

THIS CIRCULAR TO SHAREHOLDERS OF EWEIN BERHAD ("EWEIN" OR THE "COMPANY") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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EWEIN BERHAD

(Registration No. 200601023136 (742890-W))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE FOLLOWING: -

PART A

- (I) **PROPOSED ACQUISITION BY DELIGHT ISLAND SDN BHD, A WHOLLY-OWNED INDIRECT SUBSIDIARY OF EWEIN BERHAD, OF A PARCEL OF VACANT INDUSTRIAL LAND FORMED BY 14 CONTIGUOUS LOTS LOCATED IN SEBERANG PERAI UTARA, PULAU PINANG FROM MAGNUM HERITAGE SDN BHD, A RELATED PARTY, FOR A TOTAL CASH CONSIDERATION OF APPROXIMATELY RM25.84 MILLION ("PROPOSED LAND ACQUISITION");**
- (II) **PROPOSED ACQUISITION BY EWEIN BERHAD OF THE ENTIRE EQUITY INTEREST OF VS SOLUTION SERVICES SDN BHD FROM OOI ENG LEONG, GOH KIANG TENG, GOH YIN ZE AND CHEW TIEN KEE FOR A TOTAL PURCHASE CONSIDERATION OF RM32,000,000, TO BE SATISFIED VIA A COMBINATION OF CASH CONSIDERATION OF RM15,999,580 AND THE ISSUANCE OF 17,978,000 NEW ORDINARY SHARES IN EWEIN ("CONSIDERATION SHARE(S)") AT THE ISSUE PRICE OF RM0.89 PER CONSIDERATION SHARE, AMOUNTING TO RM16,000,420 ("PROPOSED VSS ACQUISITION"); AND**
- (III) **PROPOSED DIVERSIFICATION INTO THE PROVISION OF WORKERS' DORMITORY ACCOMMODATION AND MANPOWER MANAGEMENT RELATED SERVICES ("PROPOSED DIVERSIFICATION")**

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

PART B

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF EWEIN IN RELATION TO THE PROPOSED LAND ACQUISITION AND THE PROPOSED VSS ACQUISITION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser for Part A



UOB KAY HIAN SECURITIES (M) SDN BHD

Registration No. 199001003423 (194990-K)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser for Part B



MAINSTREET ADVISERS SDN BHD

Registration No. 200701032292 (790320-P)

The resolutions in respect of the Proposals will be tabled at the extraordinary general meeting of the Company ("EGM") which will be conducted on a fully virtual basis via the online meeting platform at Meeting Room, Suite 1-01-02, Menara IJM Land, No. 1, Lebuhr Tunku Kudin 3, 11700 Gelugor, Pulau Pinang, on Friday, 28 June 2024 at 11.00 a.m. or immediately following the conclusion or adjournment of the 18th Annual General Meeting ("AGM") of our Company which will be conducted through the same online meeting platform and on the same date at 10.00 a.m., whichever is later. The Notice of EGM together with the Form of Proxy are enclosed in this Circular.

If you are unable to participate in the EGM and wish to appoint proxy(ies) instead, you are requested to complete, sign and return the enclosed Form of Proxy and deposit it at the registered office, 51-8-A, Menara BHL, Jalan Sultan Ahmad Shah, 10050 Georgetown, Pulau Pinang not less than 24 hours before the time and date appointed for holding the EGM or at any adjournment thereof. The completion and lodging of the Form of Proxy shall not preclude you from attending and voting in person at the EGM should you subsequently wish to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.

Last day, date and time for lodging the Form of Proxy : Thursday, 27 June 2024 at 11.00 a.m. or at any adjournment thereof
Day, date and time of the EGM : Friday, 28 June 2024 at 11.00 a.m. or immediately following the conclusion or adjournment of the 18th AGM of the Company to be held on the same day at 10.00 a.m., whichever is later

This Circular is dated 13 June 2024

DEFINITIONS

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

“Act”	: Companies Act 2016
“AI”	: Artificial intelligence, a field of computer science and engineering that enable machines to perform functions that simulate human intelligence process
“Board”	: The Board of Directors of Ewein
“Bursa Securities”	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
“Cash Consideration”	: Cash payment of RM15,999,580 as part of the VSS Purchase Consideration
“CBRE” or the “Valuer”	: CBRE WTW Valuation & Advisory Sdn Bhd (Registration No. 197401001098 (18149-U)) (an independent registered valuer in relation to the Proposed Land Acquisition appointed by Ewein)
“Comparable Companies”	: Comparable public listed companies on Bursa Securities which operate in a similar industry and/or business as VSS
“Consideration Shares”	: 17,978,000 new Ewein Shares to be issued at an issue price of RM0.89 each, amounting to RM16,000,420 as part of the VSS Purchase Consideration
“Circular”	: This circular dated 13 June 2024, issued to the shareholders of our Company in relation to the Proposals
“Director(s)”	: Director(s) of Ewein and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007, Section 2(1) of the Act and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director or a chief executive of Ewein or any other company which is a subsidiary or holding company of Ewein
“DISB”	: Delight Island Sdn Bhd (Registration No. 201801036240 (1298269-T)), a wholly-owned subsidiary of ELSB
“DISB Acquisition”	: The acquisition of entire equity interest of DISB by ELSB for a total cash consideration of RM100,000
“DISB SAA”	: Conditional share acquisition agreement entered in between ELSB and the Previous Shareholders pursuant to the DISB Acquisition
“EGM”	: Extraordinary general meeting of our Company
“ELSB”	: Ewein Land Sdn Bhd (Registration No. 201101029684 (957819-V)), a wholly-owned subsidiary of Ewein
“EMS”	: Electronics manufacturing services
“EPS/ (LPS)”	: Earnings/ (Loss) per Share

DEFINITIONS (Cont'd)

“Escrow Shares”	:	Being the RM6.0 million equivalent worth of Consideration Shares which shall be deposited with a stakeholder, Messrs. Ong and Manecksha, a legal firm not related to Ewein and the VSS Vendors
“Ewein” or the “Company”	:	Ewein Berhad (Registration No. 200601023136 (742890-W))
“Ewein Group” or our “Group”	:	Collectively, Ewein and its subsidiaries
“Ewein Share(s) or “Share(s)”	:	Ordinary share(s) in Ewein
“Existing Business Operations”	:	Collectively, the manufacturing, property development, property management and investment holding segments of our Group
“E&E”	:	Electrical and Electronics
“FPE”	:	Financial period ending
“FYE”	:	Financial year ended 31 December, as the case may be
“GDP”	:	Gross domestic product
“Guarantee Amount”	:	The minimum profit guarantee PAT of VSS for FYE 2024, FYE 2025 and FYE 2026 of not less than RM2.8 million, RM3.2 million and RM3.3 million, respectively, which translates to a combined PAT of not less than RM9.3 million for the Guarantee Period
“Guarantee Period”	:	The profit guarantee period in respect of VSS for FYE 2024, FYE 2025 and FYE 2026
“HR”	:	Human Resource
“Interested Directors”	:	Collectively, Tay Seng Chew and Goh Kiang Teng, who are deemed interested in the Proposed Land Acquisition and the Proposed VSS Acquisition
“Interested Shareholder”	Major	Ooi Eng Leong, who is deemed interested in the Proposed Land Acquisition and the Proposed VSS Acquisition
“Issue Price”	:	RM0.89, being the issue price of the Consideration Share
“Land Purchase Consideration	:	RM25,839,818.34, being the total cash consideration pursuant to the Proposed Land Acquisition
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	31 May 2024, being the latest practicable date prior to the date of this Circular
“LTD”	:	14 May 2024, being the last trading day prior to the date of the VSS SSA

