential deferred tax liability on the revaluation surplus at the real property gains tax rate of 10% in Malaysia.
- (G) Adjusted for potential deferred tax liability on the revaluation surplus at the capital gains tax rate of 30% in Australia.
- (H) No adjustment is made for potential deferred tax liability on the fair value gains on investment properties as it is charged out directly to profit and loss account.
- (I) No adjustment is made for potential deferred tax asset on revaluation deficit.
- (J) Price range excludes units in need of repairs.
- * Price range per unit in Australian Dollar of AUD285,000 – AUD295,000 (or equivalent to RM855,000 – RM885,000 per unit).
- ** Price range per sq ft in Australian Dollar of AUD343 – AUD519 per sq ft (or equivalent to RM1,029 – RM1,557 per sq ft).

Nonetheless, the Board (save for the Interested Directors) had also taken note of the net revaluation surplus based on the latest audited NBV as at 31 December 2022 and that the pro forma RNAV per MBfCorp Share as at 31 December 2022 is RM0.149 which was arrived as follows:

	RM
Latest audited consolidated NA as at 31 December 2022	5,126,616
<i>Add:</i> MBfCorp's share of net revaluation surplus ^(a1)	36,797,718
Pro forma RNAV after incorporating the net revaluation surplus	41,924,334
Number of MBfCorp Shares in issue	282,033,314
Pro forma RNAV per Share as at 31 December 2022	0.149

- (a1) The net revaluation surplus was arrived at based on the difference between the audited NBV of the properties of the MBfCorp Group as at 31 December 2022 and their open market values appraised by the Independent Valuers and after accounting for deferred tax, if any, as set out in Table 2 below.

Based on the pro forma RNAV per MBfCorp Share as at 31 December 2022 of RM0.149, the SCR Offer Price represents a discount of RM0.054 or 36.24%.

Table 2: Net revaluation surplus based on the audited NBV as at 31 December 2022

	Market value	Audited NBV as at 31 December 2022	Gross revaluation surplus	Deferred tax	Net revaluation surplus	MBfCorp's share of net revaluation surplus
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
1. Greenhill Resort Apartments, Cameron Highlands	9,310 ^(A)	2,851	6,459	646 ^(E)	5,813	4,446 ^(C)
• 36 units (of which 24 units are for timeshare)						
2. Golden City Condominiums, Kuala Lumpur	6,035 ^(A)	3,314	2,721	272 ^(E)	2,449	1,873 ^(C)
• 24 units (of which 17 units are for timeshare)						
3. Kemang Indah Apartments, Port Dickson	2,495 ^(A)	1,224	1,271	127 ^(E)	1,144	875 ^(C)
• 30 units (of which 20 units are for timeshare)						
4. Santana Holiday Resort, Australia	8,610 ^(B)	1,553	7,057	2,117 ^(F)	4,940	3,778 ^(C)
• 10 units (of which 5 units are for timeshare)						
5. Leisure Cove, Pulau Pinang	19,250 ^(A)	11,287	7,963	796 ^(E)	7,167	5,481 ^(C)
• 49 units (of which 14 units are for timeshare)						
6. Lotus Desaru Beach Resort & Spa, Johor	12,300 ^(A)	2,699	9,601	960 ^(E)	8,641	6,609 ^(C)
• 50 units (of which 40 units are for timeshare)						

	Market value	Audited NBV as at 31 December 2022	Gross revaluation surplus	Deferred tax	Net revaluation surplus	MBfCorp's share of net revaluation surplus
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
7. Perdana Service Apartment & Resort, Langkawi	26,420 ^(A)	10,472	15,948	1,595 ^(E)	14,353	10,977 ^(C)
• 74 units (of which 15 units are for timeshare)						
8. Amber Court Apartments, Genting Highlands	5,720 ^(A)	2,545	3,175	318 ^(E)	2,857	2,185 ^(C)
• 36 units						
9. Leisure Commerce Square						
• 1 unit of office lot	3,730 ^(A)	3,324	406	41 ^(E)	365	279 ^(C)
• 12 units of office lots	8,850 ^(A)	8,850	-	-	-	-
• 51 units of retail and office lots	12,560 ^(A)	12,007	553	133 ^(G)	420	294 ^(D)
10. Binova Industrial Centre	300 ^(A)	300	-	-	-	-
• 1 unit						
Total						36,797

Notes:

(A) Appraised by the Independent Valuer, KGV International Property Consultants (M) Sdn Bhd as at 3 January 2023.

(B) Equivalent to AUD2.87 million as appraised by the Independent Valuer, Preston Rowe Paterson Southport Pty Limited as at 17 January 2023.

(C) Computed based on MBfCorp's 76.48% equity interest in LHB, the registered proprietor of the units.

(D) Computed based on MBfCorp's 70.00% equity interest in Leisure Commerce Square Sdn Bhd, the registered proprietor of the units.

(E) Adjusted for potential deferred tax liability on the revaluation surplus at the real property gains tax rate of 10% in Malaysia.

(F) Adjusted for potential deferred tax liability on the revaluation surplus at the capital gains tax rate of 30% in Australia.

(G) Adjusted for potential deferred tax liability on the revaluation surplus at the corporate tax rate of 24%.

2.3 Distribution

If MBfCorp declares, makes or pays any Distribution in favour of its shareholders whereby the entitlement date for such Distribution is on or after the date of the Offer Letter up to the Completion and the shareholders are entitled to retain such Distribution, the SCR Offer Price will be reduced by the quantum of the Distribution per Share. For the avoidance of doubt, no adjustment shall be made to the SCR Offer Price in the event the entitlement date for the Distribution is after the Completion. As at the LPD, no Distribution has been declared, made and/or paid by the Company on or after the date of the Offer Letter.

2.4 Funding

The Proposed SCR will be funded entirely via advances to the Company from the Non-Entitled Shareholders.

The Non-Entitled Shareholders have confirmed that the Proposed SCR will not fail due to their insufficient financial capability to advance funding to the Company and that every Entitled Shareholder will be paid fully in cash.

M&A Securities, as the Principal Adviser for the Proposed SCR, and the Board are satisfied and confirm that the Proposed SCR will not fail due to the insufficient financial capability of the Non-Entitled Shareholders to advance funding to the Company and that every Entitled Shareholder will be paid fully in cash.

2.5 Listing status

MBfCorp is currently an unlisted public entity. For information purposes, MBfCorp was de-listed and removed from the official list of Bursa Securities on 6 August 2007.

2.6 Covenants

MBfCorp's covenants set out under the Offer Letter are as follows:

- (a) From the date of the Board's (save for the Interested Directors) acceptance of the terms of the Offer Letter until the Completion, MBfCorp agrees with and undertakes to the Non-Entitled Shareholders the following:
 - (i) MBfCorp will not conduct any capital or fund raising exercise, whether in the form of debt or equity and will not grant any options over MBfCorp Shares or issue any new MBfCorp Shares;
 - (ii) The MBfCorp Group will not enter into any material commitment or material contract or undertake any obligation to acquire or dispose of any of its assets or create a security interest over any of its assets outside the ordinary course of business;
 - (iii) MBfCorp will not pass any resolution in general meeting (other than in respect of any ordinary business tabled in an annual general meeting or in connection with the Proposed SCR) or make any alteration to the provisions of the Constitution of MBfCorp or any of its subsidiaries, unless it is in relation to the Proposed SCR;
 - (iv) MBfCorp will not acquire its own Shares; and

- (v) MBfCorp will not do or cause, or allow to be done or omitted, any act or thing which would result (or to be likely to result) in a breach of any lawful or contracted obligation of the MBfCorp Group,

without the prior written consent of the Non-Entitled Shareholders.

- (b) In addition, MBfCorp shall not enter into any discussion, negotiation or agreement with any other party with respect to the sale of the assets and liabilities of the Group or any privatisation proposal involving the Group at any time from the date of the Offer Letter until the Completion without the prior written consent of the Non-Entitled Shareholders.
- (c) MBfCorp also undertakes that as from the date of the Offer Letter until the Completion, the Company (and using reasonable endeavours to cause and procure that each of its subsidiaries) shall carry on its business only in the usual, regular and ordinary course of business in substantially the same manner as the same is carried on as at the date of the Offer Letter so as to preserve its relationships with all parties to the end and its goodwill and going concern shall not be materially impaired at Completion, save as otherwise agreed in writing by the Non-Entitled Shareholders.

3. MODE AND TIMING OF SETTLEMENT

The settlement for the SCR Offer Price will be effected through remittance into the bank account of the Entitled Shareholders, details of which have been registered with Bursa Depository for the purpose of cash dividend/distribution or in the form of cheque which will be despatch to the Entitled Shareholders (or their designated agents, as they may direct) by ordinary mail at the Entitled Shareholders' registered Malaysian address last maintained with Bursa Depository, at their own risk **within 10 days from the Effective Date**.

Except with the consent of the SC, settlement of the SCR Offer Price to which the Entitled Shareholders are entitled under the Proposed SCR will be implemented in full in accordance with the terms of the Proposed SCR without regard to any lien, right of set-off, counter claim or other analogous rights to which the Company may otherwise be, or claim to be, entitled against the Entitled Shareholders.

Entitled Shareholders who are non-residents of Malaysia are advised that the settlement of the SCR Offer Price will be made in Ringgit Malaysia. Such Entitled Shareholders who wish to convert the consideration received into foreign currency for repatriation may do so after payment of the appropriate fees and/or charges levied by the respective financial institutions.

4. RATIONALE FOR THE PROPOSED SCR

The Proposed SCR is undertaken pursuant to the Offer Letter. The Board (save for the Interested Directors) wishes to highlight the rationale of the Non-Entitled Shareholders for the Proposed SCR, which is as follows:

(i) Opportunity for Entitled Shareholders to realise their holdings in the unlisted MBfCorp Shares

On 6 August 2007, MBfCorp was delisted and removed from the official list of Bursa Securities as it did not have the adequate level of financial condition to warrant continued listing on Bursa Securities pursuant to the rejection by the SC of MBfCorp's proposed regularisation plan on 25 April 2007. As MBfCorp is presently an unlisted public entity, the Entitled Shareholders may have experienced difficulty and limited opportunities in realising their investments in the Company as there is no formal

market i.e. Main Market of Bursa Securities, for the Entitled Shareholders to trade in their unlisted securities in MBfCorp. In addition, MBfCorp has not declared and paid any dividends for the last 10 years. Premised on the above, the Non-Entitled Shareholders are of the opinion that the Proposed SCR provides the most appropriate avenue for the Entitled Shareholders to exit the Company and realise their investments in the unlisted securities of MBfCorp.

(ii) Challenging operating environment

The Group is principally involved in the promotion of timeshare memberships of accommodation units at holiday apartments and resorts⁽¹⁾ and rental income from letting out of retail and office lots as well as apartment units.

The timesharing business has gone through many challenges in the last 15 years, with the ageing conditions of holiday apartments and resorts; and negative perception of the industry arising from marketing abuses by some who has marred the timesharing reputation among consumers. As a result, in recent years most industry players have ceased the sale of new timeshare memberships and a few companies in the industry have received approvals to dissolve their timeshare schemes. The Group has also ceased the sale of new timeshare memberships since 2015.

In an effort to reduce operational expenses and maintain or improve the quality of accommodation units as well as to minimise capital expenditure at existing holiday apartments and resorts⁽²⁾, the Group outsourced the management of certain holiday apartments and resorts to third-party operators to operate and manage as a business of hotel or holiday resort/residence and in turn, the third-party operators are responsible for the maintenance and running cost of the holiday apartments and resorts. These third-party operators manage the resorts and holiday apartments by:

- refurbishing, restoring, renovating, repairing and maintaining the accommodation units and the furniture/fittings;
- only for Lotus Desaru Beach Resort & Spa, allocating specific number of nights for use by timeshare members;
- for certain holiday apartments, paying some amount of rent to LHB; and
- for certain holiday apartments, bearing related expenses such as quit rent, assessment bill and insurance.

Currently, only Perdana Service Apartments & Resort, Leisure Cove and Lotus Desaru Beach Resort & Spa are managed by third-party operators⁽³⁾. There is no certainty that the third-party operators will continue to operate. The operator for Perdana Service Apartments & Resort and Leisure Cove changed once; and Amber Court Apartments have changed twice. The third party operator for Amber Court Apartments discontinued its management since 1 July 2018 and since then, is not managed by any third-party operator. If the holiday apartments and resorts are not managed by third-party operators due to its non-viability, this will increase the operational cost of the Group.

In addition, endeavours undertaken to sell and/or let out retail and office units at Leisure Commence Square, Petaling Jaya, to further reduce operational expenses, had been slow and challenging due to the soft property market and glut in office spaces. This also included sales and/or letting out of accommodation units that are not under timesharing. Since 2015, there was no sale of retail and office units at Leisure Commence Square and accommodation units⁽⁴⁾, save for the completion of the sale of a piece of leasehold land measuring approximately 720 square metres for RM2.13 million in 2020 and an office unit for RM0.17 million in 2022.

In 2020, the expiration of timeshare memberships has begun (being 33 years from the initiation of the Group's first timeshare scheme as further explained in Note (1) below), which will gradually affect revenue derived from the annual maintenance fees from timeshare memberships. The revenue of the Group is mainly derived from its timeshare business comprising (a) annual maintenance charges billed to timeshare members; (b) sale and rental income from unsold property inventories⁽⁴⁾; and (c) recognition of deferred income from the enrolment of timeshare membership fees. The revenue stream is expected to continuously decrease on a year-on-year basis as the timeshare membership base expires, timeshare memberships are terminated⁽⁵⁾ and/or non-payment of the annual maintenance charges. Prior to the commencement of expiration of timeshare memberships in 2020, revenue has been declining due to reduction in annual maintenance fees arising from non-payment and termination of timeshare memberships. As at 1 January 2023, there were approximately 3,604 timeshare memberships for the LHC Scheme and CP Scheme (1 January 2022: 4,116 and 1 January 2021: 4,713). It is expected that around 1,297 timeshare memberships will expire between 2023 and 2032.

Due to the MBfCorp Group's long term obligations to timeshare members, the declining annual maintenance charges from timeshare memberships, the costly maintenance of MBfCorp Group's ageing properties⁽⁶⁾ and slow endeavours to sell and/or let out retail, office units and accommodation units (that are not under timeshare) to fund operational expenses, the way forward, is to keep overheads tight, operations lean and headcount as small as possible so as to keep operational cost low.

Notes:

- (1) Timeshare is an arrangement wherein timeshare members are entitled the right-to-use and occupy, subject always to availability and on a "first-come-first-served" basis, the vacation property/ies each year for a specified period of time.

LHB commenced the business of selling timeshare memberships under the 'Leisure Holiday Club Timeshare Scheme' in July 1987. The LHC Scheme is a week-based floating time period timeshare scheme whereby timeshare members are entitled the right-to-use and occupy timeshare accommodation units for a period of 7 nights in a year, from the date of commencement of the LHC Scheme membership. The LHC Scheme was initially for 33 years and subsequently, increased to 50 years for all new timeshare memberships effective September 1994. However, effective 12 July 2014, the duration of the LHC Scheme for new timeshare memberships is for 30 years only from the date of commencement of the LHC Scheme membership.

In April 2000, LHB launched its second timeshare scheme, namely the point-based timeshare system called the 'ConnectionPoints Timeshare Scheme'. The CP Scheme entitles timeshare members the right-to-use and occupy timeshare accommodation units by way of an annual allotment of Timeshare Points from the date of commencement of the CP Scheme membership for 30 years.

Timeshare members have access to holiday apartments and resorts which is set out in the Table 1 in Section 2.2 (i) to (vii) of this Circular. Timesharing accommodation units are required to be lodged (i.e. registered) under the trust deed in respect of each timeshare scheme. Presently, there are 120 timeshare accommodation units lodged under the LHC Scheme and 15 timeshare accommodation units lodged under the CP Scheme.

It should be noted that timeshare accommodation units can only be released from the timeshare schemes in an EGM wherein no less than 75% approval must be obtained from the timeshare members pursuant to a special resolution.

- (2) Kindly refer to Section 6 of Appendix IV for a summary financial performance of the Group for the past 6 financial years.
- (3) The outsourcing of the management of Perdana Service Apartments & Resort, Langkawi commenced in October 2014; while Leisure Cove, Penang commenced in April 2016; and Lotus Desaru Beach Resort & Spa, Johor commenced in January 2011. The strategy enabled the Group to save substantially in its operational and capital expenses. For example, the Group was able to enjoy cost savings in respect of operational expenses for Perdana Service Apartments & Resort and Leisure Cove, of approximately RM1.5 million per annum in aggregate after it outsourced to third-party operators as compared to before the outsourcing. Kindly refer to Appendix II for further information on the nature of outsourcing arrangement provided by these third-party operators.

However, there is no certainty that the third-party operators will continue to operate.

- Due to the COVID-19 pandemic, the previous third-party operator for Perdana Service Apartments & Resort, Langkawi could not sustain the business and terminated the management agreement effective 31 December 2020.
 - For Leisure Cove, Penang, due to the continuous maintenance of the property, the previous third-party operator found it difficult to sustain the business. In 2018, there was a change in the shareholders of the previous third-party operator, with a new controlling shareholder brought in to run the business. However, due to the COVID-19 pandemic, the previous third-party operator could not sustain the business, resulting in the termination of the management agreement effective 30 April 2021.
- (4) Sale of accommodation units refers to sale of units that are not under timesharing. As stated in Note (1) above, timesharing accommodation units are required to be lodged (i.e. registered) under the trust deed in respect of each timeshare scheme. Unless the timesharing accommodation units are released from the timeshare schemes in an EGM from the timeshare members, the timesharing accommodation units cannot be sold.
- (5) Termination here refers to the termination by the timeshare members of their membership under the LHC Scheme and CP Scheme.
- (6) The properties are between 24 and 28 years old.

(iii) Greater flexibility in managing MBfCorp's operations

Upon the completion of the Proposed SCR, the Non-Entitled Shareholders will be the only shareholders of MBfCorp and hence the Proposed SCR will accord the Non-Entitled Shareholders greater flexibility in the implementation of any business initiatives and/or operational changes of the MBfCorp Group, if any, moving forward. In addition, as at the LPD, MBfCorp has approximately 40,000 shareholders, of which, approximately 37,000 shareholders (or approximately 92%) hold 1,000 MBfCorp Shares and less in the Company. The Proposed SCR will also facilitate the elimination of administrative efforts and compliance costs pertaining to MBfCorp's obligations to its shareholders.

5. FUTURE PLANS FOR THE MBFCORP GROUP AND ITS EMPLOYEES

The Board (save for the Interested Directors) has taken note of the intention of the Non-Entitled Shareholders in relation to the MBfCorp Group's business and employees after the Completion. The intended future plans for the MBfCorp Group are set out below:

(i) Continuation of MBfCorp Group's business

The Non-Entitled Shareholders acknowledges the subsisting obligation of LHB to its timeshare members. Save as disclosed below, as at the LPD, the Non-Entitled Shareholders intend to continue with the existing business and operations of the MBfCorp Group and do not have any immediate plans and/or intention to liquidate any companies within the MBfCorp Group:

- (a) Summerset Resort Sdn Bhd, a 65.01% effectively-owned indirect subsidiary of MBfCorp, which was placed under creditors' voluntary winding up on 17 July 2012 is pending dissolution. Based on Form 61 of the Companies Act 1965 lodged by the liquidator of Summerset Resort Sdn Bhd as at 17 July 2012, Summerset Resort Sdn Bhd has a deficiency of approximately RM74.42 million based on estimated realisable values of assets of approximately RM6.19 million and total amount owing to creditors of approximately RM80.61 million. Save for the parcels of land owned by Summerset Resort Sdn Bhd which has an outstanding quit rent and may be subjected to forfeiture actions as detailed in Note 5 under Section 6 of Appendix IV, Summerset Resort Sdn Bhd does not have any other assets which will have any significant deviation from their estimated realisable values. Kindly refer to Note 5 under Section 6 of Appendix IV for further details. Furthermore, the financial statement of Summerset Resort Sdn Bhd was deconsolidated from the MBfCorp Group in the FYE 31 December 2012; and
- (b) Summerset Group Management Sdn Bhd, a 65.01% effectively-owned indirect subsidiary of MBfCorp, which was placed under creditors' voluntary winding up on 21 June 2011 is pending dissolution. Based on Form 61 of the Companies Act 1965 lodged by the liquidator of Summerset Group Management Sdn Bhd as at 30 June 2011, Summerset Group Management Sdn Bhd has a deficiency of approximately RM3.74 million based on estimated realisable values of assets of approximately RM0.16 million and total amount owing to creditors of approximately RM3.90 million. Summerset Group Management Sdn Bhd does not have any assets which will have any significant deviation from their estimated realisable values. Kindly refer to Note 5 under Section 6 of Appendix IV for further details. Furthermore, the financial statement of Summerset Group Management Sdn Bhd was deconsolidated from the MBfCorp Group in the FYE 31 December 2011.

Nevertheless, the Non-Entitled Shareholders may review the business and operations of the MBfCorp Group and make such arrangements, rationalisation and reorganisation of the Group as they consider suitable and in the best interest of the MBfCorp Group. The Non-Entitled Shareholders retain and reserve the right and flexibility at any time and from time to time to consider any option or opportunity in relation to MBfCorp and which the Non-Entitled Shareholders may regard to be in the best interest of the MBfCorp Group.

(ii) Major changes to the MBfCorp Group's business

The Non-Entitled Shareholders do not have any immediate plans and/or intention to introduce or effect any major changes to the existing business of the MBfCorp Group, dispose of any major assets or undertake any major redeployment of the fixed assets of the MBfCorp Group upon Completion, except where such change, disposal and/or redeployment is necessary as part of the process to rationalise the business activities to further improve the use of resources.

(iii) Employees

The Non-Entitled Shareholders have no immediate plans to dismiss or make redundant any of the MBfCorp Group's existing employees by way of a retrenchment exercise as a direct consequence of the Proposed SCR. Nevertheless, it should be noted that some changes with regard to staff employment and redeployment may take place as a result of rationalisation and/or streamlining the business activities and/or to further improve efficiency of the operations and/or to optimise human resources requirements and efficiency, in the best interest of the Group. Any such action taken involving employees will be dealt with in accordance with the relevant legislation and the terms of employment of the employees concerned.

As at the LPD, the Board (save for the Interested Directors) has taken note that the Non-Entitled Shareholders have not entered into any negotiation, arrangement or understanding with any third party with regards to any significant change in the MBfCorp Group's businesses, assets and/or shareholding structure.

The Board (save for the Interested Directors) is of the view that the rationale for the Proposed SCR and the intended future plans of the Non-Entitled Shareholders for the MBfCorp Group and its employees are reasonable.

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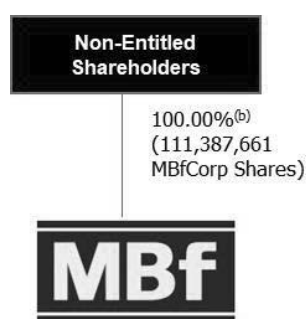
6. SHAREHOLDING STRUCTURE

The corporate structure of MBfCorp before the Proposed SCR and upon Completion is set out below:



^(a) Calculated based on 282,033,314 issued Shares as at the LPD

Upon Completion



^(b) Calculated based on 111,387,661 MBfCorp Shares held by the Non-Entitled Shareholders, representing the entire issued share capital of MBfCorp after the Proposed SCR

7. EFFECTS OF THE PROPOSED SCR

7.1 Issued share capital

The pro forma effects of the Proposed SCR on the issued share capital of MBfCorp are as follows:

	No. of Shares	RM
Issued share capital as at the LPD	282,033,314	282,033,314.00
Less: Shares to be cancelled pursuant to the Proposed SCR ^(a)	(170,645,653)	(16,211,337.04)
Resultant share capital	111,387,661	265,821,976.96

Note:

^(a) Based on 170,645,653 MBfCorp Shares held by the Entitled Shareholders and the SCR Offer Price.

7.2 NA and gearing

The pro forma effect of the Proposed SCR on the consolidated NA, NA per Share and gearing of MBfCorp based on the audited consolidated financial position of MBfCorp as at 31 December 2022 are set out below:

	Audited as at 31 December 2022	After the Proposed SCR
	RM'000	RM'000
Share capital	282,033	265,822
Accumulated losses	(276,905)	(278,905) ^(a)
Equity attributable to owners of the Company/ NA	5,128	(13,083)
No. of Shares	282,033,314	111,387,661
NA per Share (sen)	1.82	(11.75)
Borrowings	-	-
Gearing (times)	-	-

Note:

^(a) After taking into consideration the estimated expenses of approximately RM2.0 million in relation to the Proposed SCR.

7.3 Earnings and EPS

The Proposed SCR is not expected to have any material effect on the consolidated earnings of MBfCorp for the FYE 31 December 2023, save for the estimated expenses for the Proposed SCR of approximately RM2.0 million. Upon Completion and as a result of the cancellation of MBfCorp Shares pursuant to the Proposed SCR, the total number of MBfCorp Shares in issue will be reduced and as a result, the consolidated EPS of MBfCorp is expected to increase accordingly. For illustration purpose, based on the consolidated earnings of MBfCorp for the FYE 31 December 2022, the EPS of MBfCorp before and after the Proposed SCR are set out below:

	Before the Proposed SCR	After the Proposed SCR
FYE 31 December 2022	RM'000	RM'000
Audited PAT attributable to ordinary equity holders of MBfCorp	1,297	(703) ^(a)
Number of MBfCorp Shares ('000)	282,033	111,388
EPS/(Loss) per Share (sen)	0.46	(0.63)

Note:

^(a) After taking into account the estimated expenses of approximately RM2.0 million in relation to the Proposed SCR.

7.4 Substantial shareholders' shareholdings

The pro forma effects of the Proposed SCR on the substantial shareholders' shareholdings as at the LPD are as follows:

Substantial shareholder	As at the LPD			After the Proposed SCR		
	Direct		Indirect	Direct		Indirect
	No. of Shares	% ^(a)		No. of Shares	% ^(b)	
LHHSB	111,380,600	39.49	-	111,380,600	99.99	-
Puan Sri Ling	6,811	~	111,380,600 ^(c)	6,811	0.01	111,380,600 ^(c)
Dato' Loy	-	-	111,387,661 ^(d)	-	-	111,387,661 ^(d)
Loy Teik Inn	250	~	111,387,411 ^(e)	250	~	111,387,411 ^(e)
Chuah Hun Leong	15,721,610	5.57	-	-	-	-

Notes:

~ Negligible.

^(a) Calculated based on 282,033,314 issued Shares as at the LPD.

^(b) Calculated based on 111,387,661 Shares held by the Non-Entitled Shareholders, representing the entire issued share capital of MBfCorp after the Proposed SCR.

^(c) Deemed interest by virtue of her interest in LHHSB.

^(d) Deemed interest by virtue of his interest in LHHSB through his mother, Puan Sri Ling and the direct interest of his mother and brother, Loy Teik Inn, in MBfCorp.

^(e) Deemed interest by virtue of his interest in LHHSB through his mother, Puan Sri Ling and the direct interest of his mother, in MBfCorp.

7.5 Convertible securities

As at the LPD, MBfCorp does not have any convertible securities in issue.

8. CONDITIONS FOR THE PROPOSED SCR

The Proposed SCR is subject to and conditional upon the following being obtained:

- (i) approval of the Non-Interested Shareholders for the Proposed SCR via the Special Resolution to be tabled at the Company's EGM. The Special Resolution must be approved by at least:
 - (a) a majority in number of the Non-Interested Shareholders and 75% in value to the votes attached to the disinterested MBfCorp Shares that are cast either in person or by proxy at a duly convened EGM; and
 - (b) the value of the votes cast against the Special Resolution for the Proposed SCR at such duly convened EGM is not more than 10% of the votes attaching to all disinterested MBfCorp Shares of the total voting shares of MBfCorp;
- (ii) the grant of the order by the High Court confirming the reduction of the issued share capital of MBfCorp in accordance with Section 116 of the Act, thus giving effect to the Proposed SCR, followed by the lodgement of an office copy of the said order by the High Court with the Registrar of Companies; and
- (iii) approval and/or consent of the existing financiers and/or creditors of the MBfCorp Group for the Proposed SCR, if required.