DEFINITIONS (Cont'd)

“Major Shareholder”	: Any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the Company (including its subsidiary or holding corporation) who has an interest or interests in one or more voting shares in the Company and the number, or the aggregate number of those shares, is:- (i) 10% or more of the total number of voting shares in the Company; or (ii) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company. For the purpose of this definition, "interests" shall have the meaning of "interests in shares" given in Section 8 of the Act
“MainStreet” or the “Independent Adviser”	: MainStreet Advisers Sdn Bhd (Registration No. 200701032292 (790320-P))
“MHSB”	: Magnum Heritage Sdn Bhd (Registration No. 201201011002 (984522-D))
“MHSB Shares”	: Ordinary shares in MHSB
“NA”	: Net assets
“PAC(s)”	: The person(s) acting in concert with the Interested Major Shareholder, namely Goh Kiang Teng and Dato Seri Hong Yeam Wah
“PAT/ (LAT)”	: Profit/ (Loss) after tax
“PBT/ (LBT)”	: Profit/ (Loss) before tax
“Person(s) Connected”	: Such person, in relation to the said Director of or Major Shareholder, who falls under any one of the following categories:- (i) a family member of the said Director or Major Shareholder; (ii) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Director, Major Shareholder or a family member of the said Director or Major Shareholder is the sole beneficiary; (iii) a partner of the said Director or Major Shareholder; (iv) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Director or Major Shareholder; (v) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes of the said Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act; (vi) a body corporate in which the said Director or Major Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached for voting shares in the body corporate; or (vii) a body corporate which is a related corporation of the said Director or Major Shareholder

DEFINITIONS (Cont'd)

“PE”	:	Price-to-earnings
“PC”	:	Personal computers
“Planning Permission”	:	The planning permission bearing the reference no. MBSP/70/30-24/7 B.1 (AP) dated 17 October 2023 issued by Jabatan Perancang Bandar, Majlis Bandaraya Seberang Perai, Pulau Pinang
“Potential Development Costs”	:	Potential development costs to develop a 16-storey workers’ dormitory
“Previous Shareholders”	:	The previous shareholders of DISB, whom are the current shareholders of MHSB, namely HS Land & Property Sdn Bhd, Ooi Eng Leong, Poly FHY Properties Sdn Bhd and Tah Wah Group Sdn Bhd
“Profit Guarantee”	:	Profit guarantee in respect of a minimum PAT of VSS for the Guarantee Period of not less than the Guarantee Amount
“Proposals”	:	Collectively, the Proposed Land Acquisition, the Proposed VSS Acquisition and the Proposed Diversification
“Proposed Development”	:	Proposed development of a block of 16-storey workers’ dormitory
“Proposed Diversification”	:	Proposed diversification of the existing principal activities of Ewein Group to include Workforce Management Services
“Proposed Land Acquisition”	:	Proposed acquisition by DISB, a wholly-owned indirect subsidiary of Ewein, of the Subject Property from MHSB, a related party, for the Land Purchase Consideration
“Proposed VSS Acquisition”	:	Proposed acquisition by Ewein of the entire equity interest of VSS for the VSS Purchase Consideration
“Rackform Business”	:	Manufacturing of racking system, machinery and related components as well as the trading of machinery
“Related Party(ies)”	:	Director(s), Major Shareholder(s) or Person(s) Connected
“SMT”	:	Surface-mount technology
“SPA”	:	Conditional sale and purchase agreement entered between DISB and MHSB dated 26 March 2024 in relation to the Proposed Land Acquisition
“Subject Property”	:	A parcel of vacant industrial land formed by 14 contiguous lots located in Seberang Perai Utara, Penang, with a total land size of 16,004 sq m
“Temporary Structures”	:	The temporary structures used for construction workers’ temporary facility area for, amongst others, storage and resting area
“TNB”	:	Tenaga Nasional Berhad
“UOBKH” or the “Principal Adviser”	:	UOB Kay Hian Securities (M) Sdn Bhd (Registration No. 199001003423 (194990-K))
“Valuation Certificate”	:	The valuation certificate on the Subject Property dated 3 April 2024 prepared by the Valuer, enclosed as Appendix V in this Circular
“Valuation Report”	:	The valuation report on the Subject Property dated 3 April 2024 prepared by the Valuer

DEFINITIONS (Cont'd)

“VSS”	:	VS Solution Services Sdn Bhd (Registration No. 200501017152 (694195-U))
“VSS Purchase Consideration”	:	RM32,000,000.00, being the purchase consideration payable by the Company to the VSS Vendors in relation to the Proposed VSS Acquisition to be satisfied via the Cash Consideration and Consideration Shares
“VSS SSA”	:	Conditional share sale agreement entered into between Ewein and the VSS Vendors dated 15 May 2024 in relation to the Proposed VSS Acquisition
“VSS Share(s)” or the “Sale Share(s)”	:	The 500,000 ordinary shares in VSS, representing the entire equity interest in VSS
“VSS Vendor(s)”	:	Collectively or individually, Ooi Eng Leong, Goh Kiang Teng, Goh Yin Ze and Chew Tien Kee
“VWAP”	:	Volume weighted average market price
“Workforce Management Services”	:	The provision of workers’ dormitory accommodation and dormitory management related services which includes but not limited to, managing the security, utility and maintenance of the premise as well as conducting periodic inspections and reporting in order to ensure that our dormitories are in compliance with the Employee’s Minimum Standard of Housing, Accommodations And Amenities Act 1990

Unit of measurement

“km”	:	kilometres
“sq ft”	:	Square feet
“sq m”	:	Square metre
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively

All references to “we”, “us”, “our” and “ourselves” are to Ewein. All references to “you” in this Circular are to the shareholders of Ewein.

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. References to persons shall include a corporation, unless otherwise specified.

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

Any discrepancies in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

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

TABLE OF CONTENTS

	PAGE
EXECUTIVE SUMMARY	viii
<u>PART A</u>	
CIRCULAR TO THE SHAREHOLDERS OF EWEIN IN RELATION TO THE PROPOSALS CONTAINING:-	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED LAND ACQUISITION	2
3. DETAILS OF THE PROPOSED VSS ACQUISITION	8
4. DETAILS OF THE PROPOSED DIVERSIFICATION	18
5. RATIONALE AND JUSTIFICATION OF THE PROPOSALS	23
6. INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS	26
7. RISK FACTORS	30
8. EFFECTS OF THE PROPOSALS	33
9. HISTORICAL SHARE PRICE	36
10. HIGHEST PERCENTAGE RATIO APPLICABLE	36
11. APPROVALS REQUIRED / OBTAINED AND CONDITIONALITY	37
12. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDER AND/OR PERSONS CONNECTED WITH THEM	37
13. DIRECTORS' STATEMENT AND RECOMMENDATION	40
14. AUDIT AND RISK MANAGEMENT COMMITTEE'S STATEMENT	40
15. TRANSACTIONS WITH RELATED PARTY(IES) FOR THE PRECEDING 12 MONTHS	41
16. ESTIMATED TIMEFRAME FOR COMPLETION	41
17. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION	41
18. ADVISERS	41
19. EGM	42
20. FURTHER INFORMATION	42

TABLE OF CONTENTS

PART B

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF EWEIN IN RELATION TO THE PROPOSED LAND ACQUISITION AND THE PROPOSED VSS ACQUISITION	43
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APPENDICES

I	SALIENT TERMS OF THE SPA	103
II	SALIENT TERMS OF THE VSS SSA	106
III	INFORMATION ON THE VSS VENDORS	111
IV	INFORMATION ON VSS	113
V	VALUATION CERTIFICATE OF THE SUBJECT PROPERTY	160
VI	DIRECTORS' REPORT ON VSS	173
VII	FURTHER INFORMATION	174

NOTICE OF EGM	ENCLOSED
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FORM OF PROXY	ENCLOSED
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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposals. You are advised to read this Circular in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposals before voting at the forthcoming EGM.

Key Information	Description	Reference to Part A of Circular
Summary of the Proposals	<p><u>Proposed Land Acquisition</u></p> <p>The Proposed Land Acquisition entails the acquisition by DISB from MHSB of the Subject Property, at the Land Purchase Consideration, subject to the terms and conditions of the SPA.</p> <p><u>Proposed VSS Acquisition</u></p> <p>The Proposed VSS Acquisition entails the acquisition of the entire equity interest of VSS by our Company from the VSS Vendors for the VSS Purchase Consideration. The VSS Purchase Consideration shall be satisfied via a combination of Cash Consideration and Consideration Shares, subject to the terms and conditions of the VSS SSA.</p> <p><u>Proposed Diversification</u></p> <p>The management of our Group has identified Workforce Management Services as a viable new business to provide new income stream to our Group as well as expanding our portfolio of property assets.</p> <p>Our Board anticipates that the Workforce Management Services may contribute 25% or more of the net profits of our Group subsequent to the completion of the Proposed Development and result in a diversion of more than 25% of the NA of our Group given that the estimated gross development cost based on the Planning Permission is approximately RM115 million as compare to our latest audited NA for the FYE 2023 of approximately RM250.49 million. Pursuant thereto, our Board proposes to seek the approval from you the shareholders of Ewein for the Proposed Diversification pursuant to Paragraph 10.13(1) of the Listing Requirements.</p> <p>Notwithstanding the Proposed Diversification, the management of our Group is committed to improve the operational efficiencies and profitability of our Existing Business Operations. Our Board will also review our Group's business operations from time to time with the intention to enhance profitability in the long term and to provide shareholders with better returns.</p>	Sections 2, 3 and 4
Rationale and justification of the Proposals	<p><u>Proposed Land Acquisition</u></p> <p>The Proposed Land Acquisition and the Proposed Development (via the Planning Permission) are in line with our Group's strategic plan to venture into the Workforce Management Services. Our Group intends to develop the Subject Property into a block of 16-storey workers' dormitory which serves as our Group's first foray into Workforce Management Services sector. The Subject Property is located in a strategic location in the state of Penang and through the Proposed Development, our Group is poised to capitalise on the growing demand for foreign workers' dormitory accommodation in the state of Penang.</p> <p>The Proposed Land Acquisition and upon the completion of the Proposed Development will provide a new income stream to our Group through, amongst others, the rental income from the workers' dormitory accommodation. Barring any unforeseen circumstances and premised on the above, our Board opines that the Proposed Land Acquisition and the Proposed Development are expected to contribute positively to our Group in the future.</p>	Section 5

Key Information	Description	Reference to Part A of Circular
Rationale and justification of the Proposals (Cont'd)	<p><u>Proposed VSS Acquisition</u></p> <p>Upon completion of the Proposed VSS Acquisition, our Group will have immediate access to VSS' Rackform Business and client base. This will provide our Group with an additional source of revenue and earnings stream for our manufacturing business.</p> <p>Further, the enlarged Ewein Group is expected to achieve synergies and economies of scale by the sharing of commonalities as our Group and VSS both serves the E&E industry, utilise similar raw materials and have access to an enlarged clientele. Therefore, the enlarged Ewein Group will be able to negotiate for better deals with suppliers, streamline business processes, and optimise resource allocation which could potentially reduce production costs and operational expenses, and ultimately boosting profitability.</p> <p>In addition, the VSS Vendors have provided our Company with a Profit Guarantee, where VSS targets to achieves a minimum cumulative PAT of RM9.3 million by FYE 2026 which is expected to contribute positively to our Group's future earnings.</p> <p><u>Proposed Diversification</u></p> <p>The Proposed Development serves as our Group's maiden venture into the Workforce Management Services sector with the aim of providing a new sustainable income source to our Group, and such potential earnings is expected to mitigate our Group's reliance on earnings derived from the Existing Business Operations. The Proposed Diversification is also deemed to be a suitable business for our Group given that our Group is currently involved in the property management segment.</p> <p>The Proposed Diversification is part of our Group's strategic plan to diversify into other viable business to enhance profitability in the long term and to provide our shareholders with better returns. Although our Group is undertaking the Proposed Diversification, our Group remains committed in improving the operational efficiencies and profitability of our Existing Business Operations.</p>	Section 5
Risk factors	<p>Our Board does not anticipate that the Proposals will result in a material change to the risk profile of our Group save for the inherent risk associated with the property market and manufacturing sector of which our Group is already involved in and will be addressed as part of our Group's ordinary course of business.</p> <p>Nevertheless, the potential risks that may have an impact on our Group, which may not be exhaustive pertaining to the Proposals are as follows:-</p> <ul style="list-style-type: none"> (i) Acquisition risk; (ii) Completion risk; (iii) Compulsory acquisition by the Government; (iv) Competition risk; (v) Business and operational risk; (vi) Achievability of the Profit Guarantee pursuant to the Proposed VSS Acquisition; and (vii) Dependence on the key management personnel. 	Section 7