The Proposed SCR will become effective on the Effective Date. The Proposed SCR is not conditional upon any other corporate exercise of MBfCorp.

9. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

Save as disclosed below, as at the LPD, there are no other Directors, major shareholders, chief executive of the Company and/or persons connected to them who have any interest, direct or indirect, in the Proposed SCR:

- (i) Dato' Loy, being the Non-Entitled Shareholder, is also the Managing Director and Chief Executive Officer of MBfCorp. He is also a major shareholder of MBfCorp through his indirect interest in LHHSB via his mother, Puan Sri Ling and the direct interest of his mother and brother, Loy Teik Inn, in MBfCorp, as set out in Section 2.1 of Part A of this Document; and
- (ii) Angelina Sahaya Mary, the Non-Independent Non-Executive Director of MBfCorp, is a nominee of Dato' Loy.

Angelina Sahaya Mary is not a director or shareholder of LHHSB. She is also not a Non-Entitled Shareholder. Although Angelina Sahaya Mary has no interest in the Proposed SCR, she is deemed interested in the Proposed SCR by virtue of her association with Dato' Loy. Accordingly, Dato' Loy and Angelina Sahaya Mary have abstained and will continue to abstain from deliberating and voting on the Proposed SCR at the relevant Board meetings pertaining to the Proposed SCR and will also abstain from voting in respect of their direct and/or indirect shareholdings in MBfCorp if any, on the Special Resolution to be tabled at the Company's forthcoming EGM.

The Interested Major Shareholders are deemed interested in the Proposed SCR. Accordingly, they will abstain from voting in respect of their direct and/or indirect shareholdings in MBfCorp, on the Special Resolution to be tabled at the Company's forthcoming EGM.

Furthermore, the Interested Directors and the Interested Major Shareholders will ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings in MBfCorp, if any, on the Special Resolution to be tabled at the Company's forthcoming EGM.

As at the LPD, the direct and indirect interests of the Interested Directors and Interested Major Shareholders and/or persons connected with them who hold MBfCorp Shares are set out below:

	Direct		Indirect	
	No. of Shares	%^(a)	No. of Shares	%^(a)
Interested Directors				
Dato' Loy	-	-	111,387,661 ^(b)	39.49
Angelina Sahaya Mary	-	-	-	-
Interested Major Shareholders				
LHHSB	111,380,600	39.49	-	-
Puan Sri Ling	6,811	~	111,380,600 ^(c)	39.49
Dato' Loy	-	-	111,387,661 ^(b)	39.49
Loy Teik Inn	250	~	111,387,411 ^(d)	39.49

Notes:

~ Negligible.

(a) Calculated based on 282,033,314 issued Shares as at the LPD.

(b) Deemed interest by virtue of his interest in LHHSB through his mother, Puan Sri Ling and the direct interest of his mother and brother, Loy Teik Inn, in MBfCorp.

(c) Deemed interest by virtue of her interest in LHHSB.

(d) Deemed interest by virtue of his interest in LHHSB through his mother, Puan Sri Ling and the direct interest of his mother, in MBfCorp.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the required approvals and consent being obtained, the Proposed SCR is expected to be completed in the 4th quarter of 2023.

The details of the tentative timeline are set out below:

Tentative timeline	Event
28 June 2023	EGM for the Proposed SCR
Mid July 2023	Filing of application for confirmation from the High Court in relation to the reduction of share capital under Section 116 of the Act
Mid October 2023*	<ul style="list-style-type: none"> Announcement on the granting of the order from the High Court confirming the reduction of MBfCorp's share capital Announcement of Entitlement Date for the capital repayment to the Entitled Shareholders

Tentative timeline	Event
Early November 2023*	<ul style="list-style-type: none"> • Entitlement Date • Lodgement of office copy of the order from the High Court with the Registrar of Companies
Mid November 2023*	<ul style="list-style-type: none"> • Settlement of the SCR Offer Price • Completion

Note:

* This is an indicative timetable and the actual timing will depend on, amongst others, the date on which the High Court confirms the reduction of MBfCorp's share capital pursuant to Section 116 of the Act. If any of the events are changed or delayed, the subsequent events will be adjusted accordingly.

11. OUTSTANDING PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed SCR, there is no corporate proposals, which has been announced but yet to be completed as at the LPD.

12. DIRECTORS' RECOMMENDATION

The Board (save for the Interested Directors), having considered all aspects of the Proposed SCR, in particular:

- (i) the rationale for the Proposed SCR as set out in Section 4 of Part A of this Document;
- (ii) the advice of the Independent Adviser that the Proposed SCR is not fair but reasonable; and
- (iii) the Independent Adviser's recommendation to the Board (save for the Interested Directors) and the Non-Interested Shareholders to vote in favour of the Special Resolution,

is of the opinion that the Proposed SCR is in the best interest of the Non-Interested Shareholders.

Accordingly, the Board (save for the Interested Directors) concurs with the evaluation and recommendation of the Independent Adviser and recommends that the Non-Interested Shareholders vote in favour of the Special Resolution at the forthcoming EGM.

13. INDEPENDENT ADVISER

In accordance with paragraph 3.06 of the Rules, the Board (save for the Interested Directors) had on 11 April 2023 appointed TA Securities as the Independent Adviser to provide comments, opinions, information and recommendations to the Board (save for the Interested Directors) and Non-Interested Shareholders of MBfCorp in respect of the Proposed SCR.

Please refer to Part B of this Document for the IAL in relation to the Proposed SCR. The Non-Interested Shareholders of MBfCorp are advised to read and carefully consider the contents of the IAL before voting on the Special Resolution at the Company's forthcoming EGM.

14. EGM

The EGM, the notice of which is enclosed in this Document, will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Wednesday, 28 June 2023 at 11.30 a.m., or immediately after the conclusion of the Twenty-First Annual General Meeting of the Company to be held on the same day at 10.00 a.m. whichever is earlier, or at any adjournment thereof, for the purpose of considering, and if thought fit, passing the Special Resolution to give effect to the Proposed SCR.

A member of the Company who is entitled to attend, participate, speak and vote at the EGM is entitled to appoint up to 2 proxies to attend, participate, speak and vote on his behalf. In such event, the Proxy Form must be lodged at the Company's Share Registrar, Insurban Corporate Services Sdn Bhd at 149, Jalan Aminuddin Baki, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, Malaysia not less than 48 hours before the time set for holding the EGM. The lodgement of the Proxy Form will not preclude you from attending, participating, speaking and voting at the EGM should you subsequently wish to do so.

15. FURTHER INFORMATION

Please refer to the attached appendices set out in this Document for further information.

Yours faithfully,
For and on behalf of the Board of Directors of,
MBf CORPORATION BERHAD

Christopher Koh Swee Kiat
Independent Non-Executive Director

PART B

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED
DIRECTOR AND NON-INTERESTED SHAREHOLDERS OF
MBFCORP IN RELATION TO THE
PROPOSED SCR**

EXECUTIVE SUMMARY

ALL DEFINITIONS USED IN THIS EXECUTIVE SUMMARY SHALL HAVE THE SAME MEANING AS THOSE DEFINED IN THE "DEFINITIONS" SECTION OF THE DOCUMENT, EXCEPT WHERE THE CONTEXT OTHERWISE REQUIRES OR WHERE OTHERWISE DEFINED HEREIN. ALL REFERENCES TO "WE", "US" OR "OUR" IN THIS IAL ARE REFERENCES TO TA SECURITIES, BEING THE INDEPENDENT ADVISER FOR THE PROPOSED SCR.

THIS EXECUTIVE SUMMARY HIGHLIGHTS ONLY THE PERTINENT INFORMATION OF THE PROPOSED SCR. NON-INTERESTED SHAREHOLDERS ARE ADVISED TO CONSIDER CAREFULLY THE INFORMATION AND RECOMMENDATION CONTAINED IN THE DOCUMENT TOGETHER WITH THE ACCOMPANYING APPENDICES, BEFORE VOTING ON THE SPECIAL RESOLUTION PERTAINING TO THE PROPOSED SCR TO BE TABLED AT THE COMPANY'S FORTHCOMING EGM.

1. INTRODUCTION

On 7 April 2023, the Company received the Offer Letter from the Non-Entitled Shareholders, informing the Board of their intention to privatise MBfCorp by way of selective capital reduction and repayment exercise pursuant to Section 116 of the Act and requesting MBfCorp to undertake the Proposed SCR.

In accordance with paragraph 3.06 of the Rules, the Board (save for the Interested Directors) had on 11 April 2023 appointed us as the Independent Adviser to advise you and the Board (save for the Interested Directors) on the Proposed SCR.

On 25 April 2023, the Board (save for the Interested Directors) deliberated on the contents of the Offer Letter and resolved to table the Proposed SCR to the Non-Interested Shareholders for consideration and approval at the forthcoming EGM.

The SC had, vide its letter dated 29 May 2023, notified that it has no further comments on the contents of this IAL. However, such notification shall not be taken to suggest that the SC recommends the Proposed SCR, or that the SC agrees with the recommendation contained herein or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAL.

The purpose of this IAL is to provide you with our independent evaluation on the Proposed SCR together with our recommendation on whether you should vote in favour or against the special resolution in relation to the Proposed SCR to be tabled at the forthcoming EGM, subject to the scope of our role and limitations specified herein.

2. EVALUATION OF THE PROPOSED SCR

In arriving at our conclusion and recommendation in respect of the Proposed SCR, we have assessed and evaluated the fairness and reasonableness of the Proposed SCR in accordance with paragraphs 1 to 7 under Schedule 2: Part III of the Rules whereby:

- (i) the term "fair and reasonable" should generally be analysed as 2 distinct criteria, i.e., whether the Proposed SCR is "fair" and whether the Proposed SCR is "reasonable", rather than as a composite term;
- (ii) the Proposed SCR is considered as "fair" if the SCR Offer Price is equal to or higher than the market price and is also equal to or higher than the value of the MBfCorp Shares. However, if the SCR Offer Price is equal to or higher than the market price but is lower than the value of the MBfCorp Shares, the Proposed SCR is considered as "not fair".

EXECUTIVE SUMMARY (*Cont'd*)

In making the assessment, the value of MBfCorp Shares is determined based on the assumption that 100% of the issued share capital of MBfCorp is the subject matter of the Proposed SCR;

- (iii) in considering whether the Proposed SCR is “reasonable”, the independent adviser should take into consideration matters other than the valuation of the MBfCorp Shares.

Generally, the Proposed SCR would be considered “reasonable” if it is “fair”. Where an independent adviser views the Proposed SCR to be “reasonable” despite it being “not fair”, it should be on the basis that the independent adviser is of the view that there are sufficiently strong reasons to accept the offer (i.e., to vote in favour of the special resolution pertaining to the Proposed SCR at the Company’s forthcoming EGM) in the absence of a higher bid and such reasons should be clearly explained. If there were inadequate justifications, the Proposed SCR should be regarded as “not reasonable” and thus, the recommendation would be to reject the offer (i.e., to vote against the special resolution pertaining to the Proposed SCR at the Company’s forthcoming EGM).

We have taken into consideration the following pertinent factors in our evaluation of the Proposed SCR:

Fairness of the Proposed SCR

Valuation of MBfCorp Shares

We have adopted the RNAV methodology to estimate the fair value of the MBfCorp Shares. The RNAV per MBfCorp Share, based on MBfCorp’s audited consolidated statement of financial position as at 31 December 2022, is RM0.149. The SCR Offer Price of RM0.095 represents a **discount of RM0.054 or 36.24%** from the RNAV per MBfCorp Share.

Further information on our assessment of the valuation of MBfCorp Shares is set out in Section 5.1 of this IAL.

Premised on our assessment as set out in Section 5.1 of this IAL, we are of the opinion that the Proposed SCR is NOT FAIR in view that the SCR Offer Price is below the RNAV per MBfCorp Share of RM0.149.

Reasonableness of the Proposed SCR

An opportunity for the Entitled Shareholders to exit the Company

The Proposed SCR provides an opportunity for the Entitled Shareholders to realise their holdings in the unlisted MBfCorp Shares at the SCR Offer Price. The Entitled Shareholders may not otherwise have the opportunity to realise and monetise their investment as there is no active or formal market for the unlisted MBfCorp Shares since it was delisted and withdrawn from the Main Market of Bursa Securities on 6 August 2007, which has been more than 15 years.

Furthermore, the Company has not declared any dividend for the past 10 years up to the LPD.

In addition, we note that the timesharing business of the Group remains challenging in view of, among others, the ageing conditions of holiday apartments and resorts of the Group and declining cash receipts derived from the annual maintenance fees from timeshare memberships.

EXECUTIVE SUMMARY (Cont'd)

We also note that the Group's existing outsourcing strategy to third-party operators which are subject to the renewal terms of the respective contracts as a means to reduce the operational expenses and capital expenditures (including refurbishment, repair and restoration as well as maintenance of the accommodation units) may not be feasible in the long term as the third-party operators may choose to discontinue the management of Lotus Desaru Beach Resort & Spa, Johor, Perdana Service Apartment & Resort, Langkawi and Leisure Cove, Pulau Pinang due to the ageing conditions.

No alternative offer

Up to the date of the Board's (save for the Interested Directors) acceptance of the Offer Letter, save for the Proposed SCR, we noted that the Board has not received any alternative offer for the MBfCorp Shares or any other offer to acquire the entire or substantial part of its assets and liabilities. We further note that, with the Board's (save for the Interested Directors) acceptance of the Offer Letter, MBfCorp has agreed and undertaken to the Non-Entitled Shareholders that, among others, MBfCorp shall not enter into any discussion, negotiation or agreement with any other party with respect to the sale of the assets and liabilities of the Group or any privatisation proposal involving the Group at any time until the completion of the Proposed SCR without the Non-Entitled Shareholders' prior written consent, as part of the terms set out in the Offer Letter.

In addition, we also note that LHHSB, being one of the Non-Entitled Shareholders, has the largest individual shareholding in MBfCorp and has control of the Company with 39.49% equity interest in MBfCorp.

In view of the current equity interest of LHHSB in MBfCorp, the Non-Entitled Shareholders are able to have significant influence over the outcomes of all ordinary resolutions sought and block special resolutions at the shareholders' meetings of the Company for which the Non-Entitled Shareholders are not required to abstain from voting. Moreover, whilst LHHSB will not be able to determine the outcome of, by singly voting for, any special resolution sought at the shareholders' meetings of the Company, no special resolution will be able to be passed without a vote in favour by LHHSB (assuming the Non-Entitled Shareholders will be present and voting at such shareholders' meetings of the Company).

Based on the foregoing, in the event of any alternative proposal or offer which requires ordinary resolution to be passed at the shareholders' meeting of the Company, such alternative proposal or offer may be successful even without the support of the Non-Entitled Shareholders depending on the number of MBfCorp Shares represented by the shareholders present and voting at such shareholders' meeting of the Company. However, in the event of any alternative proposal or offer which requires special resolution to be passed at the shareholders' meeting of the Company for which the Non-Entitled Shareholders are not required to abstain from voting, such alternative proposal or offer will not be successful without the support of the Non-Entitled Shareholders.

Further information on our assessment of the valuation of MBfCorp Shares is set out in Section 6 of this IAL.

Premised on our assessment as set out in Section 6 of this IAL, we are of the view that the Proposed SCR is REASONABLE.

3. RECOMMENDATION

Premised on the above and our assessment as set out in Sections 5 and 6 of this IAL, we view the Proposed SCR as **NOT FAIR** but **REASONABLE**.

Further, it should be noted that the RNAV of the Group is derived based on the presumption that the Group is able to realise all the Revalued Properties (as defined herein) on willing-buyer willing-seller basis in the open market at their respective market values as appraised by the Independent Valuers, without considering the restrictions under the Timeshare Schemes.

In addition, in a liquidation scenario, shareholders of the Group may not be able to realise the full RNAV of the Group immediately in view of, among others, the assets of the Group would be sold at forced sale values and the Timeshare Accommodation Units (as defined herein), which are lodged under the Timeshare Schemes, are bound by the terms and conditions of the Trust Deeds (as defined herein) governing the Timeshare Schemes which include, among others, in the event LHB goes into liquidation or if in the opinion of the trustee, LHB has ceased to carry on the Timeshare Schemes, the trustee may apply to the Court for directions pertaining to the equitable mode of winding up and/or terminating the Timeshare Schemes and compensation to each of the timeshare members upon winding-up and/or termination of the Timeshare Schemes. As such, there is no assurance that the Group will be able to realise such assets at the estimated RNAV of the Group presently or in the future.

Accordingly, we:

- (i) Advise the Board (save for the Interested Directors) to recommend you to **VOTE IN FAVOUR** of the special resolution pertaining to the Proposed SCR to be tabled at the Company's forthcoming EGM; and
- (ii) recommend that you **VOTE IN FAVOUR** of the special resolution pertaining to the Proposed SCR to be tabled at the Company's forthcoming EGM.

It should be noted that in the event the Proposed SCR is approved by the Non-Interested Shareholders at the forthcoming EGM, the Entitled Shareholders will receive the SCR Offer Price, which is at a discount of RM0.054 or 36.24% from the RNAV per MBfCorp Share of RM0.149, but will not be able to benefit from any potential realisation of the estimated RNAV of the Group being higher than the SCR Offer Price. Conversely, in the event the Proposed SCR is not approved by the Non-Interested Shareholders at the forthcoming EGM, the shareholders of the Company will continue to hold MBfCorp Shares and may be able to benefit from any realisation of the estimated RNAV of the Group being higher than the SCR Offer Price, subject to the factors and uncertainties as detailed in Section 5.1 of this IAL. Further, it should also be noted that the estimated RNAV of the Group has been derived based on MBfCorp's audited consolidated statement of financial position as at 31 December 2022 and valuations conducted by KGV International Property Consultants (M) Sdn Bhd in respect of the Revalued Properties (other than Santana Holiday Resort) as at 3 January 2023 and Preston Rowe Paterson Southport Pty Limited in respect of the units owned by the Group in Santana Holiday Resort as at 17 January 2023, which may not represent the actual value of the Group (including the market values of the Revalued Properties) in the future.

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Address:

Corporate Finance Department
32nd Floor, Menara TA One
22, Jalan P. Ramlee
50250 Kuala Lumpur

30 May 2023

To: The non-interested Director and Non-Interested Shareholders of MBf Corporation Berhad

Dear Sir/Madam,

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED DIRECTOR AND NON-INTERESTED SHAREHOLDERS OF MBf CORPORATION BERHAD ("MBfCORP" OR "COMPANY") IN RELATION TO THE PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 ("PROPOSED SCR") ("IAL")

This IAL has been prepared for inclusion in the document to shareholders of MBfCorp dated 30 May 2023 in relation to the Proposed SCR ("**Document**"). All definitions used in this IAL shall have the same meaning as those defined in the "*Definitions*" section of the Document, except where the context otherwise requires or where otherwise defined herein.

All references to "we", "us" or "our" in this IAL are references to TA Securities, being the Independent Adviser for the Proposed SCR. All references to "you" and "your" in this IAL are references to the Non-Interested Shareholders.

1. INTRODUCTION

On 7 April 2023, the Company received the Offer Letter from the Non-Entitled Shareholders, informing the Board of their intention to privatise MBfCorp by way of selective capital reduction and repayment exercise pursuant to Section 116 of the Act and requesting MBfCorp to undertake the Proposed SCR.

In accordance with paragraph 3.06 of the Rules, the Board (save for the Interested Directors) had on 11 April 2023 appointed us as the Independent Adviser to advise you and the Board (save for the Interested Directors) on the Proposed SCR.

On 25 April 2023, the Board (save for the Interested Directors) deliberated on the contents of the Offer Letter and resolved to table the Proposed SCR to the Non-Interested Shareholders for consideration and approval at the forthcoming EGM.

The SC had vide its letter dated 29 May 2023, notified that it has no further comments on the contents of this IAL. However, such notification shall not be taken to suggest that the SC recommends the Proposed SCR, or that the SC agrees with the recommendation contained herein or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAL.

 **TA SECURITIES HOLDINGS BERHAD**
(Registration No.: 197301001467 (14948-M))

A MEMBER OF THE TA GROUP
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Corporate Finance Department
32nd Floor, Menara TA One, 22 Jalan P. Ramlee, 50250 Kuala Lumpur Tel: 03-2072 1277 Fax: 03-2026 0127
www.tasecurities.com.my



The purpose of this IAL is to provide you with our independent evaluation on the Proposed SCR together with our recommendation on whether you should vote in favour or against the special resolution in relation to the Proposed SCR to be tabled at the forthcoming EGM, subject to the scope of our role and limitations specified herein. This IAL is prepared solely for you to consider the Proposed SCR and should not be used or relied upon by any other party or for any other purpose whatsoever.

YOU ARE ADVISED TO CONSIDER CAREFULLY THE INFORMATION AND RECOMMENDATION CONTAINED IN THE DOCUMENT TOGETHER WITH THE ACCOMPANYING APPENDICES BEFORE VOTING ON THE SPECIAL RESOLUTION PERTAINING TO THE PROPOSED SCR TO BE TABLED AT THE COMPANY'S FORTHCOMING EGM.

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

2. SCOPE AND LIMITATION TO THE EVALUATION OF THE PROPOSED SCR

We were not involved in any formulation, deliberations and/or negotiations pertaining to the terms and conditions of the Proposed SCR. Our terms of reference as an Independent Adviser is limited to expressing an independent opinion on the assessment of the fairness and reasonableness of the Proposed SCR based on the following:

- (i) information contained in the Offer Letter, Part A of the Document and the appendices attached thereto;
- (ii) valuation reports in respect of the properties owned by the Group prepared by KGV International Property Consultants (M) Sdn Bhd and Preston Rowe Paterson Southport Pty Limited (in respect of the units owned by the Group in Santana Holiday Resort which is located in Queensland, Australia), being the Independent Valuers appointed by the Company;
- (iii) audited consolidated financial statements of MBfCorp for the FYEs 31 December 2020, 2021 and 2022;
- (iv) the trust deeds dated 5 March 1993 and 13 April 2000 between LHB, Pacific Trustees Berhad (being the trustee for the Timeshare Schemes) and timeshare members (including all the supplemental trust deeds subsequently entered into) governing the Timeshare Schemes (as defined in Section 5.1 of this IAL) ("**Trust Deeds**");
- (v) relevant information, documents, confirmations and/or representations provided to us by the Board and management of MBfCorp;
- (vi) discussions with the Board and management of MBfCorp; and
- (vii) other relevant publicly available information.



We have made all reasonable enquiries to the Board and management of MBfCorp and have relied on the Board and management of MBfCorp to take due care to ensure that all information, documents, confirmations and representations provided to us by them to facilitate our evaluation of the Proposed SCR are accurate, valid and complete in all material aspects. The Board has confirmed to us that all relevant material facts and information essential to the evaluation of the Proposed SCR have been disclosed to us and has accepted full responsibility for the accuracy of the information provided to us. After making reasonable enquiries, we are satisfied that all relevant facts and information and/or representations necessary for our evaluation of the Proposed SCR have been disclosed to us and that such information is sufficient, accurate, valid and there is no omission of any material facts, which would make any information provided to us incomplete, misleading or inaccurate.

Our advice should be considered in the context of the entirety of this IAL. Our views and evaluation expressed in this IAL are based on, amongst others, capital market, economic, industry, regulatory, monetary, socio-political and other prevailing conditions, and the information and/or documents made available to us as at the LPD or such other period as specified herein. Such conditions may change significantly over a short period of time. Accordingly, our evaluation and opinion expressed herein do not take into account the information, events or conditions arising after the LPD or such other specified period, as the case may be.

In rendering our advice, we had taken into consideration pertinent factors which we believe are necessary, relevant and of importance to our assessment of the Proposed SCR and therefore, would be of general concern to you. As such:

- (i) our views and recommendation as contained in this IAL are rendered solely for the benefit of the Board (save for the Interested Directors) and the Non-Interested Shareholders as a whole and not for any individual Entitled Shareholder or specific group of Non-Interested Shareholders. Hence, in carrying out our evaluation, we have not taken into consideration any specific investment objective, risk profile, financial and tax situation and/or particular needs of any individual Entitled Shareholder or any specific group of Non-Interested Shareholders; and
- (ii) we recommend that if you are in any doubt as to the action to be taken or require advice in relation to the Proposed SCR in the context of your investment objective, risk profile, financial and tax situation and/or particular needs, you should consult your stockbroker, banker, solicitor, accountant or other professional advisers immediately.

We will immediately disclose to the SC in writing and you by way of an announcement via press notice if, after despatching this IAL, as guided by subparagraph 11.07(1) of the Rules, we become aware that this IAL:

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

If circumstances require, a supplementary IAL will be sent to you in accordance with subparagraph 11.07(2) of the Rules.



3. DETAILS OF THE PROPOSED SCR

The Proposed SCR involves MBfCorp undertaking a selective capital reduction and a corresponding capital repayment pursuant to Section 116 of the Act in relation to MBfCorp Shares held by the Entitled Shareholders on the Entitlement Date.

The salient terms and conditions of the Proposed SCR are as follows:

1.	Consideration for the Proposed SCR	<p>The Entitled Shareholders will receive a cash amount of RM0.095 for each MBfCorp Share held on the Entitlement Date.</p> <p>If MBfCorp declares, makes or pays any Distribution in favour of its shareholders whereby the entitlement date for such Distribution is on or after the date of the Offer Letter up to the Completion and the shareholders are entitled to retain such Distribution, the SCR Offer Price will be reduced by the quantum of the Distribution per Share. For the avoidance of doubt, no adjustment shall be made to the SCR Offer Price in the event the entitlement date for the Distribution is after the Completion. As at the LPD, no Distribution has been declared, made and/or paid by the Company on or after the date of the Offer Letter.</p>
2.	Mode and timing of settlement	<p>The settlement for the SCR Offer Price will be effected through remittance into the bank account of the Entitled Shareholders, details of which have been registered with Bursa Depository for the purpose of cash dividend/distribution or in the form of cheque, which will be despatch to the Entitled Shareholders (or their designated agents, as they may direct) by ordinary mail at the Entitled Shareholders' registered Malaysian address last maintained with Bursa Depository, at their own risk within 10 days from the Effective Date.</p> <p>Except with the consent of the SC, settlement of the SCR Offer Price to which the Entitled Shareholders are entitled under the Proposed SCR will be implemented in full in accordance with the terms of the Proposed SCR without regard to any lien, right of set-off, counter claim or other analogous rights to which the Company may otherwise be, or claim to be, entitled against the Entitled Shareholders.</p> <p>Entitled Shareholders who are non-residents of Malaysia are advised that the settlement of the SCR Offer Price will be made in Ringgit Malaysia. Such Entitled Shareholders who wish to convert the consideration received into foreign currency for repatriation may do so after payment of the appropriate fees and/or charges levied by the respective financial institutions.</p>
3.	Conditions to the Proposed SCR	<p>The Proposed SCR is subject to and conditional upon the following being obtained:</p> <ul style="list-style-type: none"> (i) approval of the Non-Interested Shareholders for the Proposed SCR via the Special Resolution to be tabled at the Company's EGM; (ii) the grant of the order by the High Court confirming the reduction of the issued share capital of MBfCorp in accordance with Section 116 of the Act, thus giving effect to the Proposed SCR, followed by the lodgement of an office copy of the said order by the High Court with the Registrar of Companies; and



		<p>(iii) approval and/or consent of the existing financiers and/or creditors of the MBfCorp Group for the Proposed SCR, if required.</p> <p>The Proposed SCR will become effective on the Effective Date. The Proposed SCR is not conditional upon any other corporate exercise of MBfCorp.</p>
4.	Irrevocable undertaking	As at the LPD, the Non-Entitled Shareholders and persons acting in concert with them have not received any irrevocable undertaking from any Entitled Shareholders to vote in favour of or against the Special Resolution to be tabled at the forthcoming EGM.
5.	Financial resources for the Proposed SCR	<p>The Proposed SCR will be funded via advances to the Company from the Non-Entitled Shareholders.</p> <p>The Non-Entitled Shareholders have confirmed that the Proposed SCR will not fail due to the insufficient financial capability to advance funding to the Company and that every Entitled Shareholder will be paid fully in cash.</p> <p>M&A Securities, as the Principal Adviser for the Proposed SCR, and the Board are satisfied and confirm that the Proposed SCR will not fail due to the insufficient financial capability of the Non-Entitled Shareholder to advance funding to the Company and that every Entitled Shareholder will be paid fully in cash.</p>

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

4. EVALUATION OF THE PROPOSED SCR

In arriving at our conclusion and recommendation in respect of the Proposed SCR, we have assessed and evaluated the fairness and reasonableness of the Proposed SCR in accordance with paragraphs 1 to 7 under Schedule 2: Part III of the Rules whereby:

- (i) the term “fair and reasonable” should generally be analysed as 2 distinct criteria, i.e., whether the Proposed SCR is “fair” and whether the Proposed SCR is “reasonable”, rather than as a composite term;
- (ii) the Proposed SCR is considered as “fair” if the SCR Offer Price is equal to or higher than the market price and is also equal to or higher than the value of the MBfCorp Shares. However, if the SCR Offer Price is equal to or higher than the market price but is lower than the value of the MBfCorp Shares, the Proposed SCR is considered as “not fair”.

In making the assessment, the value of MBfCorp Shares is determined based on the assumption that 100% of the issued share capital of MBfCorp is the subject matter of the Proposed SCR;

- (iii) in considering whether the Proposed SCR is “reasonable”, the independent adviser should take into consideration matters other than the valuation of the MBfCorp Shares.



Generally, the Proposed SCR would be considered “reasonable” if it is “fair”. Where an independent adviser views the Proposed SCR to be “reasonable” despite it being “not fair”, it should be on the basis that the independent adviser is of the view that there are sufficiently strong reasons to accept the offer (i.e., to vote in favour of the special resolution pertaining to the Proposed SCR at the Company’s forthcoming EGM) in the absence of a higher bid and such reasons should be clearly explained. If there were inadequate justifications, the Proposed SCR should be regarded as “not reasonable” and thus, the recommendation would be to reject the offer (i.e., to vote against the special resolution pertaining to the Proposed SCR at the Company’s forthcoming EGM).

We have taken into consideration the following pertinent factors in our evaluation of the Proposed SCR:

<u>Fairness of the Proposed SCR:</u>		
(i) Valuation of MBfCorp Shares		Section 5.1
<u>Reasonableness of the Proposed SCR:</u>		
(i) An opportunity for the Entitled Shareholders to exit the Company		Section 6.1
(ii) No alternative offer		Section 6.2

5. FAIRNESS OF THE PROPOSED SCR

We note that the RNAV per MBfCorp Share of RM0.137 stated in the Offer Letter and Part A of the Document is based on MBfCorp’s audited consolidated statement of financial position as at 31 December 2021. In view that MBfCorp’s audited consolidated statement of financial position as at 31 December 2022 has been made available to us subsequent to the issuance of the Offer Letter, we have evaluated the fairness of the Proposed SCR based on MBfCorp’s audited consolidated statement of financial position as at 31 December 2022.

5.1 Valuation of MBfCorp Shares

The MBfCorp Group is principally involved in promotion of timeshare memberships of accommodation units at holiday apartments and resorts and rental income from letting out of retail and office lots as well as apartment units.

The contributions of the Group’s business segments to its revenue based on the audited consolidated financial statements of the Group for the past 3 financial years are as follows:

	(Audited) FYE 31 December 2020		(Audited) FYE 31 December 2021		(Audited) FYE 31 December 2022	
Segment	RM'000	%	RM'000	%	RM'000	%
Timeshare segment:						
- Deferred income from timeshare membership fees ⁽¹⁾	4,377	59.89	4,244	60.45	4,028	58.20
- Annual maintenance charges ⁽²⁾	2,452	33.55	2,273	32.37	2,020	29.19
Rental income from inventories ⁽³⁾	473	6.47	496	7.06	699	10.10
Sale of property inventories ⁽⁴⁾	-	-	-	-	170	2.46
Dividend income ⁽⁵⁾	6	0.08	8	0.11	4	0.06
Total	7,308	100.00	7,021	100.00	6,921	100.00



Notes:

- (1) *For each timeshare membership sold, a portion of the fees arising from sale of timeshare membership or Timeshare Points is recognised as enrolment fees in the profit or loss account in the year of sale while the balance is recognised in the timeshare development account or in the refundable security deposits account. The carrying amounts of the timeshare development account and refundable security deposits account are then recognised as income in the statement of profit or loss on a straight-line basis over the tenure of the timeshare memberships under the Timeshare Schemes. However, such recognitions of the deferred income are accounting entries pursuant to MFRS 15 Revenue from Contracts with Customers and do not represent cash inflows to be received by the Group. Notwithstanding the recognitions of deferred income pursuant to MFRS 15 Revenue from Contracts with Customers, the fees (i.e. cash payments from the timeshare members) arising from sale of timeshare membership or Timeshare Points have been collected by the Group at the time such timeshare memberships are sold and used for its operations of the timeshare business. There are no cash inflows to be received by the Group from such deferred income and, hence, there will not be any interest income to be derived from such deferred income to the Group.*
- (2) *Annual maintenance charges of RM540.80 per LHC Scheme membership and RM2.222 per Timeshare Point, excluding any applicable tax, are charged under the LHC Scheme and CP Scheme respectively, subject to review from time to time and/or approval by the trustee.*
- (3) *Comprising rental income derived from rentals of inventory units.*
- (4) *Comprising proceeds from the sale of a unit of office lot at Leisure Commerce Square (also known as Pusat Dagang Setia Jaya) in Petaling Jaya, Selangor from its unsold inventory units.*
- (5) *Being dividend income received from the MBfCorp Group's investments.*

Overview of the MBfCorp Group's Timeshare Schemes

LHB, a 76.48%-owned subsidiary of MBfCorp, currently has 2 timeshare schemes as follows:

(i) LHC Scheme

LHB commenced the business of selling timeshare memberships under the "Leisure Holiday Club Timeshare Scheme" in July 1987. The LHC Scheme is a week-based floating time period timeshare scheme whereby timeshare members are entitled the right-to-use and occupy timeshare accommodation units for a period of 7 nights in a year, from the date of commencement of the LHC Scheme membership. The LHC Scheme was initially for 33 years and subsequently, increased to 50 years for all new timeshare memberships effective September 1994. However, from 12 July 2014, the duration of the LHC Scheme for new timeshare memberships is for 30 years only from the date of commencement of the LHC Scheme membership.

A trust deed dated 5 March 1993, including all the supplemental trust deeds subsequently entered into, between LHB, Pacific Trustees Berhad and timeshare members for the purposes of governing the LHC Scheme which sets down, among others, the duties and responsibilities of the Trustee and LHB to protect the rights and interests of the timeshare members.

As at 1 January 2023, there are 3,016 timeshare memberships under the LHC Scheme. The management of LHB has represented that LHB has ceased the sale of new timeshare memberships since 2015 (i.e. approximately 8 years up to the LPD) in respect of LHC Scheme. The expiry profile of the timeshare memberships of LHC Scheme (in every 5 years, save for the period from 2028 to 2043 which does not have expiring timeshare membership) as at the LPD are as follows:



Year (as at 31 December)	No. of expiring timeshare memberships
2023 to 2027	955
2028 to 2043	-
2044 to 2048	1,129
2049 to 2053	119
2054 to 2058	333
2059 to 2063	455
2064	25
Total	3,016

(ii) CP Scheme

In April 2000, LHB launched its second timeshare scheme, namely the point-based timeshare system (i.e., the Timeshare Points) called the "ConnectionPoints Timeshare Scheme". The CP Scheme entitles timeshare members the right-to-use and occupy timeshare accommodation units by way of an annual allotment of Timeshare Points from the date of commencement of the CP Scheme membership for 30 years.

A trust deed dated 13 April 2000, including all the supplemental trust deeds subsequently entered into, between LHB, Pacific Trustees Berhad and timeshare members for the purposes of governing the CP Scheme which sets down, among others, the duties and responsibilities of the Trustee and LHB to protect the rights and interests of the timeshare members.

As at 1 January 2023, 98,193 points have been sold under the CP Scheme. The management of LHB has represented that LHB has ceased the sale of new Timeshare Points since 2011 (i.e. approximately 12 years up to the LPD) in respect of CP Scheme. The expiry profile of the Timeshare Points of CP Scheme (in every 5 years) as at the LPD is as follows:

Year (as at 31 December)	No. of expiring Timeshare Points	Equivalent no. of expiring timeshare memberships
2023 to 2027	-	-
2028 to 2032	70,377	342
2033 to 2037	24,426	215
2038 to 2040	3,390	31
Total	98,193	588

Presently, there are 120 timeshare accommodation units lodged under the LHC Scheme and 15 timeshare accommodation units lodged under the CP Scheme (collectively, "**Timeshare Accommodation Units**") as summarised below:

Under LHC Scheme

Property⁽¹⁾	No. of units
Greenhill Resort Apartments, Cameron Highlands	24
Golden City Condominiums, Kuala Lumpur	17
Pangsapuri Kemang Indah, Port Dickson	20
Santana Holiday Resort Apartments, Australia	5
Leisure Cove, Pulau Pinang	14
Lotus Desaru Beach Resort & Spa, Johor	40
Total	120



Under CP Scheme

Property ⁽¹⁾	No. of units
Perdana Service Apartment & Resort, Langkawi	15

Note:

(1) Further details of the properties are set out in the table under "Comparison approach" section below.

Based on MBfCorp's latest audited consolidated statement of financial position as at 31 December 2022, the total assets of the Group comprise of the following:

	(Audited) FYE 31 December 2022	
	RM'000	%
Non-current assets		
Property, plant and equipment ⁽¹⁾	39,781	56.10
Investment properties ⁽²⁾	9,150	12.90
Trade receivables	11	0.02
	48,942	69.02
Current assets		
Inventories ⁽³⁾	12,007	16.93
Trade receivables	89	0.13
Other receivables	1,285	1.81
Current tax assets	432	0.61
Cash and cash equivalents ⁽⁴⁾	8,159	11.50
	21,972	30.98
Total assets	70,914	100.00

Notes:

(1) The property, plant and equipment comprises the following:

	(Audited) FYE 31 December 2022	
	RM'000	%
Freehold land*	1,787	2.52
Freehold buildings*	29,692	41.87
Leasehold buildings*	7,789	10.98
Renovation and building improvements	80	0.11
Furniture and fittings	401	0.57
Office equipment	32	0.05
Total	39,781	56.10

The property, plant and equipment set out above, save for freehold land, are stated at cost less accumulated depreciation (on straight-line basis) and any impairment losses. Freehold land is stated at cost and not depreciated.

* Consist of all the remaining Revalued Properties (as defined below) apart from those as described in notes (2) and (3) below, including all the Timeshare Accommodation Units as detailed in the "Overview of the MBfCorp Group's Timeshare Schemes" section above.

(2) Comprising 12 units of office lots at Leisure Commerce Square (also known as Pusat Dagang Setia Jaya) in Petaling Jaya, Selangor and 1 unit of intermediate flatted factory at Binova Industrial Centre in Jalan Ipoh, Kuala Lumpur, which are investment properties held by the MBfCorp Group. The carrying amount of the investment properties are stated at fair value with any fair value gain or loss recognised in profit or loss.



- (3) *Comprising 51 units of retail and office lots at Leisure Commerce Square (also known as Pusat Dagang Setia Jaya) in Petaling Jaya, Selangor. The carrying amount of the inventories are stated at lower of cost and net realisable value.*
- (4) *Comprising cash and bank balances of RM0.41 million, deposits in money market fund of RM3.76 million and fixed deposits with licensed banks of RM3.99 million, of which RM0.42 million is in sinking fund trust accounts established in accordance with the terms of the Trust Deeds.*

Based on the table above, we note the following, as at 31 December 2022:

- (i) approximately 85.21% of the Group's total assets mainly comprised of property assets which are classified as property, plant and equipment (i.e. freehold land, freehold buildings and leasehold buildings), investment properties and inventories (collectively, the "**Revalued Properties**");
- (ii) approximately 11.50% of the Group's total assets is represented by cash and cash equivalents; and
- (iii) the remaining assets of the Group apart from items (i) and (ii) above constitute approximately 3.29% of the Group's total assets.

The management of the Group has represented that there is no material change to the values of the said assets since the FYE 31 December 2022.

In view of the foregoing, we are of the view that the RNAV methodology is the most appropriate method to estimate the fair value of the MBfCorp Shares as this methodology takes into account the revaluation of the Group's material assets based on the assumption that the appraised market values of the material assets are realisable on a willing-buyer willing-seller basis, which is suitable for companies with property assets.

Save for the Revalued Properties, the other assets of MBfCorp Group comprise mainly of renovation and building improvements, furniture and fittings, office equipment, trade receivables, other receivables, current tax assets, cash and bank balances, deposits in money market fund and fixed deposits with license banks which are reasonably expected to approximate their carrying amounts or fair values. Based on the foregoing, we are of the view that such other assets of MBfCorp Group will not have any significant deviation from their carrying amounts which could materially impact the RNAV of the Group.

MBfCorp has appointed KGV International Property Consultants (M) Sdn Bhd ("**KGv**") and Preston Rowe Paterson Southport Pty Limited ("**PRPS**") (in respect of the units owned by the Group in Santana Holiday Resort which is located in Queensland, Australia) to conduct valuations on the Revalued Properties (as detailed below) which represents approximately 85.21% of the Group's total assets as at 31 December 2022. We note that the valuations have been made in conformity with the Malaysian Valuation Standards issued by the Board of Independent Valuers, Appraisers, Estate Agents and Property Managers, Malaysia. We note that the Independent Valuers have adopted the comparison approach in arriving at the market values of the Revalued Properties as follows:

Comparison approach

The value of the property is determined by comparing it with recent sales and/or listings of similar properties in the vicinity, or if not available, within similar localities. As no two properties are often identical, adjustments are then made for differences in factors such as location, physical characteristics and time element.

We were advised by the Independent Valuers that no other valuation methodologies are suitable for the valuation of the Revalued Properties in view that there are adequate comparables within the same development or property and that the Revalued Properties comprise of homogeneous real estate which require less adjustments to be made.



Based on our review of the valuations conducted by KGV in respect of the Revalued Properties (other than Santana Holiday Resort) as at 3 January 2023 and PRPS in respect of the units owned by the Group in Santana Holiday Resort as at 17 January 2023, and due enquiries made, we are of the view that the valuation methodology adopted is reasonable, appropriate and consistent with generally applied valuation methodologies. We have reviewed the key bases and assumptions adopted by the Independent Valuers and are satisfied with the reasonableness of the key bases and assumptions. As such, we are satisfied with the reasonableness of the opinion of the market values expressed by the Independent Valuers on the Revalued Properties and have relied upon such market values for the purposes of computing the estimated RNAV of the Group*.

Note:

- * *The market values of the Revalued Properties as appraised by the Independent Valuers and used in our evaluation of the fairness of the SCR Offer Price are on the basis that the Revalued Properties are with vacant possession and free from all encumbrances (i.e. assuming not encumbered by the Timeshare Schemes).*

For the Timeshare Accommodation Units, we further note that KGV had, for information purposes, also assessed the impact of the Timeshare Schemes to the market values of the Timeshare Accommodation Units, on a deferred basis (by discounting the market values of the Timeshare Accommodation Units) with the assumption that the appraised market values will only be realised on such dates in the future when such Timeshare Accommodation Units are unlodged or released from the Timeshare Schemes.

We have not considered the deferred values in our evaluation on the fairness of the SCR Offer Price and computation of the estimated RNAV of the Group as they do not have material impact to our evaluation in view that the deferred market values are lower than the market values appraised by the Independent Valuers.

Further, in arriving at the RNAV of the Group, we have taken into consideration the net revaluation surplus of the Revalued Properties based on the Company's effective interests in the beneficial owners of the Revalued Properties (after adjusting for deferred tax liabilities) and made the following assumptions in respect of the Group and the Revalued Properties:

- (i) the Group will continue as a going concern;
- (ii) there are no significant changes to the conditions of the Revalued Properties;
- (iii) there are no significant or material changes to the relevant approvals and/or licenses as well as agreements governing the business activities of the Group;
- (iv) there are no significant changes to the accounting policies of the Group which will have material impact on the financial position or results of the Group; and
- (v) there will be no material changes in the Malaysian economic conditions and regulatory requirements.

We understand from the management of the Group that there is no evidence for impairment or any material appreciation in value of any of these assets as at the LPD, save for the valuations conducted on the Revalued Properties.



The details of the Revalued Properties are set out as follows:

No.	Description of subject property	Total built-up area (sq. ft.)	Tenure / Year of expiry	Registered owner	Date of valuation	(A) Effective equity interest in beneficial owner	(B) Estimated market value ⁽¹⁾ (RM'000)	(C) Audited NBV as at 31 December 2022 (RM'000)	(D) = (B) – (C) Revaluation surplus (RM'000)	(E) Deferred taxation ⁽²⁾ (RM'000)	(F) = (D) – (E) Net revaluation surplus (RM'000)	(A) x (F) Net revaluation surplus attributable to the Company (RM'000)
1	Greenhill Resort Apartments 36 units of apartments (of which 24 units are under timeshare) within a 7-block complex comprising 184 units of 4-storey walk-up apartments with postal addresses at: - Unit A1 to A24, Block A; - Unit D1, D2, D9 and D10, Block D; and - Unit G1 to G4, G9 to G12, Block G, Greenhill Resort, Jalan Gereja, Tanah Rata, 39000 Cameron Highlands, Pahang Darul Makmur	36,038	Leasehold 99 years / Expiring in 2038 (unexpired term of about 15 years)	LHB	3 January 2023	76.48%	9,310	2,851	6,459	(646)	5,813	4,446
2	Golden City Condominiums 24 units of apartments (of which 17 units are	24,070	Freehold	LHB	3 January 2023	76.48%	6,035	3,314	2,721	(272)	2,449	1,873



No.	Description of subject property	Total built-up area (sq. ft.)	Tenure / Year of expiry	Registered owner	Date of valuation	(A)	(B)	(C)	(D) = (B) – (C)	(E)	(F) = (D) – (E)	(A) x (F)
						Effective equity interest in beneficial owner	Estimated market value ⁽¹⁾ (RM'000)	Audited NBV as at 31 December 2022 (RM'000)	Revaluation surplus (RM'000)	Deferred taxation ⁽²⁾ (RM'000)	Net revaluation surplus (RM'000)	Net revaluation surplus attributable to the Company (RM'000)
	under timeshare) on a 37-storey building consisting 132 units with postal addresses at 4-11-05, 5-12-03, 5-12-05 to 5-12-12, 5-12-15, 5-12-16, 6-12A-03, 6-12A-05 to 6-12A-12, 6-12A-15, G-12A-16, 13-20-05, Golden City Condominium, 218 Jalan Ipoh, 51200 Kuala Lumpur											
3	Pangsapuri Kemang Indah 30 units of apartments (of which 20 units are under timeshare) within a 5 blocks complex comprising 225 units of 5-storey walk-up apartments with postal addresses at A-G-14, A-1-12, A-2-14, A-3-12, A-3-14, A-4-12, B-1-1, B-1-3, B-1-4, B-1-6, B-1-7, B-1-9, B-2-1, B-2-3, B-2-4,	22,821	Freehold	LHB	3 January 2023	76.48%	2,495	1,224	1,271	(127)	1,144	875



No.	Description of subject property	Total built-up area (sq. ft.)	Tenure / Year of expiry	Registered owner	Date of valuation	(A) Effective equity interest in beneficial owner	(B) Estimated market value ⁽¹⁾ (RM'000)	(C) Audited NBV as at 31 December 2022 (RM'000)	(D) = (B) – (C) Revaluation surplus (RM'000)	(E) Deferred taxation ⁽²⁾ (RM'000)	(F) = (D) – (E) Net revaluation surplus (RM'000)	(A) x (F) Net revaluation surplus attributable to the Company (RM'000)
4	B-2-6, B-2-7, B-2-9, B-3-1, B-3-3, B-3-4, B-3-6, B-3-7, B-3-9, B-4-1, B-4-3, B-4-4, B-4-6, B-4-7, B-4-9, Kemang Indah Condominium, Lot No 752, Batu 7, Jalan Pantai Teluk Kemang, 71050 Port Dickson, Negeri Sembilan <u>Santana Holiday Resort Apartments</u> 10 units of apartments (of which 5 units are under timeshare) within a 3-level complex of 39 apartments with postal addresses at Lots 4, 6, 7, 17, 18, 20, 28, 29, 30, 33 / 7-15 Monte Carlo Avenue, Surfers Paradise, Queensland 4217, Australia	6,093	Fee simple ⁽⁴⁾	LHB	17 January 2023	76.48%	8,610 ⁽³⁾	1,553	7,057	(2,117)	4,940	3,778



No.	Description of subject property	Total built-up area (sq. ft.)	Tenure / Year of expiry	Registered owner	Date of valuation	(A) Effective equity interest in beneficial owner	(B) Estimated market value ⁽¹⁾ (RM'000)	(C) Audited NBV as at 31 December 2022 (RM'000)	(D) = (B) – (C) Revaluation surplus (RM'000)	(E) Deferred taxation ⁽²⁾ (RM'000)	(F) = (D) – (E) Net revaluation surplus (RM'000)	(A) x (F) Net revaluation surplus attributable to the Company (RM'000)
5	Leisure Cove 49 units of apartments (of which 14 units are under timeshare) within an 8-storey building with postal address at No. 101, 102, 104, 106, 107, 108, 110, 201, 202, 204, 206, 207, 208, 210, 301, 302, 304, 306, 307, 308, 310, 401, 402, 404, 406, 407, 408, 410, 501, 502, 504, 506, 507, 508, 510, 601, 602, 604, 606, 607, 608, 610, 701, 702, 704, 706, 707, 708, 710, No. 563, Jalan Wee Hein Tze, 11200 Tanjung Bungah, Pulau Pinang	44,149	Freehold	LHB	3 January 2023	76.48%	19,250	11,287	7,963	(796)	7,167	5,481
6	Lotus Desaru Beach Resort & Spa 50 units of apartments (of which 40 units are under timeshare) within a 10 block of 5-storey apartments	52,030	Leasehold 99 years / Expiring in 2088 (unexpired term of about 65 years)	Ghahas (M) Sdn Bhd ⁽⁵⁾	3 January 2023	76.48% ⁽⁵⁾	12,300	2,699	9,601	(960)	8,641	6,609



No.	Description of subject property	Total built-up area (sq. ft.)	Tenure / Year of expiry	Registered owner	Date of valuation	(A) Effective equity interest in beneficial owner	(B) Estimated market value ⁽¹⁾ (RM'000)	(C) Audited NBV as at 31 December 2022 (RM'000)	(D) = (B) – (C) Revaluation surplus (RM'000)	(E) Deferred taxation ⁽²⁾ (RM'000)	(F) = (D) – (E) Net revaluation surplus (RM'000)	(A) x (F) Net revaluation surplus attributable to the Company (RM'000)
	comprising 793 units with postal addresses at C103, C105, C203, C205, C303, C305, C401, C403, C405, C407, C501, C503, C505, C507, D305, D403, D407, E301, E403, E407, F301, F305, F407, G301, G305, G403, H403, J301, J303, J305, J307, J401, J407, L303, M107, M109, M203, M207, M305, M307, M309, M403, M405, M409, M501, M503, M509, N103, N107, N201, Lotus Desaru Resort, Desaru Pantai, Bandar Penawar, 81930 Kota Tinggi, Johor Darul Takzim											
7	Perdana Service Apartment & Resort 72 units of apartments (of which 15 units are under timeshare) and 2 units of	75,326	Freehold	LHB	3 January 2023	76.48%	26,420	10,472	15,948	(1,595)	14,353	10,977



No.	Description of subject property	Total built-up area (sq. ft.)	Tenure / Year of expiry	Registered owner	Date of valuation	(A)	(B)	(C)	(D) = (B) – (C)	(E)	(F) = (D) – (E)	(A) x (F)
						Effective equity interest in beneficial owner	Estimated market value ⁽¹⁾ (RM'000)	Audited NBV as at 31 December 2022 (RM'000)	Revaluation surplus (RM'000)	Deferred taxation ⁽²⁾ (RM'000)	Net revaluation surplus (RM'000)	Net revaluation surplus attributable to the Company (RM'000)
	convenience store within a 5-storey building with postal addresses at A-G-CS1, A-G-CS2, A-G-T03 to A-G-T07, A-G-C08, A-G-C-09, A-G-T010 to A-G-T015, A-G-E16, A-1-E01, A-1-T02 to A-1-T07, A-1-C08, A-1-C-09, A-1-T010 to A-1-T015, A-1-E16, A-2-E01, A-2-T02 to A-2-T07, A-2-C08, A-2-C-09, A-2-T010 to A-2-T015, A-2-E16, A-3-E01, A-3-T02 to A-3-T07, A-3-T010 to A-3-T015, A-3-E16, A-4-E01, A-4-T02 to A-4-T06, A-4-T011 to A-4-T015, A-4-E16, Perdana Service Apartment & Resort, Jalan Kuala Muda, 07100 Langkawi, Kedah Darul Aman											



No.	Description of subject property	Total built-up area (sq. ft.)	Tenure / Year of expiry	Registered owner	Date of valuation	(A)	(B)	(C)	(D) = (B) – (C)	(E)	(F) = (D) – (E)	(A) x (F)
						Effective equity interest in beneficial owner	Estimated market value ⁽¹⁾ (RM'000)	Audited NBV as at 31 December 2022 (RM'000)	Revaluation surplus (RM'000)	Deferred taxation ⁽²⁾ (RM'000)	Net revaluation surplus (RM'000)	Net revaluation surplus attributable to the Company (RM'000)
8	Amber Court 36 units of apartments on 2 blocks of 23-storey towers consisting of 747 units with a 5-storey podium with postal addresses at B5-13, B4-13, B5-14, B4-14, B3-14, B2-14, B4-15, B3-15, A2-16, B5-17, B4-17, B3-17, B3-19, B3-20, B3-21, C4-22, B6-22, B4-22, B2-22, C4-23, C3-23, C2-23, B6-23, B4-23, B2-23, D5-14, E2-14, E3-14, F3-19, D4-22, E2-22, E4-22, D6-23, E2-23, E4-23, E6-23, Amber Court, 69000 Genting Highlands, Pahang Darul Makmur	24,930	Freehold	LHB	3 January 2023	76.48%	5,720	2,545	3,175	(317)	2,858	2,185