Key Information	Description	Reference to Part A of Circular
Approvals required/obtained and conditionality	<p>The Proposals are subject to and conditional upon the following approvals being obtained:-</p> <ul style="list-style-type: none"> (a) Bursa Securities, for which the approval was obtained vide its letter dated 12 June 2024 for the listing and quotation of 17,978,000 Consideration Shares to be issued pursuant to the Proposed VSS Acquisition on the Main Market of Bursa Securities; (b) our non-interested shareholders at the forthcoming EGM pursuant to the Proposed Land Acquisition and the Proposed VSS Acquisition; (c) our shareholders at the forthcoming EGM pursuant to the Proposed Diversification; and (d) any other relevant parties/authorities, if applicable. <p>The Proposals are not inter-conditional upon one another and not conditional upon any other proposals undertaken or to be undertaken by our Company.</p>	Section 11
Interest of Directors, Major Shareholder and/or Persons Connected with them	<p>Save as disclosed below, none of the Directors, Major Shareholder and Persons Connected with them have any interest, direct or indirect, in the Proposals:-</p> <ul style="list-style-type: none"> (a) Ooi Eng Leong (Interested Major Shareholder of Ewein); (b) Goh Kiang Teng (Executive Director / Chief Executive Officer of Ewein and PAC with the Interested Major Shareholder); (c) Tay Seng Chew (Executive Chairman of Ewein); (d) Goh Yin Ze (Person Connected to Goh Kiang Teng); and (e) Dato Seri Hong Yeam Wah (PAC with the Interested Major Shareholder). 	Section 12
Directors' statement and recommendation	<p>Our Board (save for the Interested Directors who have abstained from deliberating and voting in respect of the Proposed Land Acquisition and the Proposed VSS Acquisition) after having considered all aspects of the Proposals, including but not limited to the rationale, financial effects of the Proposals, salient terms of SPA and VSS SSA, the future prospects of VSS and the enlarged Ewein Group, and the views of the Independent Adviser, is of the view that the Proposals are in the best interest of our Company and that the terms and conditions of the SPA and VSS SSA are fair and reasonable.</p> <p>Accordingly, our Board (save for the Interested Directors who have abstained from deliberating and voting in respect of the Proposed Land Acquisition and the Proposed VSS Acquisition) recommends that you vote in favour of the resolutions in relation to the Proposals to be tabled at the forthcoming EGM.</p>	Section 13

PART A

CIRCULAR TO THE SHAREHOLDERS OF EWEIN IN RELATION TO THE PROPOSALS



EWEIN BERHAD

(Registration No. 200601023136 (742890-W))
(Incorporated in Malaysia)

Registered office

51-8-A Menara BHL,
Jalan Sultan Ahmad Shah,
10050 George Town,
Penang

13 June 2024

Board of Directors

Tay Seng Chew
Goh Kiang Teng
Tan Yen Yeow
Rosnani Binti Hj Mahmod
Mazlina Binti Mohamad

Executive Chairman
Executive Director / Chief Executive Officer
Independent Non-Executive Director
Independent Non-Executive Director
Independent Non-Executive Director

To: Our shareholders

Dear Sir/Madam,

- I. PROPOSED LAND ACQUISITION;**
- II. PROPOSED VSS ACQUISITION; AND**
- III. PROPOSED DIVERSIFICATION**

1. INTRODUCTION

On 26 March 2024, UOBKH had, on behalf of our Board, announced that DISB, had on even date entered into the SPA with MHSB for the Proposed Land Acquisition. In conjunction with the Proposed Land Acquisition, our Company intends to undertake the Proposed Diversification.

Subsequently, on 15 May 2024, UOBKH had, on behalf of our Board, announced that our Company had on even date entered into the VSS SSA with the VSS Vendors for the Proposed VSS Acquisition.

In view of the interests of the Interested Directors, Interested Major Shareholder and Persons Connected with them in the Proposed Land Acquisition and the Proposed VSS Acquisition (further details of which are set out in **Section 12, Part A** of this Circular), the Proposed Land Acquisition and the Proposed VSS Acquisition are deemed as related party transactions under Paragraph 10.08 of the Listing Requirements. Accordingly, on 20 March 2024, MainStreet has been appointed as the independent adviser to advise the non-interested directors and non-interested shareholders of our Company in relation to the Proposed Land Acquisition and the Proposed VSS Acquisition.

On 12 June 2024, UOBKH had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 12 June 2024, resolved to approve the listing and quotation of the Consideration Shares on the Main Market of Bursa Securities, subject to the conditions as set out in **Section 11, Part A** of this Circular.

Further details of the Proposals are set out in the ensuing sections of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE OUR SHAREHOLDERS WITH THE RELEVANT INFORMATION ON THE PROPOSALS AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

PURSUANT TO PARAGRAPH 10.12 AND PRACTICE NOTE 14 OF THE LISTING REQUIREMENTS, EWEIN IS REQUIRED BY BURSA SECURITIES TO ALSO DISCLOSE THE INFORMATION ON THE DISB ACQUISITION, AS THE TRANSACTION ALSO INVOLVED THE INTERESTED DIRECTORS AND INTERESTED MAJOR SHAREHOLDER, WHICH TERMS WERE AGREED UPON WITHIN A PERIOD OF 12 MONTHS PRECEDING THE DATE OF THIS CIRCULAR. FOR THE AVOIDANCE OF DOUBT, THE INFORMATION ON THE DISB ACQUISITION IS PROVIDED IN SECTION 2.4, PART A OF THIS CIRCULAR IS FOR YOUR INFORMATION ONLY AND DOES NOT REQUIRE YOUR APPROVAL.

2. DETAILS OF THE PROPOSED LAND ACQUISITION

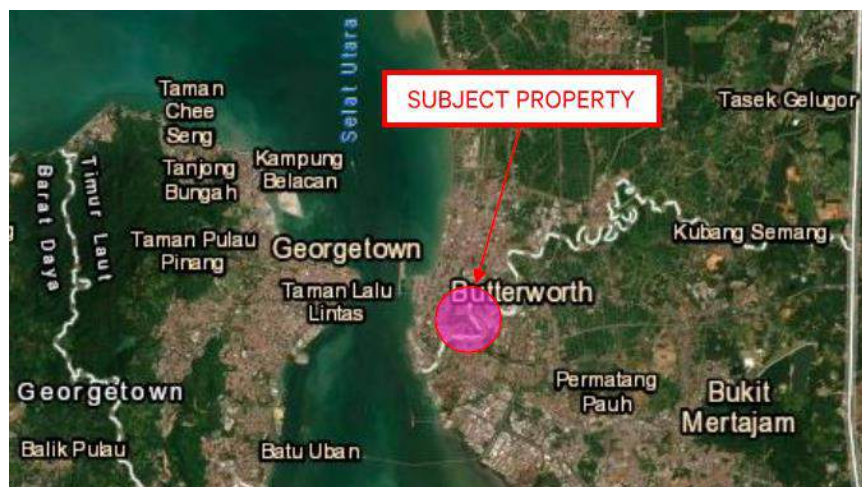
2.1 Background information on the Proposed Land Acquisition

The Proposed Land Acquisition entails the acquisition of the Subject Property from MHSB at the Land Purchase Consideration, subject to the terms and conditions of the SPA. The Subject Property will be acquired free from all encumbrances and on an “as is where is” basis, and subject to all conditions of the titles.

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

2.2 Information on the Subject Property

The Subject Property is located in Seberang Perai Utara, Penang, with a land size of 16,004 sq m. The Subject Property is situated along the south-western side of Jalan Limbungan and off the southern side of Jalan Chain Ferry, within the locality of Butterworth, Seberang Perai, Penang. It is located approximately 2.5 km to the east of the Butterworth Ferry Terminal and Railway Station.



The details of the Subject Property are set out below:-

Title particulars	:	Title No.	Lot No.	Resurveyed Lot No.
		HSD 40787	PT 788	20567
		HSD 40788	PT 789	20568
		HSD 40789	PT 790	20569
		HSD 40790	PT 791	20570
		HSD 40791	PT 792	20571
		HSD 40792	PT 793	20572
		HSD 40793	PT 794	20573
		HSD 40794	PT 795	20574
		HSD 40795	PT 796	20575
		HSD 40796	PT 797	20576
		HSD 40797	PT 798	20577
		HSD 40798	PT 799	20578
		HSD 40812	PT 813	20592
		HSD 40813	PT 814	20593
Location	:	Section 4, Town of Butterworth, District of Seberang Perai Utara, Penang		
Land area	:	16,004 sq m		
Tenure	:	Term in perpetuity (Freehold)		
Registered owner	:	MHSB		
Category of land use	:	Perusahaan/Perindustrian		
Express conditions	:	Tanah yang diberimilik ini hendaklah digunakan untuk tujuan perindustrian (industri ringan) sahaja		
Restrictions-in-interest	:	Nil		
Encumbrances	:	Nil		
Endorsements	:	Nil		
Existing use	:	The Subject Property is unoccupied, save for the Temporary Structures which are erected at the south-eastern portion of the Subject Property ⁽ⁱ⁾		
Proposed use	:	Proposed Development ⁽ⁱⁱ⁾		
Planning permission	:	Planning Permission has been obtained for:- (a) 1 block of 16-storey workers' dormitory <ul style="list-style-type: none"> 420 units of workers' dormitory (1st to 15th floor) accommodating a total capacity of 5,000 persons management office, community hall, surau and canteen (ground floor) guard house and other facilities (b) 2 units of TNB substations		
Audited net book value as at 31 December 2023	:	RM18,958,321.46		
Date of inspection	:	15 March 2024		
Market value	:	RM26,000,000.00 ⁽ⁱⁱⁱ⁾		

Notes:-

- (i) The Temporary Structures will be removed at MHSB's expense prior to the date of vacant possession as stipulated in the SPA.
- (ii) Based on the Planning Permission, the estimated gross development cost for the Proposed Development is approximately RM115 million (including the Land Purchase Consideration). The Company is planning to commence the tender process for the construction of the worker dormitories in the 3rd quarter of 2024. Depending the outcome of the tender, construction is estimated to commence by the 1st quarter of 2025 and to be completed within 30 months from the commencement date.
- (iii) Based on the Valuation Report, CBRE has valued the Subject Property by adopting the following valuation methodologies:-
- (a) Comparison approach ("Comparison Approach") - primary valuation methodology; and
- The Comparison Approach entails analysing recent transactions of similar properties in the locality for comparison purposes with adjustments made for differences in time, location - general, location - immediate surroundings, location - accessibility and visibility, size, planning permission, title – surrender and re-alienation as well as other relevant characteristics, if any, to arrive at the market value of the Subject Property.
- (b) Income approach (residual method) ("Income Approach") – the secondary approach to cross check the valuation;
- Under the Income Approach, consideration is given to the gross development value (being the estimated gross proceeds obtainable from the completed development) of the project and deducting therefrom the estimated costs of development including preliminaries, contribution to authorities, earthwork & site clearance, construction costs, infrastructure work costs, fixtures and fitting costs, financing charges, marketing and legal fees, administration and project management costs, professional fees, contingencies and developer's profit. The resultant answer is then deferred over the period of time required for the completion of the project to arrive at the market value of the Subject Property.

2.3 Information on MHSB

MHSB (Registration No. 201201011002 (984522-D)) is a private limited company duly incorporated in Malaysia under the Companies Act 1965 on 29 March 2012 and having its registered office at No. 63, 1st Floor, Jalan Selat, Taman Selat, 12000 Butterworth, Pulau Pinang and place of business at No. 7298, Wisma Tah Wah, Jalan Kampung Gajah, 12200 Butterworth, Pulau Pinang. MHSB is principally involved in the business of general trading and property development.

As at the LPD, MHSB has a total issued share capital of RM1,000,000 comprising 1,000,000 MHSB Shares. The details of the shareholders of MHSB and their respective shareholdings in MHSB as at the LPD are as follows:-

Name	Direct		Indirect	
	No. of MHSB Shares	(i)(%)	No. of MHSB Shares	(i)(%)
Tah Wah Group Sdn Bhd	310,000	31.00	-	-
Ooi Eng Leong	230,000	23.00	-	-
HS Land & Property Sdn Bhd	230,000	23.00	-	-
Poly FHY Properties Sdn Bhd	230,000	23.00	-	-
Dato' Seri Hong Yeam Wah	-	-	(ii)310,000	31.00
Dato' Seri Teoh Hai Hin	-	-	(iii)230,000	23.00
Dato' Teoh Hai Bim	-	-	(iii)230,000	23.00
Tai Eng Chiow	-	-	(iv)230,000	23.00

Notes:-

- (i) Based on the existing issued share capital of MHSB comprising 1,000,000 MHSB Shares as at the LPD.
- (ii) Deemed interest by virtue of his shareholdings in Tah Wah Group Sdn Bhd.
- (iii) Deemed interest by virtue of his shareholdings in HS Land & Property Sdn Bhd.
- (iv) Deemed interest by virtue of his shareholdings in Poly FHY Properties Sdn Bhd.