No.	Description of subject property	Total built-up area (sq. ft.)	Tenure / Year of expiry	Registered owner	Date of valuation	(A)	(B)	(C)	(D) = (B) – (C)	(E)	(F) = (D) – (E)	(A) x (F)
						Effective equity interest in beneficial owner	Estimated market value ⁽¹⁾ (RM'000)	Audited NBV as at 31 December 2022 (RM'000)	Revaluation surplus (RM'000)	Deferred taxation ⁽²⁾ (RM'000)	Net revaluation surplus (RM'000)	Net revaluation surplus attributable to the Company (RM'000)
9	<p>Leisure Commerce Square (also known as Pusat Dagang Setia Jaya)</p> <p>- 1 unit of office lot</p> <p>- 12 units of office lots</p> <p>- 51 units of retail and office lots, within 4 office towers with shop lots with postal addresses at:</p> <p>- B1-1023, Block B1;</p> <p>- B1-923, B1-832, 835-843, 845-847, 849, 851, Block B1 and B3-3A13, B3-3A15, B3-3A17, B3-502, B3-510, B3-512, B3-513, B3-515, B3-516, B3-517, Block B3; and</p> <p>- A1-248, A1-346, Block A1; A2-238, A2-342, A2-338, A2-538, A2-529, A2-660, A2-647, A2-629, A2-861, A2-961, A2-1043,</p>	<p>13,402</p> <p>35,100</p> <p>50,750</p>	<p>Leasehold 99 years / Expiring in 2091</p> <p>(unexpired term of about 68 years)</p>	<p>Leisure Commerce Square Sdn Bhd⁽⁶⁾</p>	<p>3 January 2023</p>	<p>76.48%⁽⁶⁾</p> <p>76.48%⁽⁶⁾</p> <p>70.00%</p>	<p>3,730</p> <p>8,850</p> <p>12,560</p>	<p>3,324</p> <p>8,850</p> <p>12,007</p>	<p>406</p> <p>-</p> <p>553</p>	<p>(41)</p> <p>-</p> <p>(133)</p>	<p>365</p> <p>-</p> <p>420</p>	<p>280</p> <p>-</p> <p>294</p>



No.	Description of subject property	Total built-up area (sq. ft.)	Tenure / Year of expiry	Registered owner	Date of valuation	(A)	(B)	(C)	(D) = (B) – (C)	(E)	(F) = (D) – (E)	(A) x (F)
	Block A2; A3-112, A3-730, A3-823, A3-1152, Block A3; A4-110, A4-102, A4-308, A4-1028, A4-1021, A4-1018, A4-1016, A4-1002, A4-1001, Block A4; B1-125, B1-128, B1-126, B1-122, B1-239, B1-237, B1-242, B1-240, B1-233, B1-238, B1-231, B1-236, B1-229, B1-232, B1-336, B1-332, Block B1; B2-118, B2-905, B2-919, Block B2; B3-511, B3-503, B3-605, B3-603, Block B3; 28 and 29, Block D, Leisure Commerce Square (also known as Pusat Dagang Setia Jaya), No. 9, Jalan PJS 8/9, 47300 Petaling Jaya, Selangor Darul Ehsan					Effective equity interest in beneficial owner	Estimated market value ⁽¹⁾ (RM'000)	Audited NBV as at 31 December 2022 (RM'000)	Revaluation surplus (RM'000)	Deferred taxation ⁽²⁾ (RM'000)	Net revaluation surplus (RM'000)	Net revaluation surplus attributable to the Company (RM'000)



No.	Description of subject property	Total built-up area (sq. ft.)	Tenure / Year of expiry	Registered owner	Date of valuation	(A) Effective equity interest in beneficial owner	(B) Estimated market value ⁽¹⁾ (RM'000)	(C) Audited NBV as at 31 December 2022 (RM'000)	(D) = (B) - (C)	(E) Deferred taxation ⁽²⁾ (RM'000)	(F) = (D) - (E)	(A) x (F) Net revaluation surplus attributable to the Company (RM'000)
10	Binova Centre Unit No. B2-7A, Binova Industrial Centre, an intermediate flatted factory (with lift) within a 6-storey building consisting of 6 units of showroom and 44 units of flatted factory with postal address at Unit No. B2-7A, Binova Industrial Centre, No. 1, Jalan 2/57B, Kawasan Perumahan Segambut, Off Jalan Segambut Bawah, 51200 Kuala Lumpur	1,550	Leasehold 99 years / Expiring in 2077 (unexpired term of about 54 years)	Binova Sdn Berhad ⁽⁷⁾	3 January 2023	100.00% ⁽⁷⁾	300	300	-	-	-	-
Total							115,580	60,426	55,154	(7,004)	48,150	36,798

Notes:

(1) The basis of valuation of the Revalued Properties is the market value with vacant possession and free from all encumbrances (i.e. assuming not encumbered by the Timeshare Schemes).



- (2) Pursuant to Paragraph 51 of Malaysian Financial Reporting Standards 112, the measurement of deferred tax liability would follow the manner in which the entity expects to recover the carrying amount of its assets. The Group is assumed to realise the value of the Revalued Properties through sale in the future (subject to the Revalued Properties being unlodged or released from the Timeshare Schemes upon expiry or termination of the Timeshare Schemes), upon which will be subject to real property gain tax in Malaysia ("**RPGT**") and capital gains tax in Australia ("**CGT**") in respect of properties held under property, plant and equipment and investment properties or the applicable statutory corporate income tax rate in Malaysia in respect of properties held under inventories (i.e. the 51 units of retail and office lots at Leisure Commerce Square (also known as Pusat Dagang Setia Jaya) held by Leisure Commerce Square Sdn Bhd).

As such, the deferred tax liability is computed at 10%, being the RPGT rate applicable to entities incorporated in Malaysia in respect of properties held for more than 5 years, and 30%, being the CGT applicable to an entity in Australia, and 24%, being the statutory corporate income tax rate in Malaysia.

- (3) Converted based on the exchange rate of AUD1.00:RM3.00, being the 3-month average middle rate quoted by Bank Negara Malaysia up to and including the date of valuation, i.e. 17 January 2023. The market value as appraised by PRPS is AUD2.87 million.
- (4) Fee simple refers to the right to own a building or piece of land without time limit (i.e. freehold interest).
- (5) As at the LPD, the registered proprietor of the 50 units of apartments in Lotus Desaru Beach Resort & Spa is Ghahas (M) Sdn Bhd. However, vide sale and purchase agreements dated 28 August 1995, 12 December 1995 and 18 December 1995, the registered proprietor has sold the said units to LHB.
- (6) As at the LPD, the registered proprietor for the units at Leisure Commerce Square (also known as Pusat Dagang Setia Jaya) is Leisure Commerce Square Sdn Bhd, However, vide sale and purchase agreements dated 7 December 1999 and 1 March 2000, the registered proprietor has sold 1 unit of office lot with built-up area of 13,402 sq. ft. and 12 units of office lots with aggregate built-area of 35,100 sq. ft. to LHB. As such, LHB is the beneficial owner for the said units.
- (7) As at the LPD, the registered proprietor for the intermediate flatted factory at Binova Industrial Centre is Binova Sdn Berhad. However, vide a sale and purchase agreement dated 8 June 1992, the said factory was sold by Binova Sdn Berhad to MBf Advance Sdn Bhd (now known as Advacare Sdn Bhd). Subsequently, vide a sale and purchase agreement dated 7 April 1997, the said factory was then sold by Advacare Sdn Bhd to MBf Insurans Sdn Bhd (now known as MBF Premier Sdn Bhd), a wholly-owned subsidiary of MBfCorp.

RNAV per MBfCorp Share

Based on the computed net revaluation surplus as set out in the table above, the estimated RNAV per MBfCorp Share is as follows:

	RM'000
Audited consolidated NA of MBfCorp as at 31 December 2022	5,128
Add: Net revaluation surplus from the Revalued Properties	36,798
RNAV	41,926
No. of issued MBfCorp Shares ('000)	282,033
RNAV per MBfCorp Share (RM)	0.149

Based on the foregoing, the SCR Offer Price of RM0.095 represents a **discount of RM0.054 or 36.24%** from the RNAV per MBfCorp Share of RM0.149.

We wish to highlight that the RNAV per MBfCorp Share of RM0.137 as stated in the Offer Letter and Part A of the Document was based on MBfCorp's audited consolidated statement of financial position as at 31 December 2021, while the RNAV per MBfCorp Share of RM0.149 as stated above is based on MBfCorp's audited consolidated statement of financial position as at 31 December 2022 (which was made available subsequent to the issuance of the Offer Letter).



Premised on the assessment as set out in this Section 5.1, we are of the opinion that the Proposed SCR is NOT FAIR in view that the SCR Offer Price is below the RNAV per MBfCorp Share.

It should be noted that the RNAV of the Group is derived based on the presumption that the Group is able to realise all the Revalued Properties on willing-buyer willing-seller basis in the open market at their respective market values as appraised by the Independent Valuers, without considering the restrictions under the Timeshare Schemes.

We wish to highlight that the Group has an obligation to make available all the Timeshare Accommodation Units (which have an estimated market values in aggregate of RM37.48 million* representing approximately 32.42% of the total market values of all the Revalued Properties of RM115.58 million) lodged under the Timeshare Schemes to its timeshare members until:

- (i) the expiry of their respective membership under the Timeshare Schemes (with the last timeshare membership expiring in 2064 in respect of LHC Scheme and last Timeshare Points expiring 2040 in respect of CP Scheme);
- (ii) such time the Timeshare Accommodation Units are unlodged or released from the Timeshare Schemes; or
- (iii) in the event LHB goes into liquidation or if in the opinion of the trustee, LHB has ceased to carry on the Timeshare Schemes, the Timeshare Schemes are terminated in accordance with the respective Trust Deeds governing the Timeshare Schemes.

Note:

* A summary of the estimated market values of the Timeshare Accommodation Units as appraised by the Independent Valuers is as follows:

Property	No. of units under Timeshare Schemes	Total estimated market value (RM'000)
<i>Greenhill Resort Apartments</i>	24	6,190
<i>Golden City Condominiums</i>	17	4,290
<i>Pangsapuri Kemang Indah</i>	20	1,715
<i>Santana Holiday Resort Apartments</i>	5	4,335
<i>Leisure Cove</i>	14	5,500
<i>Lotus Desaru Beach Resort & Spa</i>	40	10,080
<i>Perdana Service Apartment & Resort</i>	15	5,365
Total	120	37,475

Therefore, the realisation of the market values of the Timeshare Accommodation Units as appraised by the Independent Valuers may be affected in view of the uncertainties associated with, among others, the timing of such Timeshare Accommodation Units being unlodged or released from the Timeshare Schemes, the approvals required to be obtained from the timeshare members representing not less than 75% of the timeshare members present and voting at an EGM pursuant to the Trust Deeds governing the Timeshare Schemes, which are at the discretion of the timeshare members and conditions of the Timeshare Accommodation Units as well as market conditions at such point in time when the Group is able to dispose such Timeshare Accommodation Units.



In addition, in a liquidation scenario, shareholders of the Company may not be able to realise the full RNAV of the Group immediately in view of, among others, the assets of the Group would be sold at forced sale values and the Timeshare Accommodation Units, which are lodged under the Timeshare Schemes, are bound by the terms and conditions of the Trust Deeds governing the Timeshare Schemes which include, among others, in the event LHB goes into liquidation or if in the opinion of the trustee, LHB has ceased to carry on the Timeshare Schemes, the trustee may apply to the Court for directions pertaining to the equitable mode of winding up and/or terminating the Timeshare Schemes and compensation to each of the timeshare members upon winding-up and/or termination of the Timeshare Schemes. As such, there is no assurance that the Group will be able to realise such assets at the estimated RNAV of the Group presently or in the future.

Nevertheless, it should be noted that in the event the Proposed SCR is approved by the Non-Interested Shareholders at the forthcoming EGM, the Entitled Shareholders will receive the SCR Offer Price, which is at a discount of RM0.054 or 36.24% from the RNAV per MBfCorp Share of RM0.149, but will not be able to benefit from any potential realisation of the estimated RNAV of the Group being higher than the SCR Offer Price. Conversely, in the event the Proposed SCR is not approved by the Non-Interested Shareholders at the forthcoming EGM, the shareholders of the Company will continue to hold MBfCorp Shares and may be able to benefit from any realisation of the estimated RNAV of the Group being higher than the SCR Offer Price, subject to the factors and uncertainties detailed above. Further, it should also be noted that the estimated RNAV of the Group has been derived based on MBfCorp's audited consolidated statement of financial position as at 31 December 2022 and valuations conducted by KGV in respect of the Revalued Properties (other than Santana Holiday Resort) as at 3 January 2023 and PRPS in respect of the units owned by the Group in Santana Holiday Resort as at 17 January 2023, which may not represent the actual value of the Group (including the market values of the Revalued Properties) in the future.

6. REASONABLENESS OF THE PROPOSED SCR

6.1 An opportunity for the Entitled Shareholders to exit the Company

We have considered the rationale for the Proposed SCR as set out in Section 4, Part A of the Document.

The Proposed SCR provides an opportunity for the Entitled Shareholders to realise their holdings in the unlisted MBfCorp Shares at the SCR Offer Price. The Entitled Shareholders may not otherwise have the opportunity to realise and monetise their investment as there is no active or formal market for the unlisted MBfCorp Shares since it was delisted and withdrawn from the Main Market of Bursa Securities on 6 August 2007, which has been more than 15 years.

Furthermore, the Company has not declared any dividend for the past 10 years up to the LPD.

In addition, we note that the timesharing business of the Group remains challenging in view of, among others:

- (i) the ageing conditions of holiday apartments and resorts of the Group which are expected to result in higher maintenance costs to ensure the conditions of the properties can be maintained for the use of the timeshare members; and



- (ii) declining cash receipts derived from the annual maintenance fees from timeshare memberships which has been on declining trend (from RM2.45 million in FYE 31 December 2020 to RM2.02 million in FYE 31 December 2022) and will continue to decline as a result of the expiration of timeshare memberships and Timeshare Points based on the expiry profiles of the LHC Scheme and CP Scheme as set out in Section 5.1 of this IAL as well as LHB has ceased the sale of new timeshare memberships since 2015 and new Timeshare Points since 2011 in respect of LHC Scheme and CP Scheme respectively.

We also note that the Group's existing outsourcing strategy to third-party operators which are subject to the renewal terms of the respective contracts as a means to reduce the operational expenses and capital expenditures (including refurbishment, repair and restoration as well as maintenance of the accommodation units) may not be feasible in the long term as the third-party operators may choose to discontinue the management of Lotus Desaru Beach Resort & Spa, Johor, Perdana Service Apartment & Resort, Langkawi and Leisure Cove, Pulau Pinang due to the ageing conditions.

6.2 No alternative offer

Up to the date of the Board's (save for the Interested Directors) acceptance of the Offer Letter, save for the Proposed SCR, we noted that the Board has not received any alternative offer for the MBfCorp Shares or any other offer to acquire the entire or substantial part of its assets and liabilities. We further note that, with the Board's (save for the Interested Directors) acceptance of the Offer Letter, MBfCorp has agreed and undertaken to the Non-Entitled Shareholders that, among others, MBfCorp shall not enter into any discussion, negotiation or agreement with any other party with respect to the sale of the assets and liabilities of the Group or any privatisation proposal involving the Group at any time until the completion of the Proposed SCR without the Non-Entitled Shareholders' prior written consent, as part of the terms set out in the Offer Letter.

In addition, we also note that LHHSB, being one of the Non-Entitled Shareholders, has the largest individual shareholding in MBfCorp and has control of the Company with 39.49% equity interest in MBfCorp.

In view of the current equity interest of LHHSB in MBfCorp, the Non-Entitled Shareholders are able to have significant influence over the outcomes of all ordinary resolutions sought and block special resolutions at the shareholders' meetings of the Company for which the Non-Entitled Shareholders are not required to abstain from voting. Moreover, whilst LHHSB will not be able to determine the outcome of, by singly voting for, any special resolution sought at the shareholders' meetings of the Company, no special resolution will be able to be passed without a vote in favour by LHHSB (assuming the Non-Entitled Shareholders will be present and voting at such shareholders' meetings of the Company).

Based on the foregoing, in the event of any alternative proposal or offer which requires ordinary resolution to be passed at the shareholders' meeting of the Company, such alternative proposal or offer may be successful even without the support of the Non-Entitled Shareholders depending on the number of MBfCorp Shares represented by the shareholders present and voting at such shareholders' meeting of the Company. However, in the event of any alternative proposal or offer which requires special resolution to be passed at the shareholders' meeting of the Company for which the Non-Entitled Shareholders are not required to abstain from voting, such alternative proposal or offer will not be successful without the support of the Non-Entitled Shareholders.

Premised on the assessment as set out in Sections 6.1 and 6.2 above, we are of the view that the Proposed SCR is REASONABLE.



7. FUTURE PLANS FOR THE MBfCORP GROUP AND ITS EMPLOYEES

The intention of the Non-Entitled Shareholders in respect of the Group's businesses and employees after completion of the Proposed SCR and its future plans for the Group as set out in Section 5, Part A of the Document are as follows:

7.1 Continuation of the MBfCorp Group's business

The Non-Entitled Shareholders acknowledges the subsisting obligation of LHB to its timeshare members. Save as disclosed below, as at the LPD, the Non-Entitled Shareholders intend to continue with the existing business and operations of the MBfCorp Group and do not have any immediate plans and/or intention to liquidate any companies within the MBfCorp Group:

- (a) Summerset Resort Sdn Bhd, a 65.01% effectively-owned indirect subsidiary of MBfCorp, which was placed under creditors' voluntary winding up on 17 July 2012 is pending dissolution. The financial statement of Summerset Resort Sdn Bhd was deconsolidated from the MBfCorp Group in the FYE 31 December 2012; and
- (b) Summerset Group Management Sdn Bhd, a 65.01% effectively-owned indirect subsidiary of MBfCorp, which was placed under creditors' voluntary winding up on 21 June 2011 is pending dissolution. The financial statement of Summerset Group Management Sdn Bhd was deconsolidated from the MBfCorp Group in the FYE 31 December 2011.

Nevertheless, the Non-Entitled Shareholders may review the business and operations of the MBfCorp Group and make such arrangements, rationalisation and reorganisation of the Group as they consider suitable and in the best interest of the MBfCorp Group. The Non-Entitled Shareholders retain and reserve the right and flexibility at any time and from time to time to consider any option or opportunity in relation to MBfCorp and which the Non-Entitled Shareholders may regard to be in the best interest of the MBfCorp.

7.2 Major changes to the MBfCorp Group's business

The Non-Entitled Shareholders do not have any immediate plans and/or intention to introduce or effect any major changes to the existing business of the MBfCorp Group, dispose of any major assets or undertake any major redeployment of the fixed assets of the MBfCorp Group upon Completion, except where such change, disposal and/or redeployment is necessary as part of the process to rationalise the business activities to further improve the use of resources.

7.3 Employees of the MBfCorp Group

The Non-Entitled Shareholders have no immediate plans to dismiss or make redundant any of the MBfCorp Group's existing employees by way of a retrenchment exercise as a direct consequence of the Proposed SCR. Nevertheless, it should be noted that some changes with regard to staff employment and redeployment may take place as a result of rationalisation and/or streamlining the business activities and/or to further improve efficiency of the operations and/or to optimise human resources requirements and efficiency, in the best interest of the Group. Any such action taken involving employees will be dealt with in accordance with the relevant legislation and the terms of employment of the employees concerned.

We also note that the Non-Entitled Shareholders have not entered into any negotiation, arrangement or understanding with any third party with regards to any significant change in the businesses, assets or shareholding structure of the Group as at the LPD.



Premised on the above, we are of the view that the business and management of the Group will remain the same in all material aspects and that the Group is expected to continue as a going concern given the Non-Entitled Shareholders' intention to continue with the Group's existing business and operations and there is no immediate plan and/or intention to dispose of any major assets of the Group or to liquidate any company within the Group.

Based on the information made available to us by the management of the Group, we note that:

(i) In respect of Summerset Resort Sdn Bhd:

- (a) a sale and purchase agreement entered into between Summerset Resort Sdn Bhd with a purchaser dated 20 December 2019 for the disposal of parcels of land owned by Summerset Resort Sdn Bhd for a total consideration of RM18,452,874 has been terminated in FYE 31 December 2022;

Further, notwithstanding the appeals by Summerset Resort Sdn Bhd on the quit rent for the parcels of land owned by Summerset Resort Sdn Bhd as detailed in Note 5 under Section 6 of Appendix IV of the Document, Pejabat Daerah Dan Tanah Rompin has, on 15 November 2021, issued a notice of demand for the payment of outstanding quit rent amounting to RM16,325,934 on or before 24 November 2021. In the same notice, Pejabat Daerah Dan Tanah Rompin has also stated that any failure to pay the outstanding quit rent may result in the said parcels of land be subjected to forfeiture actions under the provisions of Section 100 of the National Land Code 1965. As at the LPD, the quit rent for the said parcels of land remains outstanding; and

- (b) based on Form 61 of the Companies Act 1965 lodged by the liquidator of Summerset Resort Sdn Bhd as at 17 July 2012, Summerset Resort Sdn Bhd has a deficiency of approximately RM74.42 million based on estimated realisable values of assets of approximately RM6.19 million and total amount owing to creditors of approximately RM80.61 million;
- (c) save for the parcels of land owned by Summerset Resort Sdn Bhd which has an outstanding quit rent and may be subjected to forfeiture actions as detailed in item (a) above, there are no other assets of Summerset Resort Sdn Bhd which will have any significant deviation from their estimated realisable values.

(ii) In respect of Summerset Group Management Sdn Bhd:

- (a) based on Form 61 of the Companies Act 1965 lodged by the liquidator of Summerset Group Management Sdn Bhd as at 30 June 2011, Summerset Group Management Sdn Bhd has a deficiency of approximately RM3.74 million based on estimated realisable values of assets of approximately RM0.16 million and total amount owing to creditors of approximately RM3.90 million; and
- (b) there are no assets of Summerset Group Management Sdn Bhd which will have any significant deviation from their estimated realisable values.

Based on the foregoing, we are of the view that there will not be any significant recoverable amounts from Summerset Resort Sdn Bhd and/or Summerset Group Management Sdn Bhd which may have a significant impact to the RNAV of the Group upon completion of the dissolution of the said companies.



8. FURTHER INFORMATION

You are advised to refer to the views and recommendation of the Board (save for the Interested Directors) as set out in Part A of the Document as well as the accompanying appendices and other relevant information in the Document for further details in relation to the Proposed SCR.

9. CONCLUSION AND RECOMMENDATION

In arriving at our conclusion and recommendation in respect of the Proposed SCR, we have assessed and evaluated the Proposed SCR in accordance with paragraphs 1 to 7 under Schedule 2: Part III of the Rules whereby the term “fair and reasonable” should generally be analysed as 2 distinct criteria, i.e., whether the Proposed SCR is “fair” and whether the Proposed SCR is “reasonable”, rather than as a composite term.

The Proposed SCR is considered as “fair” if the SCR Offer Price is equal to or higher than the market price and is also equal to or higher than the value of the MBfCorp Shares. However, if the SCR Offer Price is equal to or higher than the market price but is lower than the value of the MBfCorp Shares, the Proposed SCR is considered as “not fair”.

In considering whether the Proposed SCR is “reasonable”, we have taken into consideration matters other than the valuation of the MBfCorp Shares.

Generally, the Proposed SCR would be considered “reasonable” if it is “fair”. Where an independent adviser views the Proposed SCR to be “reasonable” despite it being “not fair”, it should be on the basis that the independent adviser is of the view that there are sufficiently strong reasons to accept the offer (i.e., to vote in favour of the special resolution pertaining to the Proposed SCR at the Company’s forthcoming EGM) in the absence of a higher bid and such reasons should be clearly explained. If there were inadequate justifications, the Proposed SCR should be regarded as “not reasonable” and thus, the recommendation would be to reject the offer (i.e., to vote against the special resolution pertaining to the Proposed SCR at the Company’s forthcoming EGM).

In arriving at our opinion, we have taken into consideration various pertinent factors as summarised below:

Fairness of the Proposed SCR

Based on our analysis set out in Section 5 of this IAL, we are of the opinion that the Proposed SCR is **NOT FAIR** in view of the following:

(a)	Valuation of MBfCorp Shares	▪ The SCR Offer Price of RM0.095 represents a <u>discount of RM0.054 or 36.24%</u> from the RNAV per MBfCorp Share of RM0.149.
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Reasonableness of the Proposed SCR

Based on our analysis set out in Section 6 of this IAL, we are of the opinion that the Proposed SCR is **REASONABLE** after taking into consideration the following:

(a)	An opportunity for the Entitled Shareholders to exit the Company	<ul style="list-style-type: none"> ▪ The Proposed SCR provides an <u>opportunity for the Entitled Shareholders to realise and monetise their investment</u> in MBfCorp at the SCR Offer Price. ▪ There is <u>no active or formal market</u> for the unlisted MBfCorp Shares since it was delisted and withdrawn from the Main Market of Bursa Securities on 6 August 2007, which has been <u>more than 15 years</u>. ▪ The Company <u>has not declared any dividend for the past 10 years</u> up to the LPD. ▪ The <u>timesharing business of the Group remains challenging</u> in view of, among others, the ageing conditions of holiday apartments and resorts of the Group and declining cash receipts derived from the annual maintenance fees from timeshare memberships.
(b)	No alternative offer	<ul style="list-style-type: none"> ▪ The Board <u>has not received any alternative offer</u> for the MBfCorp Shares or any other offer to acquire the entire or substantial part of its assets and liabilities. ▪ LHHSB is the <u>largest individual shareholder</u> of MBfCorp and has control of the Company with 39.49% equity interest in MBfCorp. ▪ The Non-Entitled Shareholders are <u>able to have significant influence over the outcomes of all ordinary resolutions sought and block special resolutions</u> at the shareholders' meetings of the Company for which the Non-Entitled Shareholders are not required to abstain from voting. ▪ In the event of <u>any alternative proposal or offer which requires ordinary resolution</u> to be passed at the shareholders' meeting of the Company, such alternative proposal or offer <u>may be successful even without the support of the Non-Entitled Shareholders depending on the number of MBfCorp Shares represented by the shareholders present and voting at such shareholders' meetings of the Company</u>. However, in the event of <u>any alternative proposal or offer which requires special resolution</u> to be passed at the shareholders' meetings of the Company for which the Non-Entitled Shareholders are not required to abstain from voting, such alternative proposal or offer <u>will not be successful without the support of the Non-Entitled Shareholders</u>.



Premised on the above and our assessment as set out in Sections 5 and 6 of this IAL, we view the Proposed SCR as **NOT FAIR** but **REASONABLE**. Accordingly, we:

- (i) advise the Board (save for the Interested Directors) to recommend you to **VOTE IN FAVOUR** of the special resolution pertaining to the Proposed SCR to be tabled at the Company's forthcoming EGM; and
- (ii) recommend that you **VOTE IN FAVOUR** of the special resolution pertaining to the Proposed SCR to be tabled at the Company's forthcoming EGM.

It should be noted that in the event the Proposed SCR is approved by the Non-Interested Shareholders at the forthcoming EGM, the Entitled Shareholders will receive the SCR Offer Price, which is at a discount of RM0.054 or 36.24% from the RNAV per MBfCorp Share of RM0.149, but will not be able to benefit from any potential realisation of the estimated RNAV of the Group being higher than the SCR Offer Price. Conversely, in the event the Proposed SCR is not approved by the Non-Interested Shareholders at the forthcoming EGM, the shareholders of the Company will continue to hold MBfCorp Shares and may be able to benefit from any realisation of the estimated RNAV of the Group being higher than the SCR Offer Price, subject to the factors and uncertainties as detailed in Section 5.1 of this IAL. Further, it should also be noted that the estimated RNAV of the Group has been derived based on MBfCorp's audited consolidated statement of financial position as at 31 December 2022 and valuations conducted by KGV in respect of the Revalued Properties (other than Santana Holiday Resort) as at 3 January 2023 and PRPS in respect of the units owned by the Group in Santana Holiday Resort as at 17 January 2023, which may not represent the actual value of the Group (including the market values of the Revalued Properties) in the future.

You are advised to consider carefully the information and recommendation contained in the Document together with the accompanying appendices before voting on the special resolution pertaining to the Proposed SCR to be tabled at the Company's forthcoming EGM.

Our views and recommendation as contained in this IAL are rendered solely for the benefit of the Board (save for the Interested Directors) and the Non-Interested Shareholders as a whole and not for any individual Non-Interested Shareholder or specific group of Non-Interested Shareholders. Hence, in carrying out our evaluation, we have not taken into consideration any specific investment objective, risk profile, financial and tax situation and/or particular needs of any individual Non-Interested Shareholder or any specific group of Non-Interested Shareholders. We recommend that if you are in any doubt as to the action to be taken or require advice in relation to the Proposed SCR in the context of your investment objective, risk profile, financial and tax situation and/or particular needs, you should consult your stockbroker, banker, solicitor, accountant or other professional advisers immediately.

Yours faithfully
For and on behalf of
TA SECURITIES HOLDINGS BERHAD

WONG CHAN HAN
Senior Vice President
Corporate Finance

CHEONG WEN JIE
Vice President
Corporate Finance

ADDITIONAL INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

The Board has seen and approved the contents of this IAL. The Board, collectively and individually, accept full responsibility for the accuracy and completeness of the information contained in this IAL and confirms that, after making all reasonable enquiries, that to the best of knowledge and belief:

- (i) no statement and/or information relating to the MBfCorp Group in this IAL is incomplete, false or misleading;
- (ii) there are no other facts and/or information, the omission of which would make any statement or information relating to the MBfCorp Group in this IAL incomplete, false or misleading; and
- (iii) all material facts and/or information in relation to the Proposed SCR, including those required under the Rules, have been disclosed in this IAL.

Further, the responsibility of the Board in respect of:

- (i) the information in relation to the Non-Entitled Shareholders and the Proposed SCR (as extracted from Part A of this Document and the appendices attached thereto) is to ensure that such information is accurately reproduced in this IAL; and
- (ii) the independent advice and expression of opinion by TA Securities in relation to the Proposed SCR as set out in this IAL, is to ensure that accurate information in relation to the MBfCorp Group was provided to TA Securities for its evaluation of the Proposed SCR and that all information in relation to the MBfCorp Group that is relevant to TA Securities' evaluation of the Proposed SCR has been accurately and completely disclosed to TA Securities and that there is no material fact, the omission of which would make any information provided to TA Securities false or misleading.

2. DISCLOSURE OF INTEREST AND DEALINGS IN SHARES

2.1 By MBfCorp

2.1.1 Disclosure of interests in LHHSB

As at the LPD, MBfCorp does not hold, directly or indirectly, any voting shares and/or convertibles securities in LHHSB.

2.1.2 Disclosure of dealings in voting shares or convertible securities of LHHSB

MBfCorp has not dealt, directly or indirectly, in any voting shares and/or convertible securities of LHHSB during the period beginning 6 months prior to the date of the Offer Letter and ending on the LPD.

2.1.3 Disclosure of dealings in MBfCorp Shares

MBfCorp has not dealt, directly or indirectly, in any of its voting shares and/or convertible securities during the period beginning 6 months prior to the date of the Offer Letter and ending on the LPD.

ADDITIONAL INFORMATION (Cont'd)

2.2 By the directors of MBfCorp**2.2.1 Disclosure of interests in LHHSB**

Save for Dato' Loy (by virtue of his indirect interest in LHHSB via his mother, Puan Sri Ling), the directors of MBfCorp do not have any interest, directly or indirectly, in any voting shares and/or convertible securities of LHHSB as at the LPD.

2.2.2 Disclosure of dealings in voting shares or convertible securities of LHHSB

None of the directors of MBfCorp has dealt in any voting shares and/or convertible securities in LHHSB during the 6 months period beginning prior to the date of the Offer Letter and ending on the LPD.

2.2.3 Disclosure of interests in MBfCorp

As at the LPD, save for Dato' Loy (by virtue of his indirect interest in LHHSB via his mother, Puan Sri Ling, and the direct interests of his mother and brother, Loy Teik Inn, in MBfCorp), none of the directors of MBfCorp have any interest in any voting shares and/or convertible securities in MBfCorp.

For further information, kindly refer to Appendix V, Part A of this Document.

2.2.4 Disclosure of dealings in MBfCorp Shares

None of the directors of MBfCorp has dealt, directly or indirectly, in any voting shares and/or convertible securities of MBfCorp during the period beginning 6 months prior to the date of the Offer Letter and ending on the LPD.

2.3 By the persons with whom MBfCorp or any persons acting in concert with it has any arrangement

As at the LPD, there is no person with whom MBfCorp or any persons acting in concert with it has entered into an arrangement, including any arrangement involving rights over shares, any indemnity arrangement and any agreement or understanding, formal or informal, of whatever nature, relating to MBfCorp Shares which may be an inducement to deal or to refrain from dealing.

2.4 By the persons with whom MBfCorp or any persons acting in concert with it has borrowed or lent any voting shares and/or convertible securities of MBfCorp

As at the LPD, there is no person with whom MBfCorp or any persons acting in concert with it has borrowed or lent any voting shares and/or convertible securities of MBfCorp.

2.5 By TA Securities and funds whose investments are managed by TA Securities on a discretionary basis ("Discretionary Funds")**2.5.1 Disclosure of interests in MBfCorp**

TA Securities and its Discretionary Funds do not have any interest, whether direct or indirect, in any voting shares and/or convertible securities of MBfCorp as at the LPD.

ADDITIONAL INFORMATION (Cont'd)

2.5.2 Dealing in the securities of MBfCorp

TA Securities and its Discretionary Funds have not dealt, directly or indirectly, in any voting shares and/or convertible securities of MBfCorp during the period beginning 6 months prior to the date of the Offer Letter and ending on the LPD.

3. SERVICE CONTRACTS

As at the LPD, neither MBfCorp nor its subsidiaries has any service contracts with any of its directors or proposed directors, which have been entered into or amended within 6 months before the date of the Offer Letter, or which are fixed term contracts with more than 12 months to run.

For the purpose of this section, the term "service contracts" excludes those expiring or determinable by the employing company within the MBfCorp Group without payment of compensation within 12 months from the date of this IAL.

4. ARRANGEMENT AFFECTING DIRECTORS

As at the LPD, there is no:

- (i) payment or other benefit which will be made or given to any director of MBfCorp as compensation for loss of office or otherwise in connection with the Proposed SCR;
- (ii) agreement or arrangement between any director of MBfCorp and any other person which is conditional on or dependent upon the outcome of the Proposed SCR or otherwise connected with the outcome of the Proposed SCR; and
- (iii) material contract entered into by the Non-Entitled Shareholders in which any director of MBfCorp has a material personal interest.

5. SHARE CAPITAL

MBfCorp has an issued share capital of RM282,033,314 comprising 282,033,314 MBfCorp Shares as at the LPD. There is only one class of shares in MBfCorp i.e., MBfCorp Shares. All the MBfCorp Shares rank pari passu in terms of voting rights and entitlements to any dividends, rights, allotments and/or distributions (including any capital distributions) which may be declared, made or paid to shareholders. Since the end of FYE 31 December 2022 up to the LPD, there has been no change in the share capital of MBfCorp.

6. DIRECTORS' INTENTION TO VOTE

The Interested Directors have abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings pertaining to the Proposed SCR and will also abstain from voting in respect of their direct and/or indirect shareholdings in MBfCorp, on the Special Resolution to be tabled at the forthcoming EGM.

OFFER LETTER

LEISURE HOLIDAYS HOLDINGS SDN BHD**(Company No. 198001002186 (55969-T))**

Suite 1.06 & 1.07

1st Floor, Wisma Tan Kim San

No. 518A, 3rd Mile, Jalan Sultan Azlan Shah

51200 Kuala Lumpur

Tel No. : 03-56295869

7th April 2023**DATO' LOY TEIK NGAN****LOY TEIK INN****PUAN SRI LING MAH LEE @ LING LEE HUNG**

c/o Taylor's University Lakeside Campus

Level 5, Block A

No. 1, Jalan Taylor's

47500 Subang Jaya

Selangor Darul Ehsan

The Board of Directors

MBf CORPORATION BERHAD

1023, Level 10, Block B1

Pusat Dagang Setia Jaya (Leisure Commerce Square)

No. 9 Jalan PJS 8/9

46150 Petaling Jaya

Selangor Darul Ehsan

Dear Sir/Madam,

PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE OF MBF CORPORATION BERHAD ("MBfCORP" OR "COMPANY") PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016**1. INTRODUCTION**

- 1.1 We, Leisure Holidays Holdings Sdn Bhd ("**LHHSB**"), Puan Sri Ling Mah Lee @ Ling Lee Hung ("**Puan Sri Ling**"), Dato' Loy Teik Ngan ("**Dato' Loy**") and Loy Teik Inn (collectively, the "**Non-Entitled Shareholders**"), in our collective capacity as the major shareholders of MBfCorp, write to notify the Board of Directors of MBfCorp ("**Board**") of our intention to privatise MBfCorp by way of selective capital reduction and repayment exercise pursuant to Section 116 of the Companies Act 2016 ("**Act**") ("**Proposed SCR**") ("**Letter**").
- 1.2 We wish to request MBfCorp to undertake the Proposed SCR and upon the deliberation by the Board (save for the Interested Directors as defined in Section 8(i) of this Letter), to present the Proposed SCR to all the shareholders of the Company for their consideration and approval.
- 1.3 There is no person acting in concert with us who holds MBfCorp Shares in relation to the Proposed SCR pursuant to Sections 216(2) and 216(3) of the Capital Markets and Services Act 2007 ("**CMSA**").
- 1.4 The salient terms of the Proposed SCR are set out in the ensuing sections of this Letter.

OFFER LETTER (Cont'd)

2. PROPOSED SCR

- 2.1 The Proposed SCR will involve MBfCorp undertaking a selective capital reduction and a corresponding capital repayment pursuant to Section 116 of the Act, to all shareholders of MBfCorp (other than us, the Non-Entitled Shareholders) whose names appear in the Record of Depositors of MBfCorp as at the close of business on an entitlement date to be determined and announced later by the Board ("**Entitlement Date**") ("**Entitled Shareholders**").
- 2.2 Pursuant to the Proposed SCR, the Entitled Shareholders will receive a cash amount of **RM0.095** for each ordinary share of MBfCorp ("**MBfCorp Shares**" or "**Shares**") ("**SCR Offer Price**") held on the Entitlement Date.
- 2.3 As at 31 March 2023, being the latest practicable date of this Letter ("**LPD**"), the issued share capital of MBfCorp is RM282,033,314 comprising 282,033,314 MBfCorp Shares. For information, MBfCorp does not have any treasury shares.
- 2.4 As at the LPD, we, the Non-Entitled Shareholders collectively hold 111,387,661 MBfCorp Shares, representing approximately 39.49% of the total issued shares of MBfCorp as follows:

Name	Direct		Indirect	
	No. of Shares	%^(a)	No. of Shares	%^(a)
Non-Entitled Shareholders				
LHHSB ⁽¹⁾	111,380,600	39.49	-	-
Puan Sri Ling ⁽²⁾	6,811	~	111,380,600 ^(b)	39.49
Dato' Loy ⁽³⁾	-	-	111,387,661 ^(c)	39.49
Loy Teik Inn ⁽⁴⁾	250	~	111,387,411 ^(d)	39.49
	111,387,661	39.49		

Notes:

~ Negligible

(1) LHHSB is the major shareholder of MBfCorp. LHHSB is owned by Puan Sri Ling (99.99%) and Dato' Loy (0.01%). The directors of LHHSB are Dato' Loy and Loy Teik Inn.

(2) Puan Sri Ling is the controlling shareholder of LHHSB. She is the mother of Dato' Loy and Loy Teik Inn.

(3) Dato' Loy is a major shareholder of LHHSB by virtue of his indirect interest through his mother, Puan Sri Ling. He is a director of LHHSB and also the Managing Director and Chief Executive Officer of MBfCorp.

(4) Loy Teik Inn is a major shareholder of LHHSB by virtue of his indirect interest through his mother, Puan Sri Ling. He is a director of LHHSB.

(a) Based on 282,033,314 issued Shares as at the LPD.

(b) Deemed interest by virtue of her interest in LHHSB.

(c) Deemed interest by virtue of his interest in LHHSB through his mother, Puan Sri Ling and the direct interest of his mother and brother, Loy Teik Inn, in MBfCorp.

(d) Deemed interest by virtue of his interest in LHHSB through his mother, Puan Sri Ling and the direct interest of his mother, in MBfCorp.

OFFER LETTER (Cont'd)

- 2.5 As at the LPD, the Entitled Shareholders (other than us) collectively hold 170,645,653 MBfCorp Shares, representing approximately 60.51% of the issued share capital of MBfCorp.
- 2.6 We are not entitled and for the avoidance of doubt, will waive all our entitlements to the capital repayment pursuant to the Proposed SCR.
- 2.7 Accordingly, at the SCR Offer Price of RM0.095 per MBfCorp Share, the Entitled Shareholders (other than us) will receive a total capital repayment of RM16,211,337.04.
- 2.8 The share capital of MBfCorp will reduce by RM16,211,337.04 by way of cancellation of 170,645,653 MBfCorp Shares held by the Entitled Shareholders at the SCR Offer Price.
- 2.9 Upon completion of the Proposed SCR, we will collectively hold the remaining 111,387,661 MBfCorp Shares that are not cancelled, representing the entire equity share capital of MBfCorp.
- 2.10 The pro forma effects of the Proposed SCR on the share capital of MBfCorp are as follows:

	No. of Shares	RM
Issued share capital as at the LPD	282,033,314	282,033,314.00
Less: Shares to be cancelled pursuant to the Proposed SCR ^(a)	(170,645,653)	(16,211,337.04)
Resultant share capital	111,387,661	265,821,976.96

Note:

- (a) Computed based on 170,645,653 MBfCorp Shares held by the Entitled Shareholders and the SCR Offer Price.

- 2.11 The Proposed SCR will be funded by way of advances from us.
- 2.12 MBfCorp is currently an unlisted public entity. For information purpose, MBfCorp was delisted and removed from the Official List of Bursa Malaysia Securities Berhad ("**Bursa Securities**") on 6 August 2007.

3. BASIS OF ARRIVING AT THE SCR OFFER PRICE

The SCR Offer Price of RM0.095 for each MBfCorp Share was arrived at after taking into consideration the pro forma revalued net asset value ("**RNAV**") per MBfCorp Share as at 31 December 2021. The SCR Offer Price is at a discount to the pro forma RNAV per MBfCorp Share as at 31 December 2021 of RM0.137.

OFFER LETTER (Cont'd)

The RNAV per MBfCorp Share of RM0.137 as at 31 December 2021 was determined as follows:

	RM
Audited consolidated net asset of MBfCorp as at 31 December 2021	3,829,964
Add: MBfCorp's share of net revaluation surplus/(deficit) ^(a)	34,707,051
Pro forma RNAV after incorporating the net revaluation surplus/(deficit)	38,537,051
Number of MBfCorp Shares in issue	282,033,314
Pro forma RNAV per Share as at 31 December 2021	0.137

- (a) The net revaluation surplus/(deficit) was arrived at based on the difference between the audited net book value of the properties of the MBfCorp Group as at 31 December 2021 and their open market values appraised by the independent valuers, KGV International Property Consultants (M) Sdn Bhd and Preston Rowe Paterson Southport Pty Limited as at the dates of valuation on 3 January 2023 and 17 January 2023, respectively; and after accounting for deferred tax, if any.

4. RATIONALE FOR THE PROPOSED SCR

The Proposed SCR is undertaken in view of the following rationale:

(i) Opportunity for Entitled Shareholders to realise their holdings in the unlisted MBfCorp Shares

MBfCorp is presently an unlisted public entity. Entitled Shareholders may have experienced difficulty and limited opportunities in realising their investments in the Company as there is no formal market for the Entitled Shareholders to trade in their unlisted securities in MBfCorp. In addition, MBfCorp has not declared and paid any dividends for the last 10 years. Premised on the above, we are of the opinion that the Proposed SCR provides the most appropriate avenue for the Entitled Shareholders to exit the Company and realise their investments in the unlisted securities of MBfCorp.

(ii) Challenging operating environment

MBfCorp and its subsidiaries, except for Summerset Resort Sdn Bhd and Summerset Group Management Sdn Bhd which are under liquidation ("MBfCorp Group" or "Group") are principally involved in the promotion of timeshare memberships of units at holiday apartments and resorts and rental income from letting out of retail, office lots and apartment units. The revenue of the Group is mainly derived from its timeshare business comprising (a) annual maintenance charges billed to timeshare members/holders; (b) recognition of deferred income from the enrolment of timeshare membership fees; and (c) sale and rental income from unsold property inventories.

OFFER LETTER (Cont'd)

The timesharing business has gone through many challenges in the last 15 years, with the ageing conditions of holiday apartments and resorts; and negative perception of the industry arising from marketing abuses by some who has marred the timesharing reputation among consumers. As a result, in recent years most industry players have ceased the sale of new timeshare memberships and a few companies in the industry have received approvals to dissolve their timeshare schemes. The Group has also ceased the sale of new timeshare memberships since 2015.

In an effort to reduce operational expenses and maintain or improve the quality of accommodation units at existing holiday apartments and resorts, the Group has outsourced the management of certain holiday apartments and resorts to third-party operators to operate and manage as a business of hotel or holiday resort/residence and in turn, are responsible for the maintenance and running cost of the holiday apartments and resorts, thereby enabling the Group to have substantial savings in operational and capital expenses. The above outsourcing strategy can only be initiated in situations where the Group has surplus (excess) accommodation units in the existing holiday apartments and resorts which are not lodged under the trust deed for timesharing. There is no certainty that the third-party operators will continue to operate. If the holiday apartments and resorts are not managed by third-party operators due to its non-viability, this will increase the operational cost of the Group.

In addition, endeavours undertaken to sell and/or let out retail and office units at Leisure Commence Square, Petaling Jaya to further reduce operational expenses, had been slow and challenging due to the soft property market and glut in office spaces. This also included sales and/or letting out of accommodation units that are not under timesharing.

Revenue has been declining due to reduction in annual maintenance fees arising from non-payment and termination of memberships by timeshare members/holders. In 2020, the expiration of timeshare memberships has begun which will gradually affect revenue derived from the annual maintenance fees billed to timeshare members/holders. The revenue stream is expected to continuously decrease on a year-on-year basis as the timeshare member base expires, timeshare memberships are terminated and/or non-payment of the annual maintenance charges. As at 1 January 2022, there were approximately 4,116 timeshare members/holders (1 January 2021: 4,713). It is expected that around 2,000 timeshare memberships will expire over the next 10 years.

(iii) Greater flexibility in managing MBfCorp's operations

The Proposed SCR will accord us greater flexibility in the implementation of any business initiatives and/or operational changes of the MBfCorp Group, if any, moving forward. In addition, MBfCorp has approximately 40,000 shareholders, of which, approximately 92% hold 1,000 MBfCorp Shares and less in the Company. The Proposed SCR will also facilitate the elimination of administrative efforts and compliance costs pertaining to MBfCorp's obligations to its shareholders.

OFFER LETTER (Cont'd)

5. FUTURE PLANS FOR THE MBFCORP GROUP AND ITS EMPLOYEES

Our intended future plans for the MBfCorp Group are set out below:

(i) Continuation of MBfCorp Group's business

We acknowledge there is subsisting obligation by Leisure Holidays Berhad to the timeshare members/holders. Save as disclosed below, as at the LPD, we, the Non-Entitled Shareholders intend to continue with the existing business and operations of the MBfCorp Group and do not have any immediate plans and/or intention to liquidate any companies within the MBfCorp Group:

- (a) Summerset Resort Sdn Bhd, a 65.01% indirect subsidiary of MBfCorp, which was placed under creditors' voluntary winding up on 17 July 2012 is pending dissolution. The financial statement of Summerset Resort Sdn Bhd was deconsolidated from the MBfCorp Group in the FYE 31 December 2012; and
- (b) Summerset Group Management Sdn Bhd, a 65.01% indirect subsidiary of MBfCorp, which was placed under creditors' voluntary winding up on 21 June 2011 is pending dissolution. The financial statement of Summerset Group Management Sdn Bhd was deconsolidated from the MBfCorp Group in the FYE 31 December 2011.

Nevertheless, we may review the business and operations of the MBfCorp Group and make such arrangements, rationalisation and reorganisation of the Group as they consider suitable and in the best interest of the MBfCorp Group. We retain and reserve the right and flexibility at any time and from time to time to consider any option or opportunity in relation to MBfCorp and which we may regard to be in the best interest of the MBfCorp Group.

(ii) Major changes to the MBfCorp Group's business

We do not have any immediate plans and/or intention to introduce or effect any major changes to the existing business of the MBfCorp Group, dispose of any major assets or undertake any major redeployment of the fixed assets of the MBfCorp Group upon completion of the Proposed SCR, except where such change, disposal and/or redeployment is necessary as part of the process to rationalise the business activities to further improve the use of resources.

(iii) Employees

We have no immediate plans to dismiss or make redundant any of the MBfCorp Group's existing employees by way of a retrenchment exercise as a direct consequence of the Proposed SCR. Nevertheless, some changes with regard to staff employment and redeployment may take place as a result of rationalisation and/or streamlining the business activities and/or to further improve efficiency of the operations and/or to optimise human resources requirements and efficiency, in the best interest of the Group. Any such action taken involving employees will be dealt with in accordance with the relevant legislation and the terms of employment of the employees concerned.

OFFER LETTER (Cont'd)

6. DISTRIBUTION

If MBfCorp declares, makes or pays any dividends and/or distributions of any nature whatsoever ("**Distribution**") in favour of its shareholders whereby the entitlement date for such Distribution is on or after the date of this Letter up to the completion of the Proposed SCR and the shareholders are entitled to retain such Distribution, the SCR Offer Price will be reduced by the quantum of the Distribution per Share. For the avoidance of doubt, no adjustment shall be made to the SCR Offer Price in the event the entitlement date for the Distribution is after the completion of the Proposed SCR.

7. COVENANTS

7.1 From the date of your acceptance of the terms of this Letter until the completion of the Proposed SCR, MBfCorp shall agree with and undertake to us that:

- (i) MBfCorp will not conduct any capital or fund raising exercise, whether in the form of debt or equity and will not grant any options over MBfCorp Shares or issue any new MBfCorp Shares;
- (ii) The MBfCorp Group will not enter into any material commitment or material contract or undertake any obligation to acquire or dispose of any of its assets or create a security interest over any of its assets outside the ordinary course of business;
- (iii) MBfCorp will not pass any resolution in general meeting (other than in respect of any ordinary business tabled in an annual general meeting or in connection with the Proposed SCR) or make any alternation to the provisions of the Constitution of MBfCorp or any of its subsidiaries, unless it is in relation to the Proposed SCR;
- (iv) MBfCorp will not acquire its own Shares; and
- (v) MBfCorp will not do or cause, or allow to be done or omitted, any act or thing which would result (or to be likely to result) in a breach of any lawful or contracted obligation of the MBfCorp Group,

without our prior written consent.

7.2 In addition, MBfCorp shall not enter into any discussion, negotiation or agreement with any other party with respect to the sale of the assets and liabilities of the Group or any privatisation proposal involving the Group at any time until the completion of the Proposed SCR without our prior written consent.

7.3 MBfCorp also undertakes that, as from the date of this Letter until the completion of the Proposed SCR, it (using reasonable endeavours to cause and procure that each of its subsidiaries) shall carry on its business only in the usual, regular and ordinary course of business in substantially the same manner as the same is carried on as at the date of this Letter so as to preserve its relationships with all parties and its goodwill and going concern shall not be materially impaired at the completion of the Proposed SCR, save as otherwise agreed in writing by us.

OFFER LETTER (Cont'd)

8. CONDITIONS OF THE PROPOSED SCR

The Proposed SCR is subject to and conditional upon the following being obtained:

- (i) approval of the non-interested shareholders of MBfCorp, defined as all shareholders of MBfCorp other than us and persons acting in concert with us ("**Non-Interested Shareholders**"), for the Proposed SCR via the special resolution to be tabled at an EGM to be convened by the Company ("**Special Resolution**"). The Special Resolution is required to be approved by at least:
 - (a) a majority in number of the Non-Interested Shareholders and 75% in value to the votes attached to the MBfCorp Shares held by the Non-Interested Shareholders that are cast either in person or by proxy at a duly convened EGM; and
 - (b) the value of the votes cast against the Special Resolution for the Proposed SCR at such duly convened EGM is not more than 10% of the votes attaching to all disinterested shares of the total voting shares of MBfCorp;
- (ii) the grant of the order by the High Court of Malaya confirming the reduction of the issued share capital of MBfCorp in accordance with Section 116 of the Act ("**Order**") giving effect to the Proposed SCR, followed by the lodgement of an office copy of the Order with the Registrar of Companies ("**Lodgement**"); and
- (iii) approval and/or consent of the existing financiers and/or creditors of the MBfCorp Group for the Proposed SCR, if required.

The Proposed SCR will become effective upon the Lodgement. We envisage that the payment of the SCR Offer Price to the Entitled Shareholders will be made as soon as practicable following the Lodgement, but in any event shall not be later than 10 days from the date of Lodgement. The Proposed SCR is not conditional upon any other corporate exercise of MBfCorp.

9. OTHER MATTERS

- (i) Angelina Sahaya Mary, the Non-Independent Non-Executive Director of MBfCorp is a nominee of Dato' Loy. Angelina Sahaya Mary is not a director or shareholder of LHHSB. She is also not a Non-Entitled Shareholder. Although Angelina Sahaya Mary has no interest in the Proposed SCR, she is deemed interested in the Proposed SCR by virtue of her association with Dato' Loy. Save for Dato' Loy and Angelina Sahaya Mary (collectively, the "**Interested Directors**"), to the best of our knowledge, there is no other Director of MBfCorp who has any interest, directly or indirectly, in the Proposed SCR.

As such, the Interested Directors will abstain and will continue to abstain from deliberating and voting on the Proposed SCR at the relevant Board meetings pertaining to the Proposed SCR and will also abstain from voting in respect of their direct and/or indirect shareholdings in MBfCorp if any, on the Special Resolution to be tabled at the Company's forthcoming EGM.

OFFER LETTER (Cont'd)

We, being the interested major shareholders of MBfCorp, will also abstain from voting in respect of our direct and/or indirect shareholdings in MBfCorp, on the Special Resolution pertaining to the Proposed SCR to be tabled at an EGM to be convened by the Company. We and the Interested Directors will also ensure persons connected with us/them will abstain from voting in respect of their direct and/or indirect shareholdings in MBfCorp, if any, on the Special Resolution to be tabled at the Company's forthcoming EGM.

- (ii) We confirm that as at the LPD:
 - (a) we have not received any irrevocable undertaking from any of the Entitled Shareholders to vote in favour of or against the Special Resolution; and
 - (b) we are not aware of any existing or proposed agreement, arrangement or understanding in relation to MBfCorp Shares between us and persons acting in concert with us and any of the Entitled Shareholders.
- (iii) In addition, the Principal Adviser to the Non-Entitled Shareholders for the Proposed SCR is satisfied that the Proposed SCR will not fail by reason of insufficient financial capacity of MBfCorp and every Entitled Shareholder will be fully paid in cash.

10. GOVERNING LAW AND DISPUTE RESOLUTION

The Proposed SCR and any agreement constituted by the acceptance of this Letter shall be governed by the laws of Malaysia and each party will submit to the non-exclusive jurisdiction of the Courts of Malaysia.