The details of the directors of MHSB and their respective shareholdings in MHSB as at the LPD are as follows:-

Name	Nationality	Direct		Indirect	
		No. of MHSB Shares	⁽ⁱ⁾ (%)	No. of MHSB Shares	⁽ⁱ⁾ (%)
Ooi Eng Leong	Malaysian	230,000	23.00	-	-
Dato' Teoh Hai Bim	Malaysian	-	-	^(iv) 230,000	23.00
Dato' Seri Teoh Hai Hin ⁽ⁱⁱ⁾	Malaysian	-	-	^(iv) 230,000	23.00
Tai Eng Chiow	Malaysian	-	-	^(v) 230,000	23.00
Dato' Seri Hong Yeam Wah ⁽ⁱⁱⁱ⁾	Malaysian	-	-	^(vi) 310,000	31.00
Hong Ewe Beng	Malaysian	-	-	-	-

Notes:-

- (i) Based on the existing issued share capital of MHSB comprising 1,000,000 MHSB Shares as at the LPD.
- (ii) Alternate director to Dato' Teoh Hai Bim.
- (iii) Alternate director to Hong Ewe Beng.
- (iv) Deemed interest by virtue of his shareholdings in HS Land & Property Sdn Bhd.
- (v) Deemed interest by virtue of his shareholdings in Poly FHY Properties Sdn Bhd.
- (vi) Deemed interest by virtue of his shareholdings in Tah Wah Group Sdn Bhd.

2.4 Information on DISB

DISB (Registration No. 201801036240 (1298269-T)) is a private limited company duly incorporated in Malaysia under the Act on 5 October 2018 and having its registered office at No. 51-8-A Menara BHL, Jalan Sultan Ahmad Shah, 10050 George Town, Pulau Pinang and place of business at No. 7298, Wisma Tah Wah, Jalan Kampung Gajah, 12200 Butterworth, Pulau Pinang. DISB is principally involved in property investment.

DISB is a wholly-owned indirect subsidiary of Ewein, and has a total issued share capital of RM100,000 comprising 100,000 ordinary shares as at the LPD. The directors of DISB are Goh Kiang Teng and Tay Seng Chew.

For information purposes, DISB was previously owned by Previous Shareholders. ELSB had subsequently, on 6 November 2023, entered into the DISB SAA with the Previous Shareholders for the DISB Acquisition. The DISB Acquisition is deemed to be a related party transaction in view of the interest of the Interested Directors, Interested Major Shareholder and Persons Connected with them as set out below:

- (i) Ooi Eng Leong by virtue of him being:-
 - (a) the Major Shareholder of Ewein; and
 - (b) a Previous Shareholder.
- (ii) Goh Kiang Teng by virtue of him being:-
 - (a) an Executive Director and Chief Executive Officer of Ewein;
 - (b) Person Connected to Ooi Eng Leong (by virtue of common understanding to take joint control of Ewein together with Ooi Eng Leong following the unconditional mandatory takeover offer on 14 June 2023), the Interested Major Shareholder; and
 - (c) the Director of ELSB.

- (iii) Tay Seng Chew by virtue of him being:-
 - (a) the Executive Chairman of Ewein;
 - (b) Person Connected to Ooi Eng Leong (by virtue of him being the corporate representative of Ooi Eng Leong in Ewein as the Executive Chairman), the Interested Major Shareholder; and
 - (c) a director of ELSB.
- (iv) Dato Seri Hong Yeam Wah by virtue of him being:-
 - (a) a PAC with Ooi Eng Leong (by virtue of common understanding to take joint control of Ewein together with Ooi Eng Leong following the unconditional mandatory takeover offer on 14 June 2023), the Interested Major Shareholder;
 - (b) an alternate director in DISB prior to the DISB Acquisition; and
 - (c) a director of Tah Wah Group Sdn Bhd, the Previous Shareholder.

The DISB Acquisition entails acquisition of the entire equity interest of DISB for a total cash consideration of RM100,000 ("**DISB Consideration**"), subject to the terms and conditions of the DISB SAA. The DISB Consideration, had been arrived at on a "willing-buyer willing-seller" and free from encumbrances, after taking into consideration the following:-

- (i) the audited NA of the Company of RM74,730 and the issued and paid-up capital of DISB of RM100,000 as at 31 December 2022; and
- (ii) the Planning Permission for the Proposed Development was obtained under DISB on 17 October 2023.

The DISB Acquisition was not subject to approval from the shareholders of Ewein as the highest percentage ratio applicable to the DISB Acquisition pursuant to Paragraph 10.02(g) of the Listing Requirements is 0.04% based on the DISB Consideration and the audited financial statements of Ewein as of 31 December 2022. The DISB Acquisition was completed on 22 November 2023, resulting in DISB being a wholly-owned subsidiary of ELSB.

2.5 Basis and justification of the Land Purchase Consideration

The Land Purchase Consideration was negotiated based on a "willing-buyer and willing-seller" basis, after taking into consideration the following:-

- (i) the market value of the Subject Property of RM26.00 million as appraised by the Valuer. The Land Purchase Consideration represents a marginal discount of RM160,181.66 or 0.62% to the appraised market value of the Subject Property;
- (ii) the rationale for the Proposed Land Acquisition as set out in **Section 5.1, Part A** of this Circular; and
- (iii) the development potential of the Subject Property as set out in **Section 6.6, Part A** of this Circular.

2.6 Mode of settlement

Pursuant to the terms of the SPA, the Land Purchase Consideration is to be satisfied entirely in cash in the following manner:-

Payment term	Timing of settlement	Land Purchase Consideration (RM)
10% of the Land Purchase Consideration	Upon the execution of the SPA ⁽ⁱ⁾	2,583,981.83
90% of the Land Purchase Consideration	Within three (3) months from the date the SPA becomes unconditional (" Completion Period ") with an automatic extension of one (1) month from the day immediately after the last day of the Completion Period ⁽ⁱⁱ⁾	23,255,836.51
Total		25,839,818.34

Notes:-

- (ii) The 10% of the Land Purchase Considerations has been paid to MHSB on 26 March 2024.
- (iii) DISB is subject to a late payment interest of 6.0% per annum on the unpaid Land Purchase Consideration in the event if any part of the of the 90% of the Land Purchase Consideration is paid after the Completion Period. Further details are set out in **Appendix I** of this Circular.

2.7 Source of funding

The Land Purchase Consideration will be satisfied through a combination of internally generated funds of our Group and bank borrowings, the exact quantum of which will be determined by our Board at a later date.

For information purposes, our Group's cash and cash equivalents, borrowings and lease liabilities stood at approximately RM65.20 million, RM46.89 million and RM0.12 million respectively, based on the latest audited financial statements of our Group for the FYE 2023.