11. ACCEPTANCE PERIOD

If the Board (save for the Interested Directors) is agreeable to take the necessary steps to implement the Proposed SCR and to recommend the Proposed SCR to the Entitled Shareholders of MBfCorp upon the terms envisaged in this Letter, please execute the enclosed duplicate of this Letter and return the same to us no later than 5.00 p.m. on 30 April 2023 (or such other date as may be extended by us in writing) after which the proposal in this Letter shall lapse.

We trust the above is sufficient for the Board's kind consideration and deliberation. Pursuant to the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission, the Board is required to immediately inform the Securities Commission Malaysia upon the receipt of this Letter, of our request to MBfCorp to undertake the Proposed SCR.

Yours faithfully,
For and on behalf of,

LEISURE HOLIDAYS HOLDINGS SDN BHD



Dato' Loy Teik Ngan
Director



Loy Teik Inn
Director

OFFER LETTER (Cont'd)

TO: LEISURE HOLIDAYS HOLDINGS SDN BHD
DATO' LOY TEIK NGAN
LOY TEIK INN
PUAN SRI LING MAH LEE @ LING LEE HUNG

PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE OF MBF CORPORATION BERHAD PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016

We, MBf Corporation Berhad (save for the Interested Directors) hereby agree to implement the Proposed SCR and to recommend the Proposed SCR to the Entitled Shareholders of the Company on the terms of your Letter dated 7th April 2023 as set out above.

Yours faithfully,
For and on behalf of,
MBf CORPORATION BERHAD



Name : Christopher Koh Swee Kiat
Designation : Independent Non-Executive Director
Date : 25 April 2023

INFORMATION ON THE MBFCORP GROUP'S PROPERTY ASSETS

No.	Description																											
(i)	<div><div><div><div><div>Name</div><div>: 36 units of apartments (of which 24 units are under timeshare) within a 7 block complex comprising 184 units of 4-storey walk-up apartments known as Greenhill Resort Apartments</div></div><div><div>Strata Title/ Location</div><div>: PN3872/M1/1/6, PN3872/M1/1/5, PN3872/M1/1/4, PN3872/M1/1/3, PN3872/M1/2/14, PN3872/M1/2/13, PN3872/M1/2/12, PN3872/M1/2/11, PN3872/M1/3/22, PN3872/M1/3/21, PN3872/M1/3/20, PN3872/M1/3/19, PN3872/M1/4/30, PN3872/M1/4/29, PN3872/M1/4/28, PN3872/M1/4/27, PN3872/M2/1/25, PN3872/M2/1/26, PN3872/M2/1/27, PN3872/M2/1/28, PN3872/M3/1/49, PN3872/M3/1/50, PN3872/M3/1/51, PN3872/M3/1/52, PN3872/M3/2/53, PN3872/M3/2/54, PN3872/M3/2/55 and PN3872/M3/2/56, all in the Mukim of Tanah Rata, District of Cameron Highlands, State of Pahang</div></div><div><div>Vide Sale And Purchase Agreements dated 30 December 1992 entered between Tanah Rata Resort Sdn Bhd and Leisure Holidays Sdn Bhd, Tanah Rata Resort Sdn Bhd have sold 8 units of apartments to LHB. These 8 units are pending issuance of strata titles identified as follows:</div><table><tr><th>Developer's Parcel No.</th><th>Storey No.</th><th>Building No.</th></tr><tr><td>A1</td><td>1</td><td>Aster</td></tr><tr><td>A2</td><td>1</td><td>Aster</td></tr><tr><td>A3</td><td>2</td><td>Aster</td></tr><tr><td>A4</td><td>2</td><td>Aster</td></tr><tr><td>A5</td><td>3</td><td>Aster</td></tr><tr><td>A6</td><td>3</td><td>Aster</td></tr><tr><td>A7</td><td>4</td><td>Aster</td></tr><tr><td>A8</td><td>4</td><td>Aster</td></tr></table></div></div><div><div>Registered proprietor</div><div>: LHB</div></div><div><div>Tenure</div><div>: Leasehold 99 years, expiring on 27 October 2038. The present unexpired term of the lease is approximately 15 years. It is presumed that when the separate strata title documents are issued to the 8 units of apartments that are pending issuance of the strata titles, they will bear leasehold interest similar to the other units.</div></div></div></div>	Developer's Parcel No.	Storey No.	Building No.	A1	1	Aster	A2	1	Aster	A3	2	Aster	A4	2	Aster	A5	3	Aster	A6	3	Aster	A7	4	Aster	A8	4	Aster
Developer's Parcel No.	Storey No.	Building No.																										
A1	1	Aster																										
A2	1	Aster																										
A3	2	Aster																										
A4	2	Aster																										
A5	3	Aster																										
A6	3	Aster																										
A7	4	Aster																										
A8	4	Aster																										

INFORMATION ON THE MBFCORP GROUP'S PROPERTY ASSETS *(Cont'd)*

Gross floor area : 93.00 sq m (1,001.08 sq ft) for all the units issued with the strata titles. Developer's Unit No A1 to A8 are approximately 93.46 sq m (1,006.03 sq ft) each according to their Sale and Purchase Agreements. However, it is noted in the Strata Plan that these 8 units have a size of 93.00 sq m (1,001.08 sq ft) each.

Total gross floor area: 3,348 sq m (36,038 sq ft)

Market value : RM9.31 million

Price range : RM255,000 – RM260,000 per unit / RM256 – 262 per sq ft

Age of building : Approximately 27 years old

Independent Valuer : KGV International Property Consultants (M) Sdn Bhd

Date of valuation : 3 January 2023

Valuation method : Comparison method

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INFORMATION ON THE MBFCORP GROUP'S PROPERTY ASSETS (Cont'd)

No.	Description
(ii)	<p>Name : 24 units of apartments (of which 17 units are under timeshare) on a 37-storey building consisting of 132 apartment units known as Golden City Condominiums</p> <p>Identification/ Location : No separate strata title documents have been issued as at time of inspection of the units. The units are identified as Developer's Parcels Nos 11-05, 12-03, 12-05, 12-06, 12-07, 12-08, 12-09, 12-10, 12-11, 12-12, 12-15, 12-16, 12A-03, 12A-05, 12A-06, 12A-07, 12A-08, 12A-09, 12A-10, 12A-11, 12A-12, 12A-15, 12A-16, 20-05, erected on part of the piece of land held under CT Nos. 15200, 15201 and 1522 for Lot No PT 199, Town of Kuala Lumpur, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur</p> <p>Interest : Enquiries with the developer revealed that when the separate strata title document are issued, they will bear freehold interest</p> <p>Beneficial owner : LHB by virtue of the Sale And Purchase Agreements dated 18 February 1993 and 11 September 1996 entered between the vendors of the units and LHB as purchaser</p> <p>Gross floor area : Developer's Parcel Nos. 11-05, 12-05, 12A-05, 20-05 Developer's Parcel Nos. 12-03, 12A-03 Developer's Parcel Nos. 12-06, 12-07, 12A-06, 12A-07 Developer's Parcel No 12-08, 12A-08 Developer's Parcel No 12-09, 12A-09 Developer's Parcel No 12-10, 12A-10 Developer's Parcel No 12-11, 12-12, 12-15, 12A-11, 12A-12, 12A-15 Developer's Parcel No 12-16, 12A-16</p> <p>Market value : 6.04 million</p> <p>Price range : RM220,000 – RM300,000 per unit / RM250 – 275 per sq ft. Price range excludes units in need of repairs.</p> <p>Age of building : Approximately 24 years old</p> <p>Independent Valuer : KGV International Property Consultants (M) Sdn Bhd</p> <p>Date of valuation : 3 January 2023</p> <p>Valuation method : Comparison method</p> <p>Total gross floor area: 2,236.8 sq m (24,070 sq ft)</p> <p>- 101.8 sq m (1,096.0 sq ft) - 97.4 sq m (1,048.0 sq ft) - 96.0 sq m (1,033.0 sq ft) - 81.1 sq m (873.0 sq ft) - 107.8 sq m (1,160.0 sq ft) - 94.3 sq m (1,015.0 sq ft) - 84.4 sq m (908.0 sq ft) - 89.0 sq m (957.0 sq ft)</p>

INFORMATION ON THE MBFCORP GROUP'S PROPERTY ASSETS (Cont'd)

No.	Description
(iii)	<p>Name : 30 units of apartments (of which 20 units are under timeshare) within a 5 blocks complex comprising 225 units of 5-storey walk-up apartments known as Pangsapuri Kemang Indah</p> <p>Strata Title/ Location : Geran 83393/M1/1/12, Geran 83393/M1/2/24, Geran 83393/M1/3/40, Geran 83393/M1/4/52, Geran 83393/M1/4/54, Geran 83393/M1/5/66, Geran 83393/M2/2/69, Geran 83393/M2/2/71, Geran 83393/M2/2/72, Geran 83393/M2/2/74, Geran 83393/M2/2/75, Geran 83393/M2/2/77, Geran 83393/M2/3/80, Geran 83393/M2/3/82, Geran 83393/M2/3/83, Geran 83393/M2/3/85, Geran 83393/M2/3/86, Geran 83393/M2/3/88, Geran 83393/M2/4/91, Geran 83393/M2/4/93, Geran 83393/M2/4/94, Geran 83393/M2/4/96, Geran 83393/M2/4/97, Geran 83393/M2/4/99, Geran 83393/M2/5/102, Geran 83393/M2/5/104, Geran 83393/M2/5/105, Geran 83393/M2/5/107, Geran 83393/M2/5/108, Geran 83393/M2/5/110, all erected on Lot No 4097, Pekan Teluk Kemang, District of Port Dickson, State of Negeri Sembilan</p> <p>Registered proprietor : LHB</p> <p>Tenure : Freehold</p> <p>Category of land use : Building</p> <p>Express Condition : "Tanah yang terkandung didalam hakmilik ini hendaklah digunakan untuk kediaman (pangsapuri) sahaja."</p> <p>Restriction-in-Interest : Nil</p> <p>Encumbrances : Not stated</p>

INFORMATION ON THE MBFCORP GROUP'S PROPERTY ASSETS (Cont'd)

Gross floor area	: Geran 83393/M1/1/12 Geran 83393/M1/2/24, Geran 83393/M1/3/40, Geran 83393/M1/4/52, Geran 83393/M1/4/54, Geran 83393/M1/5/66 Geran 83393/M2/2/69, Geran 83393/M2/2/71, Geran 83393/M2/2/72, Geran 83393/M2/2/74, Geran 83393/M2/2/75, Geran 83393/M2/2/77, Geran 83393/M2/3/80, Geran 83393/M2/3/82, Geran 83393/M2/3/83, Geran 83393/M2/3/85, Geran 83393/M2/3/86, Geran 83393/M2/3/88, Geran 83393/M2/4/91, Geran 83393/M2/4/93, Geran 83393/M2/4/94, Geran 83393/M2/4/96, Geran 83393/M2/4/97, Geran 83393/M2/4/99, Geran 83393/M2/5/102, Geran 83393/M2/5/104, Geran 83393/M2/5/105, Geran 83393/M2/5/107, Geran 83393/M2/5/108, Geran 83393/M2/5/110	66.0 sq m (710.4 sq ft) 70.0 sq m (753.5 sq ft) 71.0 sq m (764.3 sq ft)
Total gross floor area: 2,120 sq m (22,821 sq ft)		
Market value	: RM2.50 million	
Price range	: RM75,000 – RM90,000 per unit / RM101 – 129 per sq ft	
Age of building	: Approximately 28 years old	
Independent Valuer	: KGV International Property Consultants (M) Sdn Bhd	
Date of valuation	: 3 January 2023	
Valuation method	: Comparison method	

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INFORMATION ON THE MBFCORP GROUP'S PROPERTY ASSETS (Cont'd)

No.	Description																																																												
(iv)	<div><div>Name</div><div>: 10 units of apartments (of which 5 units are under timeshare) within a 3-level complex of 39 apartments known as Santana Holiday Resort Apartments</div></div>																																																												
	<table><tr><th>Strata Title/ Location</th><th>Lot</th><th>Plan</th><th>Parish</th><th>Current Title Reference</th></tr><tr><td></td><td>Lot 4</td><td>BUP105493</td><td>Gilston</td><td>51061116</td></tr><tr><td></td><td>Lot 6</td><td>BUP105493</td><td>Gilston</td><td>51061118</td></tr><tr><td></td><td>Lot 7</td><td>BUP105493</td><td>Gilston</td><td>51061119</td></tr><tr><td></td><td>Lot 17</td><td>BUP105493</td><td>Gilston</td><td>51061129</td></tr><tr><td></td><td>Lot 18</td><td>BUP105493</td><td>Gilston</td><td>51061130</td></tr><tr><td></td><td>Lot 20</td><td>BUP105493</td><td>Gilston</td><td>51061132</td></tr><tr><td></td><td>Lot 28</td><td>BUP105493</td><td>Gilston</td><td>51061140</td></tr><tr><td></td><td>Lot 29</td><td>BUP105493</td><td>Gilston</td><td>51061141</td></tr><tr><td></td><td>Lot 30</td><td>BUP105493</td><td>Gilston</td><td>51061142</td></tr><tr><td></td><td>Lot 33</td><td>BUP105493</td><td>Gilston</td><td>51061145</td></tr><tr><td></td><td colspan="4">all located at 7/15 Monte Carlo Avenue, Surfers Paradise, Queensland 4217, Australia</td></tr></table>	Strata Title/ Location	Lot	Plan	Parish	Current Title Reference		Lot 4	BUP105493	Gilston	51061116		Lot 6	BUP105493	Gilston	51061118		Lot 7	BUP105493	Gilston	51061119		Lot 17	BUP105493	Gilston	51061129		Lot 18	BUP105493	Gilston	51061130		Lot 20	BUP105493	Gilston	51061132		Lot 28	BUP105493	Gilston	51061140		Lot 29	BUP105493	Gilston	51061141		Lot 30	BUP105493	Gilston	51061142		Lot 33	BUP105493	Gilston	51061145		all located at 7/15 Monte Carlo Avenue, Surfers Paradise, Queensland 4217, Australia			
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	<div><div>Registered proprietor</div><div>: LHB</div></div>																																																												
	<div><div>Tenure</div><div>: Fee simple (i.e. freehold interest)</div></div>																																																												
	<div><div>Encumbrances</div><div>: Statutory charges No 709336000. It is noted that that there appears to be a Land Tax Debt notation on the Certificate of Title</div></div>																																																												
	<table><tr><td>Floor area</td><td>Lot 4</td><td>66 sq m</td></tr><tr><td></td><td>Lot 6</td><td>80 sq m</td></tr><tr><td></td><td>Lot 7</td><td>56 sq m</td></tr><tr><td></td><td>Lots 17, 28, 30</td><td>51 sq m</td></tr><tr><td></td><td>Lot 18</td><td>53 sq m</td></tr><tr><td></td><td>Lots 20, 33</td><td>52 sq m</td></tr><tr><td></td><td>Lot 29</td><td>54 sq m</td></tr><tr><td colspan="2">Total floor area: 566 sq m (6,093 sq ft)</td><td></td></tr></table>	Floor area	Lot 4	66 sq m		Lot 6	80 sq m		Lot 7	56 sq m		Lots 17, 28, 30	51 sq m		Lot 18	53 sq m		Lots 20, 33	52 sq m		Lot 29	54 sq m	Total floor area: 566 sq m (6,093 sq ft)																																						
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INFORMATION ON THE MBFCORP GROUP'S PROPERTY ASSETS *(Cont'd)*

Market value	:	AUD2.87 million (or equivalent to RM8.61 million)
Price range	:	AUD285,000 – AUD295,000 per unit (or equivalent to RM855,000 – RM885,000 per unit) / AUD343 – 519 per sq ft (or equivalent to RM1,029 – RM1,557 per unit)
Age of building	:	Approximately 26 years old
Independent Valuer	:	Preston Rowe Paterson Southport Pty Limited
Date of valuation	:	17 January 2023
Valuation method	:	Comparison method

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INFORMATION ON THE MBFCORP GROUP'S PROPERTY ASSETS (Cont'd)

No.	Description
(v)	<p>Name : 49 units of apartments (of which 14 units are under timeshare) within an 8-storey building known as Leisure Cove</p> <p>Title/ Location : It is noted that the whole building is under LHB. The building is unlikely to be subdivided for issuance of individual strata titles due to the lack of car parks.</p> <p>The details of the master title is GRN 46889, Lot No. 320, Town of Tanjung Bungah, North East District, State of Penang</p> <p>Registered proprietor in the master title : LHB</p> <p>Tenure : Freehold</p> <p>Category of land use : Nil</p> <p>Express Condition : (FIRST GRADE) The land comprised in this title:</p> <p>(a) shall not be affected by any provision of the National Land Code limiting the compensation payable on the exercise by the State Authority of a right of access or use conferred by Chapter 3 of Part Three of the code or on the creation of a Land Administrator's right of way; and</p> <p>(b) subject to the implied condition that the land is liable to be re-entered if it is abandoned for more than three years shall revert to the state only if the proprietor for the time being dies without heirs,</p> <p>and the title shall confer the absolute right to all produce and to all oil, mineral and other natural deposits on or below the surface of the land (including the right to work or extract any such produce or deposit and remove it beyond the boundaries of the land).</p> <p>Restriction-in-Interest : Nil</p> <p>Encumbrances : Nil</p>

INFORMATION ON THE MBFCORP GROUP'S PROPERTY ASSETS (Cont'd)

Other Endorsements	: Lease of 34 sq m of the said land to Tenaga Nasional Berhad for a period of 30 years from 7 October 1998 until 6 October 2028, registered on 28 July 2021
Gross floor area of the units	: Unit Nos. 101, 102, 201, 202, 301, 302, 401, 402, 501, 502, 601, 602, 701, 702, 107, 108, 207, 208, 307, 308, 407, 408, 507, 508, 607, 608, 707, 708 Unit Nos. 110, 210, 310, 410, 510, 610, 710 Unit Nos. 104, 106, 204, 206, 304, 306, 404, 406, 504, 506, 604, 606, 704, 706 80.05 sq m (862 sq ft) 96.18 sq m (1,035 sq ft) 84.72 sq m (912 sq ft)
	Total gross floor area: 4,101 sq m (44,149 sq ft)
Market value	: RM19.25 million
Price range	: RM390,000 – RM465,000 per unit / RM450 – 500 per sq ft
Land size	: 2,437.9747 sq. metres. However, based on the Certified Plan PA 23060, Lot No. 320 has been allotted a new lot known as Lot No. 4160 with a surveyed land area of 2,196 sq. metres (23,638 sq. ft).
Age of building	: Approximately 26 years old
Independent Valuer	: KGV International Property Consultants (M) Sdn Bhd
Date of valuation	: 3 January 2023
Valuation method	: Comparison method
Outsourcing arrangement	: Leisure Cove is currently operated by Leisure Vacation Management Sdn Bhd for a term of 10 years from 1 May 2021 to 30 April 2031 with an option to renew by the operator for a further term of 3 years.
	Leisure Vacation Management Sdn Bhd manages Leisure Cove by: <ul style="list-style-type: none"> - refurbishing, restoring, renovating, repairing and maintaining the accommodation units (including the common property) and furniture/fittings; - bearing quit rent, assessment bill and insurance; and - allocating 14 accommodation units for use by timeshare members

INFORMATION ON THE MBFCORP GROUP'S PROPERTY ASSETS (Cont'd)

No.	Description
(vi)	<p>Name : 50 units of apartments (of which 40 units are under timeshare) within a 10 block of 5-storey apartments comprising 793 units known as Lotus Desaru Beach Resort & Spa</p> <p>Identification/ Location : No separate strata title documents have been issued as at time of inspection of the units. The units are identified as: Developer's Parcel Nos. A3-L1-03, A3-L1-05, A3-L2-03, A3-L2-05, A3-L3-03, A3-L3-05, A3-L4-01, A3-L4-03, A3-L4-05, A3-L4-07, A3-L5-01, A3-L5-03, A3-L5-05, A3-L5-07, A5-L3-05, A5-L4-03, A5-L4-07, A6-L3-01, A6-L4-03, A6-L4-07, A7-L3-01, A7-L3-05, A7-L4-07, A8-L3-01, A8-L3-05, A8-L4-03, B1-L4-03, B2-L3-01, B2-L3-03, B2-L3-05, B2-L3-07, B2-L4-01, B2-L4-07, B4-L3-03, B5-L1-07, B5-L1-09, B5-L2-03, B5-L2-07, B5-L3-05, B5-L3-07, B5-L4-03, B5-L4-05, B5-L4-09, B5-L5-01, B5-L5-03, B5-L5-09, B6-L1-03, B6-L1-07, B6-L2-01, all erected on PTD No 1854, HSD No 13766, Mukim of Pantai Timur, District of Kota Tinggi, State of Johor</p> <p>Registered proprietor in the parent title : Ghahas (M) Sdn Bhd. However, vide Sale And Purchase Agreements dated 28 August 1995, 12 December 1995 and 18 December 1995, the registered proprietor sold the subject units to LHB</p> <p>Beneficial owner : LHB</p> <p>Tenure : The parent title bears a leasehold interest of 99 years expiring on 6 November 2088. The present unexpired term of the lease is approximately 65 years. It is assumed that the strata titles when issued, will bear a leasehold interest of not less than 99 years.</p> <p>Category of land use : Building</p> <p>Express Condition : (i) "Tanah Ini hendaklah digunakan untuk bangunan bertingkat bagi tujuan apartment dan kegunaan lain yang berkaitan dengannya, dibina mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan yang berkenaan. (ii) Segala kekotoran dan pencemaran akibat daripada aktiviti ini hendaklah disalurkan / dibuang ke tempat-tempat yang telah ditentukan oleh Pihak Berkuasa Berkenaan. (iii) Segala dasar dan syarat yang ditetapkan dan dikuatkuasakan dari semasa ke semasa oleh Pihak Berkuasa Berkenaan hendaklah dipatuhi."</p>

INFORMATION ON THE MBFCORP GROUP'S PROPERTY ASSETS (Cont'd)

Restriction-in-Interest	: "Tanah yang dikurniakan ini tidak boleh dijual , dicagar , dipajak , digadai atau dipindahmilik dengan apa cara sekalipun dengan apa cara menggunakan segala surat perjanjian yang bertujuan untuk melepaskan menjual tanah ini, tanpa kebenaran Penguasa Negeri"
Encumbrances	: The subject property presently free from any legal encumbrances.
Other Endorsements	: 1. Endorsed in the title document are 2 registrar caveats 2. Endorsed in the title document are 26 private caveats 3. Amendment of quit rent vide Presentation No 7479/2019 dated 28 October 2019.
Gross floor area of the units	: Developer's Parcel Nos. A3-L1-03, A3-L1-05, A3-L2-03, A3-L2-05, A3-L3-03, A3-L3-05, A3-L4-01, A3-L4-03, A3-L4-05, A3-L4-07, A3-L5-01, A3-L5-03, A3-L5-05, A3-L5-07, B5-L1-07, B5-L1-09, B5-L2-03, B5-L2-07, B5-L3-05, B5-L3-07, B5-L3-09, B5-L4-03, B5-L4-05, B5-L4-09, B5-L5-01, B5-L5-03, B5-L5-09, B6-L1-03, B6-L1-07, B6-L2-01 A5-L3-05, A5-L4-03, A5-L4-07, A6-L3-01, A6-L4-03, A6-L4-07, A7-L3-01, A7-L3-05, A7-L4-07, A8-L3-01, A8-L3-05, A8-L4-03, B1-L4-03, B2-L3-01, B2-L3-03, B2-L3-05, B2-L3-07, B2-L4-01, B2-L4-07, B4-L3-03 Total gross floor area: 52,030 sq ft
Market value	: RM12.30 million
Price range	: RM210,000 – RM270,000 per unit / RM230 – 250 per sq ft
Age of building	: Approximately 25 years old
Independent Valuer	: KGV International Property Consultants (M) Sdn Bhd
Date of valuation	: 3 January 2023
Valuation method	: Comparison method

INFORMATION ON THE MBfCORP GROUP'S PROPERTY ASSETS (Cont'd)

Outsourcing arrangement : Lotus Desaru Beach Resort & Spa is currently operated by Lotus Desaru Beach Resort Management Sdn Bhd for a term of 3 years from 1 January 2020 to 31 December 2022 with an automatic renewal for a further term of 3 years.

Lotus Desaru Beach Resort Management Sdn Bhd manages Lotus Desaru Beach Resort & Spa by:

- refurbishing, restoring, renovating, repairing and maintaining the accommodation units and furniture/fittings;
- allocating 1,500 room nights per year for use by timeshare members*;
- paying rent to LHB; and
- bearing service charges, sinking fund, quit rent, assessment bill and insurance

Note:

* Lotus Desaru Beach Resort Management Sdn Bhd and LHB had entered into a tenancy agreement dated 11 December 2010 for a tenancy commencing 1 January 2011 for an aggregate period of 3+3+3 years ("**First Tenancy Agreement**"), wherein by the annual general meetings with the timeshare members for the LHC Scheme and CP Scheme held on 18 May 2010, the timeshare members approved and sanctioned the execution of the First Tenancy Agreement, the granting of the tenancy and the entering of the exchange arrangement wherein in lieu of no rental being paid by Lotus Desaru Beach Resort Management Sdn Bhd to LHB, Lotus Desaru Beach Resort Management Sdn Bhd shall allocate 1,500 room nights per year for use to LHB's timeshare members.

By a second tenancy agreement dated 15 April 2019 for a tenancy commencing 1 January 2020 for an aggregate period of 3+3 years ("**Second Tenancy Agreement**"), in addition to a monthly rent payable by Lotus Desaru Beach Resort Management Sdn Bhd to LHB, Lotus Desaru Beach Resort Management Sdn Bhd shall allocate 1,500 room nights per year for use to LHB's timeshare members.

In consideration of the first tenancy and exchange arrangement, Lotus Desaru Beach Resort Management Sdn Bhd had agreed to be made party to the supplemental trust deeds dated 20 December 2012 in respect of the LHC Scheme and CP Scheme, to be contractually bound towards the trustee and the timeshare members in respect of the allocation of room nights.

Subsequently, in respect of the second tenancy and exchange arrangement, Lotus Desaru Beach Resort Management Sdn Bhd agreed to be made party to the supplemental trust deeds dated 3 May 2019 in respect of the LHC Scheme and CP Scheme, to be contractually bound towards the trustee and the timeshare members in respect of the allocation of room nights.

INFORMATION ON THE MBFCORP GROUP'S PROPERTY ASSETS (Cont'd)

No.	Description
(vii)	<p>Name : 72 units of apartments (of which 15 units are under timeshare) and 2 units of convenience store within a 5-storey building known as Perdana Service Apartment & Resort</p> <p>Strata Title/ Location : GM 3975/M1/1/2 – GM 3975/M1/1/17, GM 3975/M1/2/18 – GM 3975/M1/2/33, GM 3975/M1/3/34 – GM 3975/M1/3/49, GM 3975/M1/4/50 – GM 3975/M1/4/63 and GM 3975/M1/5/64 – GM 3975/M1/5/75, all within Tempatan Kuala Melaka, District of Langkawi, Bandar Padang Mat Sirat, State of Kedah</p> <p>Registered proprietor : LHB</p> <p>Tenure : Freehold</p> <p>Category of land use : Nil</p> <p>Express Condition : "PANGSAPURI Tanah yang terkandung dalam hakmilik ini hendaklah digunakan sebagai tapak satu bangunan untuk kediaman sahaja"</p> <p>Restriction-in-Interest : "Ditegah tuan tanah membuat sebarang perkiraan (dealings) di atas tanah yang hendak dimajukan sebagai tapak perniagaan ini melainkan tuan tanah bina dan pelihara simpanan jalan itu dan taruh batu dan tar menurut taraf Jabatan Kerja Raya serta perbuat parit-parit dengan sepuas hati Penguasa Tempatan dan Jabatan Kerja Raya atau ada jaminan daripada Penguasa Tempatan dan Jabatan Kerja Raya bahawa jalan-jalan dan parit-parit itu dapat disempurnakan."</p> <p>Encumbrances : Not stated</p> <p>Gross floor area of the units : Parcel Nos. 2 – 8, 11 – 17, 18 – 24, 27 – 33, 34 – 40, 43 – 49 & 50 – 75 (68 units) - 94 sq m Parcel Nos. 9, 10, 25, 26, 41 & 42 (6 units) - 101 sq m</p> <p>Total gross floor area: 6,998 sq m (75,326 sq ft)</p> <p>Market value : RM26.42 million</p> <p>Price range : RM345,000 – RM390,000 per unit / RM340 – 360 per sq ft</p>

INFORMATION ON THE MBFCORP GROUP'S PROPERTY ASSETS *(Cont'd)*

Age of building	: Approximately 24 years old
Independent Valuer	: KGV International Property Consultants (M) Sdn Bhd
Date of valuation	: 3 January 2023
Valuation method	: Comparison method
Outsourcing arrangement	: <p>Perdana Service Apartments & Resort is currently operated by Sanasini Management Sdn Bhd for a term of 5 years from 1 January 2021 to 31 December 2025 with an option to renew by the operator for a further term of 2 years.</p> <p>Sanasini Management Sdn Bhd manages Perdana Service Apartments & Resort by:</p> <ul style="list-style-type: none"> - refurbishing, restoring, renovating, repairing and maintaining the building (including the common property) and furniture/fittings; - paying rent to LHB; - bearing quit rent, assessment bill and insurance (only to fire insurance on contents); and - allocating 15 accommodation units for use by timeshare members

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INFORMATION ON THE MBFCORP GROUP'S PROPERTY ASSETS (Cont'd)

No.	Description	
(viii)	Name	: 36 units of apartments on 2 blocks of 23-storey towers consisting of 747 units with a 5-storey podium, known as Amber Court
	Strata Title/ Location	: Geran 11634/M1 (Menara A)/13/212, Geran 11634/M1 (Menara A)/13/213, Geran 11634/M1 (Menara A)/14/232, Geran 11634/M1 (Menara A)/14/233, Geran 11634/M1 (Menara A)/14/234, Geran 11634/M1 (Menara A)/14/235, Geran 11634/M1 (Menara A)/15/254, Geran 11634/M1 (Menara A)/15/255, Geran 11634/M1 (Menara A)/16/283, Geran 11634/ M1 (Menara A)/17/294, Geran 11634/M1 (Menara A) /17/295, Geran 11634/M1 (Menara A)/17/296, Geran 11634/M1 (Menara A) /19/328, Geran 11634/M1 (Menara A) /20/343, Geran 11634/M1 (Menara A)/21/358, Geran 11634/M1 (Menara A)/22/369, Geran 11634/M1 (Menara A)/22/373, Geran 11634/M1 (Menara A)/22/375, Geran 11634/M1 (Menara A)/22/377, Geran 11634/M1 (Menara A)/23/388, Geran 11634/M1 (Menara A)/23/389, Geran 11634/M1 (Menara A)/23/390, Geran 11634/M1 (Menara A)/23/393, Geran 11634/M1 (Menara A)/23/395, Geran 11634/M1 (Menara A)/23/396, Geran 11634/M1 (Menara B)/14/580, Geran 11634/M1 (Menara B)/14/584, Geran 11634/ M1 (Menara B)/14/585, Geran 11634/M1 (Menara B)/19/667, Geran 11634/M1 (Menara B)/22/720, Geran 11634/M1 (Menara B)/22/725, Geran 11634/M1 (Menara B)/22/727, Geran 11634/M1 (Menara B)/23/741, Geran 11634/M1 (Menara B)/23/742, Geran 11634/M1 (Menara B)/23/744, Geran 11634/M1 (Menara B)/23/746, all erected on Lot No 16556, Mukim and District of Bentong, State of Pahang
	Tenure	: Freehold
	Registered proprietor	: LHB
	Gross floor area	: Geran 11634/M1 (Menara A)/13/212, Geran 11634/M1 (Menara A)/14/232, Geran 11634/M1 (Menara A)/14/234, Geran 11634/M1 (Menara A)/15/255, Geran 11634/ M1 (Menara A)/17/294, Geran 11634/M1 (Menara A)/17/296, Geran 11634/M1 (Menara A)/23/389, Geran 11634/M1 (Menara B)/14/580, Geran 11634/ M1 (Menara B)/14/585 60 sq m (645.9 sq ft) Geran 11634/M1 (Menara A)/13/213, Geran 11634/ M1 (Menara A)/14/233, Geran 11634/M1 (Menara A)/15/254, Geran 11634/M1 (Menara A) /17/295, Geran 11634/M1 (Menara A) /19/328, Geran 11634/M1 (Menara A) /20/343, Geran 11634/M1 (Menara A)/21/358, Geran 11634/M1 (Menara A)/22/375, Geran 11634/M1 (Menara A)/23/395, Geran 11634/M1 (Menara B)/22/727, Geran 11634/M1 (Menara B)/23/744 76 sq m (818.1 sq ft)

INFORMATION ON THE MBFCORP GROUP'S PROPERTY ASSETS (Cont'd)

		Geran 11634/M1 (Menara A)/14/235, Geran 11634/M1 (Menara A)/16/283, Geran 11634/M1 (Menara A)/22/373, Geran 11634/M1 (Menara A)/22/377, Geran 11634/M1 (Menara A)/23/390, Geran 11634/M1 (Menara A)/23/393, Geran 11634/M1 (Menara A)/23/396, Geran 11634/M1 (Menara B)/14/584, Geran 11634/M1 (Menara B)/22/725, Geran 11634/M1 (Menara B)/23/741, Geran 11634/M1 (Menara B)/23/742, Geran 11634/M1 (Menara B)/23/746	58 sq m (624.3 sq ft)
		Geran 11634/M1 (Menara A)/22/369, Geran 11634/M1 (Menara A)/23/388, Geran 11634/M1 (Menara B)/19/667, Geran 11634/M1 (Menara B)/22/720	61 sq m (656.6 sq ft)
		Total gross floor area: 2,316 sq m (24,930 sq ft)	
Market value	:	RM5.72 million	
Price range	:	RM145,000 – RM190,000 per unit / RM228 – 232 per sq ft. Price range excludes units in need of repairs	
Age of building	:	Approximately 27 years old	
Independent Valuer	:	KGV International Property Consultants (M) Sdn Bhd	
Date of valuation	:	3 January 2023	
Valuation method	:	Comparison method	

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INFORMATION ON THE MBfCORP GROUP'S PROPERTY ASSETS (Cont'd)

No.	Description				
(ix)	Name	: 1 unit of office lot : 12 unit of office lots : 51 units of retail and office lots] within 4 office towers with shop lots known as Leisure Commerce Square (also known as Pusat Dagang Setia Jaya)		
Strata Title/ Location/Floor Area	No.	Strata no.	Gross Floor Area (sq m)	Gross Floor Area (sq ft)	
	1	PN11813/M1/2/113	111	1,195	
	2	PN11813/M1/3/191	130	1,399	
	3	PN11813/M1/2/117	223	2,400	
	4	PN11813/M1/3/192	149	1,604	
	5	PN11813/M1/3/194	285	3,068	
	6	PN11813/M1-A/5/297	49	527	
	7	PN11813/M1-A/5/298	49	527	
	8	PN11813/M1-A/6/338	49	527	
	9	PN11813/M1-A/6/337	49	527	
	10	PN11813/M1-A/6/348	49	527	
	11	PN11813/M1-A/8/447	49	527	
	12	PN11813/M1-A/9/511	49	527	
	13	PN11813/M1-A/10/549	271	2,917	
	14	PN11813/M1/1/52	136	1,464	
	15	PN11813/M1-A/7/402	155	1,668	
	16	PN11813/M1-A/8/466	49	527	
	17	PN11813/M1-A/11/638	49	527	
	18	PN11813/M1/1/53	132	1,421	
	19	PN11813/M1/1/56	296	3,186	
	20	PN11813/M1/3/208	127	1,367	
	21	PN11813/M1-A/10/582	49	527	
	22	PN11813/M1-A/10/581	49	527	
	23	PN11813/M1-A/10/586	57	614	
	24	PN11813/M1-A/10/587	57	614	
	25	PN11813/M1-A/10/592	77	829	
	26	PN11813/M1-A/10/593	77	829	
	27	PN11813/M1/1/14	114	1,227	
	28	PN11813/M1/1/3	111	1,195	

INFORMATION ON THE MBFCORP GROUP'S PROPERTY ASSETS *(Cont'd)*

29	PN11813/M1/1/4	72	775
30	PN11813/M1/1/5	127	1,367
31	PN11813/M1/2/75	68	732
32	PN11813/M1/2/76	55	592
33	PN11813/M1/2/58	84	904
34	PN11813/M1/2/59	48	517
35	PN11813/M1/2/78	34	366
36	PN11813/M1/2/60	53	571
37	PN11813/M1/2/79	51	549
38	PN11813/M1/2/61	51	549
39	PN11813/M1/2/80	65	700
40	PN11813/M1/2/62	63	678
41	PN11813/M1/3/138	96	1,033
42	PN11813/M1/3/139	76	818
43	PN11813/M1/1/7	115	1,238
44	PN11813/M1-B/9/893	95	1,023
45	PN11813/M1-B/9/886	40	431
46	PN11813/M1-B/5/810	72	775
47	PN11813/M1-B/5/814	95	1,023
48	PN11813/M1-B/6/842	79	850
49	PN11813/M1-B/6/843	95	1,023
50	PN11813/M1/1/28	88	947
51	PN11813/M1/1/29	46	495
52	PN11813/M1-B/10/894	1,245	13,402
53	PN11813/M1-B/9/876	1,245	13,402
54	PN11813/M1-B/8/860	1,245	13,402
55	PN11813/M1-B/4/767	71	764
56	PN11813/M1-B/4/766	80	861
57	PN11813/M1-B/4/765	81	872
58	PN11813/M1-B/5/790	69	743
59	PN11813/M1-B/5/787	75	807
60	PN11813/M1-B/5/786	77	829
61	PN11813/M1-B/5/809	71	764
62	PN11813/M1-B/5/808	80	861
63	PN11813/M1-B/5/785	86	926

INFORMATION ON THE MBFCORP GROUP'S PROPERTY ASSETS (Cont'd)

64	PN11813/M1-B/5/807	Total	81	9,221	872	99,252
all located within Bandar Sunway, District of Petaling, State of Selangor						
1 unit of office lot	:	Total gross floor area: 1,245 sq m (13,402 sq ft)				
		Market value: RM3.73 million / RM278 per sq ft				
12 unit of office lots	:	Total gross floor area: 3,261 sq m (35,100 sq ft)				
		Market value: RM8.85 million				
51 units of retail and office lots	:	Price range : RM140,000 – RM3,705,000 / RM160 – RM230 per sq ft				
		Total gross floor area: 4,715 sq m (50,750 sq ft)				
		Market value: RM12.56 million				
		Price range : RM70,000 – RM1,140,000 / RM160 – RM490 per sq ft				
Tenure	:	99-year leasehold expiring on 17 July 2091. The present unexpired term of the lease is approximately 68 years				
Type of use	:	"Perniagaan"				
Express Condition	:	"Bangunan perniagaan"				
Restriction-in-Interest	:	"Tanah yang diberi milik ini tidak boleh dipindah milik, dipajak atau digadai melainkan dengan kebenaran Pihak Berkuasa Negeri"				
Encumbrances	:	Not stated				
Registered proprietor	:	Leisure Commerce Square Sdn Bhd. However, vide Sale And Purchase Agreements dated 7 December 1999 and 1 March 2000, the registered proprietor has sold the subject units identified as Nos. 52 to 64 in the table above to LHB. As such, for subject units identified as Nos. 52 to 64 in the table above, LHB is the beneficial owner.				
Age of building	:	Approximately 23 years old				
Independent Valuer	:	KGV International Property Consultants (M) Sdn Bhd				
Date of valuation	:	3 January 2023				
Valuation method	:	Comparison method				

INFORMATION ON THE MBFCORP GROUP'S PROPERTY ASSETS (Cont'd)

No.	Description
(x)	<p>Name : Unit No. B2-7A, Binova Industrial Centre, an intermediate flatted factory (with lift) within a 6-storey building consisting of 6 units of showroom and 44 units of flatted factory known as the Binova Industrial Centre</p> <p>Strata Title/ Location : Pajakan Mukim 573/M1/3/24, Mukim of Batu, Tempat 3½ Jalan Ipoh, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur</p> <p>Registered proprietor : Binova Sdn Berhad. However, vide a Sale And Purchase Agreement dated 8 June 1992, the subject property was sold by Binova Sdn Berhad to MBf Advance Sdn Bhd (now known as Advacare Sdn Bhd). Subsequently, vide a Sale And Purchase Agreement dated 7 April 1997, the subject property was sold by Advacare Sdn Bhd to MBf Insurans Sdn Bhd (now known as MBF Premier Sdn Bhd)</p> <p>Beneficial owner : MBF Premier Sdn Bhd</p> <p>Tenure : 99-year leasehold expiring on 19 January 2077. The present unexpired term of the lease is approximately 55 years</p> <p>Category of land use : "Perusahaan/Perindustrian"</p> <p>Express Condition : Kilang</p> <p>Restriction-in-Interest : "Tanah ini tidak boleh dipindah milik atau dipajakkan melainkan dengan kebenaran Jawatan Kuasa Kerja Tanah Wilayah Persekutuan"</p> <p>Encumbrances : Nil</p> <p>Gross floor area : 144.0 sq m (1,550.1 sq ft)</p> <p>Market value : RM300,000 / RM195 per sq ft</p> <p>Age of building : Approximately 32 years old</p>

INFORMATION ON THE MBfCORP GROUP'S PROPERTY ASSETS *(Cont'd)*

Independent Valuer : KGV International Property Consultants (M) Sdn Bhd

Date of valuation : 3 January 2023

Valuation method : Comparison method

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INFORMATION ON THE NON-ENTITLED SHAREHOLDERS

A. LHHSB

1. HISTORY AND BUSINESS

LHHSB was incorporated in Malaysia on 8 March 1980 under the Companies Act, 1965 as a private limited company under the name of Land Property Sdn Bhd and is deemed registered under the Act. On 29 May 1980, it changed its name West Point Sdn Bhd and on 8 September 1995, changed its name to its present name.

Its principal activity is investment holding while the principal activities of its subsidiary and associate company are set out in Section 5 of this Appendix III.

2. SHARE CAPITAL

2.1 Share capital

As at the LPD, the issued share capital of LHHSB is RM1,300,000 comprising 1,300,000 ordinary shares.

2.2 Changes in share capital

Since the end of the FYE 31 December 2021 up to the LPD, there is no change in the share capital of LHHSB.

2.3 Convertible securities

As at the LPD, LHHSB does not have any convertible securities in issue.

3. SHAREHOLDERS

As at the LPD, the shareholders of LHHSB and their respective shareholdings are as follows:

Name	Direct		Indirect	
	No. of shares	^(a) %	No. of shares	^(a) %
Puan Sri Ling	1,299,999	99.99	1	~ ^(b)
Dato' Loy	1	~	1,299,999	99.99 ^(c)
Loy Teik Inn	-	-	1,300,000	100.00 ^(d)

Notes:

~ Negligible

(a) Based on 1,300,000 ordinary shares in issue.

(b) Deemed interest by virtue of her interest through her son, Dato' Loy.

(c) Deemed interest by virtue of his interest through his mother, Puan Sri Ling.

(d) Deemed interest by virtue of his interest through his mother and brother, Puan Sri Ling and Dato' Loy, respectively.

INFORMATION ON THE NON-ENTITLED SHAREHOLDERS (Cont'd)
4. DIRECTORS

As at the LPD, the directors of of LHHSB are as follows:

Name	Designation	Nationality
Dato' Loy	Director	Malaysian
Loy Teik Inn	Director	Malaysian

The directors' respective shareholdings in LHHSB as at the LPD are set out below:

Name	Direct		Indirect	
	No. of shares	(a)%	No. of shares	(a)%
Dato' Loy	1	~	1,299,999	99.99 ^(b)
Loy Teik Inn	-	-	1,300,000	100.00 ^(c)

Notes:

~ Negligible

(a) Based on 1,300,000 ordinary shares in issue.

(b) Deemed interest by virtue of his interest through his mother, Puan Sri Ling.

(c) Deemed interest by virtue of his interest through his mother and brother, Puan Sri Ling and Dato' Loy, respectively.

5. SUBSIDIARY AND ASSOCIATE COMPANY

As at the LPD, the details of the subsidiary and associate company of LHHSB are as follows:

Name	Country of incorporation	Effective equity interest %	Principal activities
<u>Subsidiary</u>			
Leisure Entertainment Concepts Sdn Bhd	Malaysia	100.00	Provision of management services and rental of properties
<u>Associate company</u>			
MBf Corporation Berhad	Malaysia	39.49	Investment holding

INFORMATION ON THE NON-ENTITLED SHAREHOLDERS *(Cont'd)*
6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of LHHSB based on its audited consolidated financial statements for the past 3 FYEs 31 December 2019 to 31 December 2021 are as follows:

	Audited		
	FYE 31 December		
	2019	2020	2021
	RM	RM	RM
Revenue	234,236	238,564	247,000
LBT	(31,979)	(16,174)	(8,471)
Income tax credit/(tax)	2,170	-	(2,904)
LAT	(29,809)	(16,174)	(11,375)
 (Loss) attributable to owners of the company	 (29,809)	 (16,174)	 (11,375)
 No. of ordinary shares in issue	 1,300,000	 1,300,000	 1,300,000
(Loss) per share (sen) ^(a)	(2.29)	(1.24)	(0.88)
Dividend per share (RM)	-	-	-

Note:

^(a) Computed based on net loss attributable to owners of the company divided by the number of ordinary shares in issue.

There were no material exceptional items in the audited consolidated financial statements for the past 3 FYEs 31 December 2019 to 31 December 2021.

INFORMATION ON THE NON-ENTITLED SHAREHOLDERS (Cont'd)
7. STATEMENT OF ASSETS AND LIABILITIES

The statement of assets and liabilities of LHHSB, based on its audited consolidated financial statements as at 31 December 2020 and 31 December 2021 are as follows:

	Audited	
	As at 31 December	
	2020	2021
	RM	RM
ASSETS		
Non-current assets		
Investment properties	231,947	228,681
Subsidiary	-	-
Associate	1	1
Total non-current assets	231,948	228,682
Current assets		
Tax recoverable	2,000	2,200
Other receivables	432	-
Cash at bank	43,331	16,892
Total current asset	45,763	19,092
TOTAL ASSETS	277,711	247,774
EQUITY AND LIABILITIES		
Share capital	1,300,000	1,300,000
Accumulated loss	(1,105,964)	(1,117,339)
TOTAL EQUITY	194,036	182,661
Current liabilities		
Other payables	83,675	65,113
TOTAL LIABILITIES	83,675	65,113
TOTAL EQUITY AND LIABILITIES	277,711	247,774

8. MATERIAL CHANGES IN THE FINANCIAL POSITION AND PROSPECTS

As at the LPD, there are no known material changes in the financial position of LHHSB and its subsidiary subsequent to the last audited consolidated financial statements of LHSSB for the FYE 31 December 2021.

INFORMATION ON THE NON-ENTITLED SHAREHOLDERS (Cont'd)

9. ACCOUNTING POLICIES

The audited consolidated financial statements of LHHSB for the past 3 FYEs 31 December 2019 to 31 December 2021 have been prepared based on approved Malaysian accounting standards and there was no audit qualification on LHHSB's consolidated financial statements for the respective years under review.

There is no significant change in the accounting policies adopted by LHHSB which would result in the audited consolidated financial statements of LHHSB for the past 3 FYEs 31 December 2019 to 31 December 2021 not being comparable to a material extent.

B. BACKGROUND INFORMATION ON DATO' LOY

Dato' Loy, aged 61, Malaysian, is the director and indirect controlling shareholder of LHHSB. He is also the Chief Executive Officer and Managing Director of MBfCorp since 20 February 2004. Dato' Loy holds a Bachelor of Arts Degree in Economics from McMaster University, Hamilton, Canada. He has over 39 years of experience in property development, education, finance and banking, fast food, manufacturing, hospitality, insurance, leisure and timeshare businesses.

He is also the Chairman of the Executive Committee of Taylor's Education Group and also the Chairman of Holidays Tours and Travel Sdn Bhd.

C. BACKGROUND INFORMATION ON PUAN SRI LING

Puan Sri Ling, aged 87, Malaysian, is the controlling shareholder of LHHSB. Puan Sri Ling is spouse of the late Tan Sri Loy Hean Heong, who founded the MBf group of companies in 1963.

D. BACKGROUND INFORMATION ON LOY TEIK INN

Loy Teik Inn, aged 48, Malaysian, is the director and indirect controlling shareholder of LHHSB. Loy Teik Inn holds a Bachelor of Science in Business Administration from Boston University, United States of America.

Loy Teik Inn has had over 15 years of experience in various marketing communication roles in the retail, leisure, finance and education sectors. Currently, he is running a cake shop business.

INFORMATION ON MBfCORP

1. HISTORY AND BUSINESS

MBfCorp was incorporated in Malaysia on 1 April 2002 under the Companies Act, 1965 as a private limited company under the name of Perfect Utilisation Sdn Bhd and is deemed registered under the Act. On 18 June 2003, it changed its name to MBf Corporation Sdn Bhd and was subsequently converted to a public limited company on 1 July 2003 and assumed its present name. MBfCorp assumed the listing status of MBf Capital Berhad on 25 August 2003 on the Main Board of Bursa Securities upon the completion of MBf Capital Berhad's restructuring scheme. MBfCorp was subsequently delisted and removed from the Official List of Bursa Securities on 6 August 2007.

The principal activity of MBfCorp is investment holding and the principal activities of the subsidiaries are set out in Section 5 of this Appendix IV.

2. SHARE CAPITAL

2.1 Share capital

As at the LPD, the issued share capital of MBfCorp is RM282,033,314 comprising 282,033,314 MBfCorp Shares.

2.2 Changes in share capital

Since the end of the FYE 31 December 2022 up to the LPD, there is no change in the share capital of MBfCorp.

2.3 Convertible securities

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

3. SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of the Company and their respective shareholdings are as follows:

Name	Direct		Indirect	
	No. of Shares	(a)%	No. of Shares	(a)%
LHHSB	111,380,600	39.49	-	-
Puan Sri Ling	6,811	~	111,380,600 ^(b)	39.49
Dato' Loy	-	-	111,387,661 ^(c)	39.49
Loy Teik Inn	250	~	111,387,411 ^(d)	39.49
Chuah Hun Leong	15,721,610	5.57	-	-

Notes:

(a) Based on 282,033,314 issued Shares as at the LPD.

(b) Deemed interest by virtue of her interest in LHHSB.

INFORMATION ON MBfCORP (Cont'd)

- (c) Deemed interest by virtue of his interest in LHHSB through his mother, Puan Sri Ling and the direct interest of his mother and brother, Loy Teik Inn, in MBfCorp.
- (d) Deemed interest by virtue of his interest in LHHSB through his mother, Puan Sri Ling and the direct interest of his mother, in MBfCorp.
- ~ Negligible.

4. BOARD OF DIRECTORS

As at the LPD, the Directors of the Company are as follows:

Name	Designation	Nationality	Correspondence address
Dato' Loy	Managing Director and Chief Executive Officer	Malaysian	c/o Taylor's University Lakeside Campus Level 5, Block A No. 1, Jalan Taylor's 47500 Subang Jaya Selangor Darul Ehsan
Angelina Sahaya Mary A/P Ramakrishnan	Non-Independent Non-Executive Director	Malaysian	No. 55, Jalan SHT 1 Subang Heights East 47500 Subang Jaya Selangor Darul Ehsan
Christopher Koh Swee Kiat	Independent Non-Executive Director	Malaysian	2 Armada Villa Jalan 109F Taman Danau Desa 58100 Kuala Lumpur

The Directors' respective shareholdings in the Company as at the LPD are set out below:

Name	Direct		Indirect	
	No. of Shares	(a)%	No. of Shares	(a)%
Dato' Loy	-	-	111,387,661 ^(b)	39.49
Angelina Sahaya Mary A/P Ramakrishnan	-	-	-	-
Christopher Koh Swee Kiat	-	-	-	-

Notes:

(a) Based on 282,033,314 issued Shares as at the LPD.

(b) Deemed interest by virtue of his interest in LHHSB through his mother, Puan Sri Ling and the direct interest of his mother and brother, Loy Teik Inn, in MBfCorp.

INFORMATION ON MBfCORP (Cont'd)

5. SUBSIDIARIES AND ASSOCIATE COMPANIES

As at the LPD, the Company does not have any associate company. The details of the subsidiaries of the Company are as follows:

Name	Country of incorporation	Effective equity interest %	Principal activities
Leisure Holidays Berhad	Malaysia	76.48	Promoting and selling of timeshare memberships, marketing of club memberships, resort management services and provision of management service
Leisure Commerce Square Sdn Bhd	Malaysia	70.00	Property development
MBF Premier Sdn Bhd	Malaysia	100.00	Investment holding company
<u>Indirect through Leisure Holidays Berhad:</u>			
Leisure Holidays Marketing Sdn Bhd	Malaysia	76.48	Promoting and marketing of timeshare and club memberships
Summerset Resort Sdn Bhd	Malaysia	65.01	In liquidation
<u>Indirect through Summerset Resort Sdn Bhd:</u>			
Summerset Group Management Sdn Bhd	Malaysia	65.01	In liquidation

INFORMATION ON MBFCORP (Cont'd)

6. SUMMARY FINANCIAL PERFORMANCE

The following is a summary financial performance of the MBfCorp Group for the past 6 financial years, which should be read in conjunction with the audited consolidated financial statements and the Message from the Managing Director/Chief Executive Officer in the respective year's annual report:

	-----FYE 31 December-----					
	2017	2018	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Restated⁽¹⁾						
Revenue	5,400	7,507	7,556	7,308	7,021	6,921
- <i>timeshare enrolment fee (i.e. deferred income)⁽²⁾</i>	2,255	4,494 ⁽³⁾	4,440 ⁽³⁾	4,377 ⁽³⁾	4,244 ⁽³⁾	4,028 ⁽³⁾
- <i>annual maintenance charges</i>	2,779	2,718	2,644	2,452	2,273	2,020
- <i>rental income from inventories</i>	362	291	467	473	496	699
- <i>sales of property inventories</i>	-	-	-	-	-	170
- <i>dividend income</i>	4	4	5	6	8	4
Gross profit	4,257	6,445	6,590	6,149	5,806	5,228
Other income ⁽⁴⁾	2,665	5,766	2,139	6,583	2,218	4,566
Staff costs	(2,497)	(2,440)	(2,423)	(2,216)	(2,071)	(2,026)
Depreciation	(1,650)	(1,707)	(1,719)	(1,725)	(1,700)	(1,639)
Other expenses	(1,650)	(2,112)	(1,858)	(13,699) ⁽⁵⁾	(1,369)	(4,023) ⁽⁶⁾
Profit/(loss) from operations	1,125	5,952	2,729	(4,908)	2,884	2,106
PBT/(LBT)	1,122	5,933	2,713	(4,920)	2,877	2,104
Profit/(loss) attributable to owners of the Company (from continuing operations)	301	3,327	1,777	(7,471)	1,723	1,297

The profit for the financial years under review was due mainly to the recognition of profit arising from deferred income from timeshare memberships.