2.8 Original cost and date of investment by MHSB

The original cost of investment by MHSB in the Subject Property is approximately RM18.96 million and the date of investment is 1 December 2015.

2.9 Liabilities to be assumed

Save for the obligations and liabilities in and arising from, pursuant to or in connection with the SPA and the additional financial commitment set out in **Section 2.10, Part A** of this Circular, there are no other liabilities including contingent liabilities and guarantees to be assumed by our Group arising from the Proposed Land Acquisition.

2.10 Additional financial commitment required

Save for the Land Purchase Consideration, the Potential Development Costs and the operating costs envisaged to be incurred to operate the Workforce Management Services, there is no additional financial commitment required by our Group pursuant to the Proposed Land Acquisition.

Based on the internal budget of our management, the Potential Development Costs is estimated to be RM90.0 million (which include construction cost, infrastructure work and utilities). The Company is planning to commence the tender process for the construction of the worker dormitories in the 3rd quarter of 2024. Our Group will only be able to finalise such Potential Development Costs upon the completion of the Proposed Land Acquisition and completion of the tender process.

3. DETAILS OF THE PROPOSED VSS ACQUISITION

3.1 Background information on the Proposed VSS Acquisition

The Proposed VSS Acquisition entails the acquisition of the entire equity interest of VSS by our Company from the VSS Vendors for the VSS Purchase Consideration. The VSS Purchase Consideration shall be satisfied via a combination of Cash Consideration and Consideration Shares as set out in the table below:-

VSS Vendors	No. of Sale Shares	VSS Purchase Consideration (RM)	Cash Consideration (RM)	Consideration Shares (RM)
Ooi Eng Leong	187,500	12,000,000	10,999,640	1,000,360
Goh Kiang Teng	187,500	12,000,000	2,999,430	9,000,570
Goh Yin Ze	62,500	4,000,000	1,599,670	2,400,330
Chew Tien Kee	62,500	4,000,000	400,840	3,599,160
Total	500,000	32,000,000	15,999,580	16,000,420

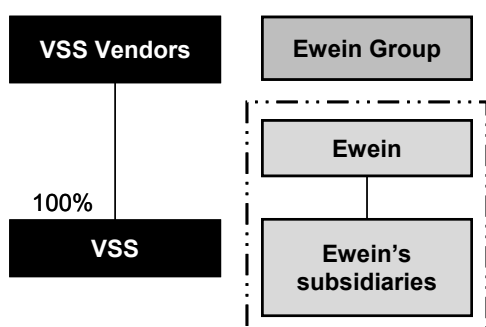
For information purposes, the issuance of Consideration Shares to the VSS Vendors pursuant to the Proposed VSS Acquisition will not result in the Interested Major Shareholder and his PACs to trigger a mandatory take-over offer pursuant to Paragraph 4.01 of the Rules on Take-overs, Mergers and Compulsory Acquisitions in view of the following:-

- The shareholding of the Interested Major Shareholder which stands at approximately 45.33% as at the LPD will decrease to 43.10% pursuant to the Proposed VSS Acquisition; whilst
- The collective shareholdings of the Interested Major Shareholder and his PACs is already above 50%, i.e. it stands at approximately 52.94% as at the LPD and will increase to 53.47% pursuant to the Proposed VSS Acquisition.

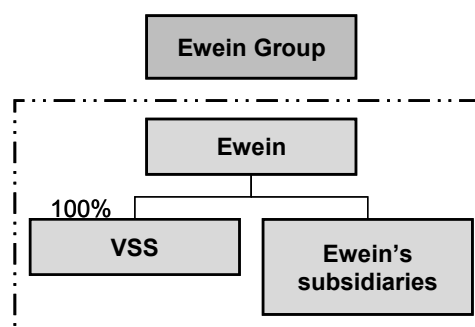
Further details of the shareholdings of the Interested Major Shareholder and his PACs are set out in **Section 12, Part A** of this Circular.

The corporate structure of the Proposed VSS Acquisition is illustrated as follows:-

Before the Proposed VSS Acquisition



After the Proposed VSS Acquisition



The salient terms of the VSS SSA are set out in **Appendix II** of this Circular.

3.2 Information on VSS

VSS (Registration No. 200501017152 (694195-U)) is a private limited company duly incorporated in Malaysia under the Companies Act 1965 on 10 June 2005 and having its registered office at No. 8, Lorong Pulau Tikus, 10350 George Town, Pulau Pinang and place of business at No. 970 Jalan Perusahaan, Prai Industrial Estate, 13600 Prai, Pulau Pinang. VSS is principally involved in the manufacturing of racking system, machinery and related components as well as the trading of machinery.

Some of the products manufactured by VSS are illustrated below:-



Racking Ladder



FA Cage Trolley



Pipe & Joint System
Workbench

VSS has a total issued share capital of RM500,000 comprising 500,000 VSS Shares as at the LPD. The details of the shareholders of VSS and their respective shareholdings in VSS as at the LPD are as follows:-

Name	Direct		Indirect	
	No. of VSS Shares	⁽ⁱ⁾ (%)	No. of VSS Shares	(%)
Ooi Eng Leong	187,500	37.50	-	-
Goh Yin Ze	62,500	12.50	-	-
Goh Kiang Teng	187,500	37.50	-	-
Chew Tien Kee	62,500	12.50	-	-
Total	500,000	100.00	-	-

Note:-

(i) Based on the existing issued share capital of VSS comprising 500,000 VSS Shares as at the LPD.

The details of the directors of VSS and their respective shareholdings in VSS as at the LPD are as follows:-

Name	Nationality	Direct		Indirect	
		No. of VSS Shares	⁽ⁱ⁾ (%)	No. of VSS Shares	⁽ⁱ⁾ (%)
Goh Kiang Teng	Malaysian	187,500	37.50	-	-
Chew Tien Kee	Malaysian	62,500	12.50	-	-

Note:-

(i) Based on the existing issued share capital of VSS comprising 500,000 VSS Shares as at the LPD.

Please refer to **Appendix IV** of this Circular for further details on VSS.

3.3 Basis and justification of arriving at the VSS Purchase Consideration

The VSS Purchase Consideration was negotiated on a “willing-buyer and willing-seller” basis, and free from encumbrances, after taking into consideration the following:-

- (i) Profit Guarantee as set out in **Section 3.4, Part A** of this Circular. The Guarantee Amount translates to an average PAT of RM3.1 million per financial year over the Guarantee Period and implies a PE multiple of 10.32 times;
- (ii) the rationale for the Proposed VSS Acquisition as set out in **Section 5.2, Part A** of this Circular; and
- (iii) the mode of settlement being part cash and part shares as set out in **Sections 3.5 and 3.6, Part A** of this Circular.