INFORMATION ON MBfCORP (Cont'd)

Notes:

- (1) Restated on the recognition of the new classification and measurement requirements related to financial assets and the adoption of the new revenue recognition when goods or services are transferred to customers pursuant to MFRS 15 Revenue from Contracts with Customers ("**MFRS 15**").
- (2) For each timeshare membership sold, a portion of the timeshare membership fees is recognised as enrolment fees in the profit and loss account and the balance is recognised in the timeshare development account or in the refundable security deposits account. The carrying amounts of the timeshare development account and the refundable security deposits account are then recognised as income in the statement of profit and loss over the timeshare tenure based on the commencement of the membership, resulting in revenue being deferred and recognised over the period of the timeshare membership.
- (3) Prior to MFRS 15, timeshare membership fees was initially recognised as 61.25% enrolment fees with the 38.75% balance portion recognised in the Timeshare Development Account/Refundable Security Deposit Account. The carrying amount of the Timeshare Development Account/Refundable Security Deposit Account was then recognised as income in the statement of profit or loss over a period between 29 to 49 years (depending on the timeshare tenure).

Example: If timeshare membership fee is RM21,000 for a 50 year timeshare tenure, RM12,863 (i.e. 61.25% of timeshare membership fees) is recognised in the statement of profit or loss as enrolment fees.

RM8,137 (i.e. 38.75% of timeshare membership fees) is recognised in the Timeshare Development Account and will then be charged out to the statement of profit or loss over 49 years. i.e. RM166.06 per year in the statement of profit or loss.

After MFRS 15 took effect, the timeshare membership fees is recognised on a straight line basis over the period of 30, 33 and 50 years based on the timeshare agreement entered into with the timeshare members. This resulted in revenue being deferred and recognised even later as compared to the recognition of 61.25% of the timeshare membership fees as enrolment fee and the 38.75% balance portion recognised in the Timeshare Development Account/Refundable Security Deposits Account.

Example; If timeshare membership fees is RM21,000 for a 50 year timeshare tenure, RM420 (i.e. RM21,000/50 years of timeshare membership fees) is recognised in the statement of profit or loss as enrolment fees.

RM20,580 is then taken up in the Timeshare Development Account and will then be charged out to the statement of profit or loss over 49 years.

As MFRS 15 came into effect on 1 January 2018, there was an increase in timeshare enrolment fee due to revenue being deferred and recognised later.

INFORMATION ON MBfCORP (Cont'd)

- (4) Other income comprises mainly of interest income, rental income (comprising of (a) short-term rental income e.g. Airbnb; (b) rental income from unlodged accommodation units; and (c) rental income from third-party operators), rental income from investment properties, forfeiture of rental deposit, award from legal case, write back of disputable payables, reversal of allowance for impairment losses on property, plant and equipment and termination income (whereupon termination of a timeshare membership, all remaining deferred income will be recognised as termination income).
- (5) The increase was due to the allowance for impairment loss on amount due from non-consolidated subsidiary of LHB, Summerset Resort Sdn Bhd (a 85%-owned subsidiary of LHB, whose financial statement was deconsolidated from the MBfCorp Group in the FYE 31 December 2012), of RM12.32 million, and which is currently under creditors' voluntary winding up. The amount is non-interest bearing and repayable upon disposal of the parcels of land owned by Summerset Resort Sdn Bhd.

On 20 December 2019, Summerset Resort Sdn Bhd (in liquidation) had entered into a sale and purchase agreement with a purchaser for the disposal of parcels of land owned by it for a total consideration of RM18,452,874.

On 16 January 2020, the liquidator for Summerset Resort Sdn Bhd was informed by the Pejabat Tanah Daerah Dan Tanah Rompin that the quit rent for the said land amounted to RM2,374,684, an increase from RM653,040 in 2019 and prior years. On 31 March 2020 and 28 May 2020, Summerset Resort Sdn Bhd appealed to the Pejabat Tanah Daerah Dan Tanah Rompin on the increase. However, on 20 July 2020, the Pejabat Tanah Daerah Dan Tanah Rompin notified Summerset Resort Sdn Bhd that, there was an error in the computation of the quit rent, which should be RM7,420,877 instead of RM2,374,684 as the parcels of land fell under the category of "Tanah Bandar".

The appeals by Summerset Resort Sdn Bhd on the revised quit rent were rejected by the Pejabat Tanah Daerah Dan Tanah Rompin on 24 August 2020. On 15 November 2021, Pejabat Daerah Dan Tanah Rompin issued a notice of demand for the payment of outstanding quit rent amounting to RM16,325,934 on or before 24 November 2021. In the same notice, Pejabat Daerah Dan Tanah Rompin has also stated that any failure to pay the outstanding quit rent may result in the said parcels of land be subjected to forfeiture actions under the provisions of Section 100 of the National Land Code 1965. As at the LPD, the quit rent for the said parcels of land remains outstanding. Summerset Resort Sdn Bhd continued to appeal on the exorbitant quit rent rate to the Pejabat Tanah Galian Pahang via the Pejabat Tanah Daerah Dan Tanah Rompin, which is now pending the final decision from the Pihak Berkuasa Negeri Pahang.

Due to the above development, the purchaser had indicated to the liquidator of Summerset Resort Sdn Bhd that the sale and purchase agreement will be terminated in the event the appeal to the Pihak Berkuasa Negeri Pahang is not successful. In view there is an indication that the amount owing by Summerset Resort Sdn Bhd may not be recoverable due to the non-completion of the sale and purchase agreement and given the uncertainty and lengthy process coupled with the inability of Summerset Resort Sdn Bhd to meet the obligation of the quit rent to the Pejabat Tanah Daerah Dan Tanah Rompin in the event the final appeal is not successful, the Directors of MBfCorp had during the FYE 31 December 2020, decided to impair the amount due from Summerset Resort Sdn Bhd.

INFORMATION ON MBfCORP (Cont'd)

Subsequently, during the FYE 31 December 2022, the sale and purchase agreement was mutually terminated as the quit rent issue was not resolved during the extension period of the sale and purchase agreement.

- (6) The increase was due to the write down on inventory units to their net realisable values of RM3.02 million arising from the revaluation of the inventory units, wherein inventory units are stated as lower of cost and net realisable value.

7. PROFIT AND DIVIDEND RECORD

A summary of the profit and dividend record of the Company based on its audited consolidated financial statements for the FYEs 31 December 2019 to 31 December 2022 are as follows:

	Audited			
	FYE 31 December			
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
Revenue	7,556	7,308	7,021	6,921
PBT/(LBT)	2,713	(4,920)	2,877	2,104
Taxation	(433)	(896)	(589)	(620)
Profit/(loss) after tax from continuing operations	2,280	(5,816)	2,288	1,484
Discontinued operations - Gain after taxation from discontinued operations	-	955	-	-
Total comprehensive income/(expenses) for the financial year	2,280	(4,861)	2,288	1,484
Profit attributable to owners of the Company:				
- Continuing operations	1,777	(7,471)	1,723	1,297
- Discontinued operations	-	967	-	-
	1,777	(6,504)	1,723	1,297
Non-controlling interests	503	1,643	565	187
	2,280	(4,861)	2,288	1,484
No. of Shares in issue	282,033,314	282,033,314	282,033,314	282,033,314
Earnings/(loss) per share (sen) ^(a)	0.63	(2.65)	0.61	0.46
Dividend per share (RM)	-	-	-	-

Note:

- (a) Computed based on net profit/(loss) attributable to owners of the Company from continuing operations divided by the number of Shares in issue.

There were no material exceptional items in the audited consolidated financial statements for the FYEs 31 December 2019 to 31 December 2022.

INFORMATION ON MBfCORP (Cont'd)

8. STATEMENT OF ASSETS AND LIABILITIES

The statement of assets and liabilities of the Company, based on its audited consolidated financial statements as at 31 December 2020, 31 December 2021 and 31 December 2022 are as follows:

	Audited		
	As at 31 December		
	2020	2021	2022
	RM'000	RM'000	RM'000
ASSETS		Restated ⁽¹⁾	
Non-current assets			
Property, plant and equipment	41,825	40,162	39,781
Investment properties	9,031	9,031	9,150
Trade receivables	12	11	11
Total non-current assets	50,868	49,204	48,942
Current assets			
Inventories	15,246	15,246	12,007
Trade receivables	294	358	89
Other receivables	890	790	1,285
Current tax assets	386	409	432
Cash and bank balances	8,474	8,027	8,159
Total current asset	25,290	24,830	21,972
TOTAL ASSETS	76,158	74,034	70,914
EQUITY AND LIABILITIES			
Share capital	282,033	282,033	282,033
Accumulated losses	(279,925)	(278,202)	(276,905)
	2,108	3,831	5,128
Non-controlling interests	(4,249)	(3,684)	(3,497)
TOTAL EQUITY	(2,141)	147	1,631
Non-current liabilities			
Hire purchase payables	104	9	-
Refundable security deposits	1,652	870	294
Timeshare development account	67,711	64,055	60,267
Total non-current liabilities	69,467	64,934	60,561

INFORMATION ON MBfCORP (Cont'd)

	Audited		
	As at 31 December		
	2020	2021	2022
	RM'000	RM'000	RM'000
Current liabilities			
Hire purchase payables	106	95	8
Refundable security deposits	819	651	384
Timeshare development account	3,441	3,429	3,405
Other payables	4,213	4,558	4,702
Current tax liabilities	253	220	223
Total current liabilities	8,832	8,953	8,722
TOTAL LIABILITIES	78,299	73,887	69,283
 TOTAL EQUITY AND LIABILITIES	 76,158	 74,034	 70,914

Note:

- (1) Restated due to the reclassification of motor vehicle from right-of-use asset to property, plant and equipment and reclassification of motor vehicle which is under hire purchase from lease liabilities to hire purchase payables.

9. BORROWINGS

As at the LPD, the Group does not have any interest-bearing borrowings.

10. MATERIAL COMMITMENT

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

11. CONTINGENT LIABILITIES

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

12. MATERIAL CHANGES IN THE FINANCIAL POSITION AND PROSPECTS

As at the LPD, there are no known material changes in the financial position or prospects of the Group since the date of the Company's audited financial statement for the FYE 31 December 2021 which was laid before the Company's shareholders at its Annual General Meeting on 22 June 2022.

INFORMATION ON MBfCORP (Cont'd)

13. ACCOUNTING POLICIES

The audited consolidated financial statements of the Company for the FYEs 31 December 2019 to 31 December 2022 have been prepared based on approved Malaysian accounting standards and there was no audit qualification on the MBfCorp Group's financial statements for the respective years under review.

There is no significant change in the accounting policies which would result in the audited consolidated financial statements of MBfCorp for the FYEs 31 December 2019 to 31 December 2022 not being comparable to a material extent.

DISCLOSURE OF INTERESTS AND DEALINGS IN MBfCORP SHARES

1. DISCLOSURE OF INTERESTS IN THE SHARES

There is only 1 class of shares in MBfCorp, being the ordinary shares. As at the LPD, the Company does not have any convertible securities in issue.

1.1 By the Non-Entitled Shareholders

Save as disclosed below, as at the LPD, the Non-Entitled Shareholders do not have any interest, whether direct or indirect, in MBfCorp:

Name	Direct		Indirect	
	No. of Shares	(a)%	No. of Shares	(a)%
LHHSB	111,380,600	39.49	-	-
Puan Sri Ling	6,811	~	111,380,600 ^(b)	39.49
Dato' Loy	-	-	111,387,661 ^(c)	39.49
Loy Teik Inn	250	~	111,387,411 ^(d)	39.49

Notes:

~ Negligible

(a) Based on 282,033,314 issued Shares as at the LPD.

(b) Deemed interest by virtue of her interest in LHHSB.

(c) Deemed interest by virtue of his interest in LHHSB through his mother, Puan Sri Ling and the direct interest of his mother and brother, Loy Teik Inn, in MBfCorp.

(d) Deemed interest by virtue of his interest in LHHSB through his mother, Puan Sri Ling and the direct interest of his mother, in MBfCorp.

1.2 By the directors of LHHSB

Save as disclosed below, as at the LPD, the directors of LHHSB do not have any interest, whether direct or indirect, in MBfCorp:

Name	Direct		Indirect	
	No. of Shares	(a)%	No. of Shares	(a)%
Dato' Loy	-	-	111,387,661 ^(b)	39.49
Loy Teik Inn	250	~	111,387,411 ^(c)	39.49

Notes:

~ Negligible

(a) Based on 282,033,314 issued Shares as at the LPD.

(b) Deemed interest by virtue of his interest in LHHSB through his mother, Puan Sri Ling and the direct interest of his mother and brother, Loy Teik Inn, in MBfCorp.

(c) Deemed interest by virtue of his interest in LHHSB through his mother, Puan Sri Ling and the direct interest of his mother, in MBfCorp.

DISCLOSURE OF INTERESTS AND DEALINGS IN MBfCORP SHARES *(Cont'd)*

1.3 By the persons acting in concert

As at the LPD, there is no person acting in concert with the Non-Entitled Shareholders who holds MBfCorp Shares in relation to the Proposed SCR pursuant to subsections 216(2) and 216(3) of the CMSA.

1.4 By persons who have irrevocably committed to vote in favour of or against the Proposed SCR

As at the LPD, the Non-Entitled Shareholders and persons acting in concert with them have not received any irrevocable undertaking from any Entitled Shareholders to vote in favour of or against the Special Resolution to be tabled at the forthcoming EGM.

1.5 By persons whom the Non-Entitled Shareholders and persons acting in concert with them have any arrangement, agreement or understanding

As at the LPD, the Non-Entitled Shareholders and persons acting in concert with them have not entered into any arrangement involving rights over shares, any indemnity arrangement and any arrangement or understanding, formal or informal, of whatever nature, relating to the MBfCorp Shares which may be an inducement to deal or to refrain from dealing in the Shares.

1.6 By persons with whom the Non-Entitled Shareholders and persons acting in concert with them have borrowed or lent the Shares

As at the LPD, none of the MBfCorp Shares are being borrowed by the Non-Entitled Shareholders and persons acting in concert with them, from another person, or lent by the Non-Entitled Shareholders and persons acting in concert with them, to another person.

2. DISCLOSURE OF DEALINGS IN THE SHARES

2.1 By MBfCorp and its Directors

The Company and its Directors have not dealt in MBfCorp Shares commencing 6 months prior to 7 April 2023, being the date of the Offer Letter and up to the LPD.

2.2 By the Non-Entitled Shareholders and directors of LHHSB

The Non-Entitled Shareholders and the directors of LHHSB have not dealt in MBfCorp Shares commencing 6 months prior to 7 April 2023, being the date of the Offer Letter and up to the LPD.

DISCLOSURE OF INTERESTS AND DEALINGS IN MBFCORP SHARES *(Cont'd)*

3. GENERAL DISCLOSURE

- 3.1 As at the LPD, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any director of MBfCorp as compensation for loss of office or otherwise in connection with the Proposed SCR.
- 3.2 As at the LPD, there is no agreement, arrangement or understanding that exists between the Non-Entitled Shareholders or persons acting in concert with them, and any of the directors or recent directors of MBfCorp (being such person who was, during the period of 6 months prior to 7 April 2023, being the date of the Offer Letter, a director of MBfCorp), or any shareholder or recent shareholder of MBfCorp (being such person who was, during the period of 6 months prior to 7 April 2023, being the date of the Offer Letter, a shareholder of MBfCorp) having any connection with or dependence upon the Proposed SCR.
- 3.3 As at the LPD, there is no agreement, arrangement or understanding which is entered into by the Non-Entitled Shareholders or persons acting in concert with them whereby any MBfCorp Shares held by the Non-Entitled Shareholders and persons acting in concert with them upon completion of the Proposed SCR will be transferred to any other person.
- 3.4 As at the LPD, save for the Proposed SCR which involves the Interested Directors, there is no agreement or arrangement between any director of MBfCorp and any other person which is conditional on or dependent upon the outcome of the Proposed SCR or otherwise connected with the outcome of the Proposed SCR.

ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

This Document has been seen and approved by the Board who collectively and individually have taken reasonable care to ensure the facts stated and opinions expressed by the Board in this Document, in so far as it related to MBfCorp, are fair and accurate and that no material facts have been omitted and that the Board accepts responsibility accordingly.

The Board jointly and severally accepts full responsibility for the accuracy of the information contained in this Document and confirm, having made all reasonable inquiries, that to the best of their knowledge, the facts stated and/or opinions expressed by the Board in this Document are fair and accurate after due and careful consideration and that no other facts have been omitted in this Document, the omission of which would make any statement in this Document misleading.

Information on the Non-Entitled Shareholders in this Document were provided by the Non-Entitled Shareholders and/or obtained from publicly available sources. Any statement or information in relation to the Non-Entitled Shareholders as disclosed in the Document are confirmed by them respectively. The responsibility of the Board is limited to ensuring that such information relating to the Non-Entitled Shareholders is accurately reproduced in this Document.

In respect of the IAL, the Board confirms that all relevant facts and information in relation to the Group have been disclosed to the Independent Adviser for its evaluation of the Proposed SCR and that there is no material facts, the omission of which would make any information provided to the Independent Adviser false or misleading. The Board accepts full responsibility for the accuracy and completeness of the information provided to the Independent Adviser.

2. CONSENTS AND CONFLICT OF INTERESTS**2.1 Principal Adviser**

M&A Securities, being the Principal Adviser for the Proposed SCR, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereon in the form and context in which they appear in this Document.

In addition, M&A Securities, has also advised the Non-Entitled Shareholders on their obligation under the Rules in connection with the Proposed SCR and the Board is fully informed of M&A Securities' role in advising the Non-Entitled Shareholders.

Notwithstanding the above, M&A Securities is of the opinion that concerns of any conflict of interest that exists or is likely to exist in relation to its capacity as the Principal Adviser to MBfCorp for the Proposed SCR is mitigated by the following:

- (a) M&A Securities is licensed to comply with strict policies and guidelines issued by the SC and Bursa Securities and its appointment as the Principal Adviser to MBfCorp for the Proposed SCR is in the ordinary course of its business and M&A Securities does not receive or derive any financial interest or benefits save for the professional fees received in relation to its appointment as the Principal Adviser to MBfCorp for the Proposed SCR; and

ADDITIONAL INFORMATION *(Cont'd)*

- (b) the Board (save for the Interested Directors), had appointed TA Securities as the Independent Adviser to provide comments, opinion, information and recommendation to the Board (save for the Interested Directors) and to the Non-Interested Shareholders in respect of the Proposed SCR.

As at the LPD, save as disclosed above, M&A Securities confirms that it is not aware of any conflict of interest that exists or is likely to exist in relation to its capacity as the Principal Adviser to MBfCorp for the Proposed SCR.

2.2 TA Securities

TA Securities, being the Independent Adviser for the Proposed SCR, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereon in the form and context in which they appear in this Document.

TA Securities is not aware of any conflict of interest that exists or is likely to exist in its capacity as the Independent Adviser for the Proposed SCR.

2.3 KGV International Property Consultants (M) Sdn Bhd

KGV International Property Consultants (M) Sdn Bhd, being the Independent Valuer for certain of the property units of MBfCorp, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereon in the form and context in which they appear in this Document.

KGV International Property Consultants (M) Sdn Bhd is not aware of any conflict of interest that exists or is likely to exist in its capacity as the Independent Valuer for certain of the property units of MBfCorp Group.

2.4 Preston Rowe Paterson Southport Pty Limited

Preston Rowe Paterson Southport Pty Limited, being the Independent Valuer for the 10 units of apartments known as Santana Holiday Resort Apartments ("**Santana Units**"), has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereon in the form and context in which they appear in this Document.

Preston Rowe Paterson Southport Pty Limited is not aware of any conflict of interest that exists or is likely to exist in its capacity as the Independent Valuer for the Santana Units.

3. MATERIAL CONTRACTS

The MBfCorp Group has not entered into any material contracts (not being the contracts entered into in the ordinary course of business), within the 2 years immediately preceding the LPD.

4. MATERIAL LITIGATION

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

ADDITIONAL INFORMATION *(Cont'd)*

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at 1023, Level 10, Block B1, Pusat Dagang Setia Jaya (Leisure Commerce Square), No. 9 Jalan PJS 8/9, 46150 Petaling Jaya, Selangor Darul Ehsan, 9.00 a.m. to 6.00 p.m. from Monday to Friday (except public holidays) from the date of this Document up to the date of the EGM:

- (i) Constitution of MBfCorp;
- (ii) Audited consolidated financial statements of MBfCorp for the past 3 financial years up to FYE 31 December 2022;
- (iii) Offer Letter;
- (iv) Valuation reports in relation to the properties of the MBfCorp Group; and
- (v) Letters of consent and declaration of conflict of interest referred to in Section 2 of this Appendix VI.



MBf CORPORATION BERHAD
(Company No.: 200201008009 (575672-X))

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**EGM**") of MBf Corporation Berhad ("**MBfCorp**" or the "**Company**") will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Wednesday, 28 June 2023 at 11.30 a.m., or immediately after the conclusion of the Twenty-First Annual General Meeting of the Company which will be held on the same day at 10:00 a.m., whichever is earlier, or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution:

SPECIAL RESOLUTION

PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE OF MBFCORP PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 ("ACT") ("PROPOSED SCR")

"THAT, subject to the approvals and consents obtained from all relevant authorities and parties, as well as the order granted by the High Court of Malaya ("**High Court**") for the reduction of the issued share capital of MBfCorp in accordance with Section 116 of the Act, approval be and is hereby given for the Company to undertake and effect the Proposed SCR in the following manner:

- (i) to undertake a selective capital reduction and a corresponding capital repayment under Section 116 of the Act in respect of the ordinary shares of MBfCorp ("**MBfCorp Shares**" or "**Shares**") held by all shareholders of MBfCorp (save for Leisure Holidays Holdings Sdn Bhd, Puan Sri Ling Mah Lee @ Ling Lee Hung, Dato' Loy Teik Ngan and Loy Teik Inn (collectively, the "**Non-Entitled Shareholders**")), whose names appear in the Record of Depositors as at the close of business on an entitlement date to be determined and announced later by the Board of Directors of MBfCorp ("**Entitlement Date**") ("**Entitled Shareholders**");
- (ii) to cancel RM16,211,337.04 from the issued share capital of the Company whereby the issued share capital of the Company will be reduced from RM282,033,314 to RM265,821,976.96 and to apply the credit of RM16,211,337.04 arising therefrom in the manner set out in (iv) below;
- (iii) to cancel all the MBfCorp Shares in issue save for the MBfCorp Shares which are held by the Non-Entitled Shareholders as at the Entitlement Date; and
- (iv) thereafter, to effect the capital repayment of RM16,211,337.04 in cash or RM0.095 for each existing MBfCorp Share held by the Entitled Shareholders on the Entitlement Date.

THAT, pursuant to the Proposed SCR, the Board of Directors of MBfCorp (save for the interested directors) ("**Board**") be and is hereby authorised to take all such steps as they may deem necessary in connection with the Proposed SCR including:

- (i) to determine the Entitlement Date;
- (ii) to file an application to seek the confirmation from the High Court for the reduction of share capital under Section 116 of the Act;
- (iii) to lodge the required documents, including a copy of the order of the High Court granted pursuant to Section 116 of the Act confirming the reduction of share capital with the Registrar of Companies pursuant to Section 116(6) of the Act on such date as the Board may determine;

- (iv) subject to the confirmation by order granted by the High Court being granted pursuant to Section 116 of the Act with regard to the Proposed SCR, to effect the capital repayment of RM16,211,337.04 in cash or RM0.095 for each MBfCorp Share held by the Entitled Shareholders on the Entitlement Date;
- (v) to assent to any terms, conditions, stipulations, modifications, variations and/or amendments as the Board may deem fit, necessary and/or expedient in the best interest of the Company or as a consequence of any requirements imposed by the relevant authorities and/or by the Registrar of Companies and/or as may be required to comply with any applicable laws, in relation to the Proposed SCR; and
- (vi) to do all such acts, deeds and/or things as the Board may consider fit, necessary and/or expedient in the best interest of MBfCorp in order to implement, finalise, complete and to give full effect to the Proposed SCR, including to execute any documents, to enter into any arrangements and/or agreements with any party and to give any undertakings."

BY ORDER OF THE BOARD

LILY YIN KAM MAY (MAICSA 0878038) (SSM PC No. 201908001210)

LIM BEE TING (MIA 16769) (SSM PC No. 202008002018)

Company Secretaries

Petaling Jaya

30 May 2023

Notes:

- (a) A member of the Company entitled to attend, participate, speak and vote at the meeting is entitled to appoint up to 2 proxies to attend, participate, speak and vote instead of him/her. Where a member appoints 2 proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.
- (b) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("**SICDA**") which holds ordinary shares in the Company for 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. Where a member is an authorised nominee as defined under SICDA, it may appoint 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (c) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its officer or attorney duly authorised.
- (d) The original instrument appointing a proxy ("**Proxy Form**") must be deposited at the Company's Share Registrar, Insurban Corporate Services Sdn Bhd at 149, Jalan Aminuddin Baki, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, Malaysia, not less than 48 hours before the time appointed for holding the EGM.
- (e) Pursuant to the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia, the resolution set out in this Notice will be put to vote on a poll.
- (f) Only a depositor whose name appears in the Record of Depositors as at 21 June 2023 shall be entitled to attend, participate, speak and vote at this meeting or appoints a proxy or proxies to attend, participate, speak and vote on his/her behalf.



MBf CORPORATION BERHAD
(Company No.: 200201008009 (575672-X))

PROXY FORM

No. of Shares held																
CDS Account No.				-				-								

I / We _____

(Full Name in Block Letters)

(NRIC No./Company Registration No./Passport No.) _____

of _____

(Full Address)

being a member/members of **MBf CORPORATION BERHAD**, hereby appoint:

Full name of proxy		Proportion of shareholdings represented	
		No of shares	%
Address	NRIC No/Passport No./ Company No.		

and/or failing him/her,

Full name of proxy		Proportion of shareholdings represented	
		No of shares	%
Address	NRIC No/Passport No./ Company No.		

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Wednesday, 28 June 2023 at 11.30 a.m. or immediately after the conclusion of the Twenty-First Annual General Meeting of the Company to be held on the same day at 10:00 a.m., whichever is earlier, or at any adjournment thereof.

** Please strikethrough the words "the Chairman of the Meeting" if you wish to appoint some other person to be your proxy.*

Resolution		FOR	AGAINST
Special Resolution	Selective Capital Reduction and Repayment Exercise of MBf Corporation Berhad pursuant to Section 116 of the Companies Act 2016		

(Please indicate with a cross "X" in the space provided whether you wish your vote to be cast for or against the Resolution. If in the absence of specific directions, your proxy will vote or abstain from voting as he/she thinks fit).

Signed this _____ day of _____, 2023.

Signature of shareholder or Common Seal



Notes:

- (a) A member of the Company entitled to attend, participate, speak and vote at the meeting is entitled to appoint up to 2 proxies to attend, participate, speak and vote instead of him/her. Where a member appoints 2 proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.
- (b) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("**SICDA**") which holds ordinary shares in the Company for 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. Where a member is an authorised nominee as defined under SICDA, it may appoint 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (c) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its officer or attorney duly authorised.
- (d) The original instrument appointing a proxy ("**Proxy Form**") must be deposited at the Company's Share Registrar, Insurban Corporate Services Sdn Bhd at 149, Jalan Aminuddin Baki, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, Malaysia, not less than 48 hours before the time appointed for holding the EGM.
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AFFIX
STAMP

The Share Registrar:

MBf CORPORATION BERHAD
(Company No.: 200201008009 (575672-X))
c/o Insurban Corporate Services Sdn Bhd
149, Jalan Aminuddin Baki
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Malaysia

2nd Fold Here

Fold This Flap For Sealing