In justifying the VSS Purchase Consideration, our Board has taken into consideration the PE multiple of Comparable Companies with market capitalisations ranging from RM100.0 million to RM400.0 million as at the LTD.

For information purposes, the PE multiple is the measure of the market price of a company’s shares relative to its annual net income per share, and is computed as follows:-

$$\text{PE multiple} \quad : \quad \frac{\text{Market price of the share}}{\text{Earnings per share}}$$

In respect of the comparable company analysis, please take note that there is no one comparable company that may be identical to VSS in terms of composition of business, scale of operations, geographical spread of activities, track record, asset base, risk profile, future prospects and other criteria. However, the Comparable Companies were mainly selected as their principal activities are similar to VSS’ principal activities by virtue of their involvement, to an extent, in the manufacturing industry.

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Comparable Companies	Principal activities	⁽ⁱ⁾ Closing share price as at the LTD (RM)	⁽ⁱⁱ⁾ Revenue contribution from manufacturing activities (%)	⁽ⁱⁱ⁾ PAT (RM'000)	⁽ⁱⁱ⁾ EPS (Sen)	⁽ⁱ⁾ Market capitalisation as at the LTD (RM'mil)	⁽ⁱⁱⁱ⁾ PE multiple (times)	
Wentel Engineering Holdings Berhad	Wentel Engineering Holdings Berhad operates as an investment holding company. The Company, through its subsidiaries, is involved in fabrication of semifinished metal products, fabrication of metal parts and assembly of finished products.	0.325	100.00	14,101	5.00	373.75	6.50	
Kein Hing International Bhd	Kein Hing International Bhd is an investment holding company. The Company, through its subsidiaries, provides sheet metal forming as well as precision machining, components assembly for electronic automotive and other industries, fabrication of tools and dies, manufacture and sales of gas appliances, trading in electrical and electronic products, home appliances and gas appliances.	1.280	97.48	24,876	20.48	139.39	6.25	
Prestar Resources Berhad	Prestar Resources Berhad is an investment holding. The Company, through its subsidiaries, involved in manufacturing of steel pipes, tubes, supply and install of guardrails, material handling equipment, pallet racking systems, wheelbarrows, hand trucks and other steel related products.	0.525	76.28	25,898	7.20	188.51	7.29	
Tashin Holdings Berhad	Tashin Holdings Berhad provides steel products. The Company offers coils pipes, bars and plates, as well as manufacturing, engineering and fabrication services.	0.400	100.00	6,166	1.77	139.60	22.60	
VSS (Valuation multiple)							High	22.60
							Average	10.66
							Low	6.25
								10.32

Notes:-

(i) Extracted from Bloomberg.

(ii) Based on the latest annual reports of the respective Comparable Companies.

(iii) Computed based on the closing market price as at the LTD over the latest audited EPS.

The implied PE multiple based on the VSS Purchase Consideration against the average Guarantee Amount of VSS over the Guarantee Period of 10.32 times is below the average PE multiple of Comparable Companies of 10.66 times.

3.4 Profit Guarantee

Pursuant to the Proposed VSS Acquisition, the VSS Vendors have provided a cumulative Guarantee Amount of RM9.3 million to Ewein for the Guarantee Period. The Guarantee Amount was derived based on internal estimates pursuant to discussions between the parties on projected sales orders from existing customers and on-going negotiations with new customers on the back of an uptick in demand for VSS' services since the beginning of 2024. The Guarantee Amount also takes into consideration the optimisation of resources (i.e. potential cost reduction) leveraging on the Group's existing capabilities and the enlarged network of business partners. Based on VSS' management accounts for the four (4) months financial period ending 30 April 2024, VSS had achieved a PAT of RM1.11 million.

The Guarantee Amount shall be secured by the deposit of RM6.0 million equivalent worth of Consideration Shares (which amounted to a total of 6,741,573 new Shares at the issue price of RM0.89 per Share) with Messrs. Ong and Manecksha (which is a legal firm not related to Ewein and the VSS Vendors), who shall also act as the stakeholder ("**Stakeholder**") throughout the Guarantee Period in accordance with the terms and conditions of the VSS SSA. The Stakeholder will be appointed by Ewein and the VSS Vendors, upon obtaining the approval from the non-interested shareholders of Ewein at the forthcoming EGM. The dealings in the Escrow Shares will be executed by the Stakeholder under the supervision of the Board (save for the Interested Directors). The Guarantee Amount of RM6.0 million (and not the full Guarantee Amount) was a threshold negotiated between the parties taking into consideration, the confidence level that the Board has in growing VSS' business together with the VSS Vendors whilst noting that the VSS Vendors are obligated to pay the PG Shortfall (as defined herein), if any, at the end of the Guarantee Period.

In the event where VSS makes losses or attains some PAT in the FYE 2024 and FYE 2025 but not to the extent of RM2.8 million and RM3.2 million respectively, the VSS Vendors' obligation to meet the remaining shortfall in the PAT for the FYE 2024 and FYE 2025 shall be carried forward to the remaining Guarantee Period. Similarly, if the Company's PAT in the FYE 2024 and FYE 2025 shall exceed the guaranteed PAT of RM2.8 million and RM3.2 million respectively, the surplus PAT attained for the FYE 2024 and FYE 2025 shall be carried forward to the remaining of the Guarantee Period and shall be computed towards the total computation of attainment of Profit Guarantee for the Guarantee Period.

One-third (1/3) of the Escrow Shares is to be released upon VSS attainment of the respective Guarantee Amount as mentioned above on a yearly basis. The partial release of Escrow Shares upon the attainment of the respective Guarantee Amount is common in transactions which involves profit guarantees over multiple periods and will not be detrimental to Ewein and its non-interested shareholders, as the VSS Vendors are obligated to pay the PG Shortfall (as defined herein), if any, at the end of the Guarantee Period.

In the event that VSS fails to attain aggregate PAT of RM9.3 million during the Guarantee Period, the VSS Vendors shall pay in cash the shortfall amount between the aggregate PAT of VSS and the actual PAT or LAT (as the case maybe) ("**PG Shortfall**") of VSS to Ewein within 14 business days from the date of which the VSS Vendors are in receipt of Ewein's notification in writing of the PG Shortfall or such other date to be agreed between the VSS Vendors and Ewein ("**PG Shortfall Payment Date**"). If the VSS Vendors fail to pay the PG Shortfall on or before the PG Shortfall Payment Date, the VSS Vendors and Ewein agree that Ewein shall be entitled to such number of Escrow Shares priced at the 5-day VWAP of the said Escrow Shares immediately prior to the date of the audited financial statements of VSS for the FYE 2026 for the amount equivalent to PG Shortfall ("**PG Shortfall Shares**"). For your information, Ewein has no intention to sell the PG Shortfall Shares in the open market.

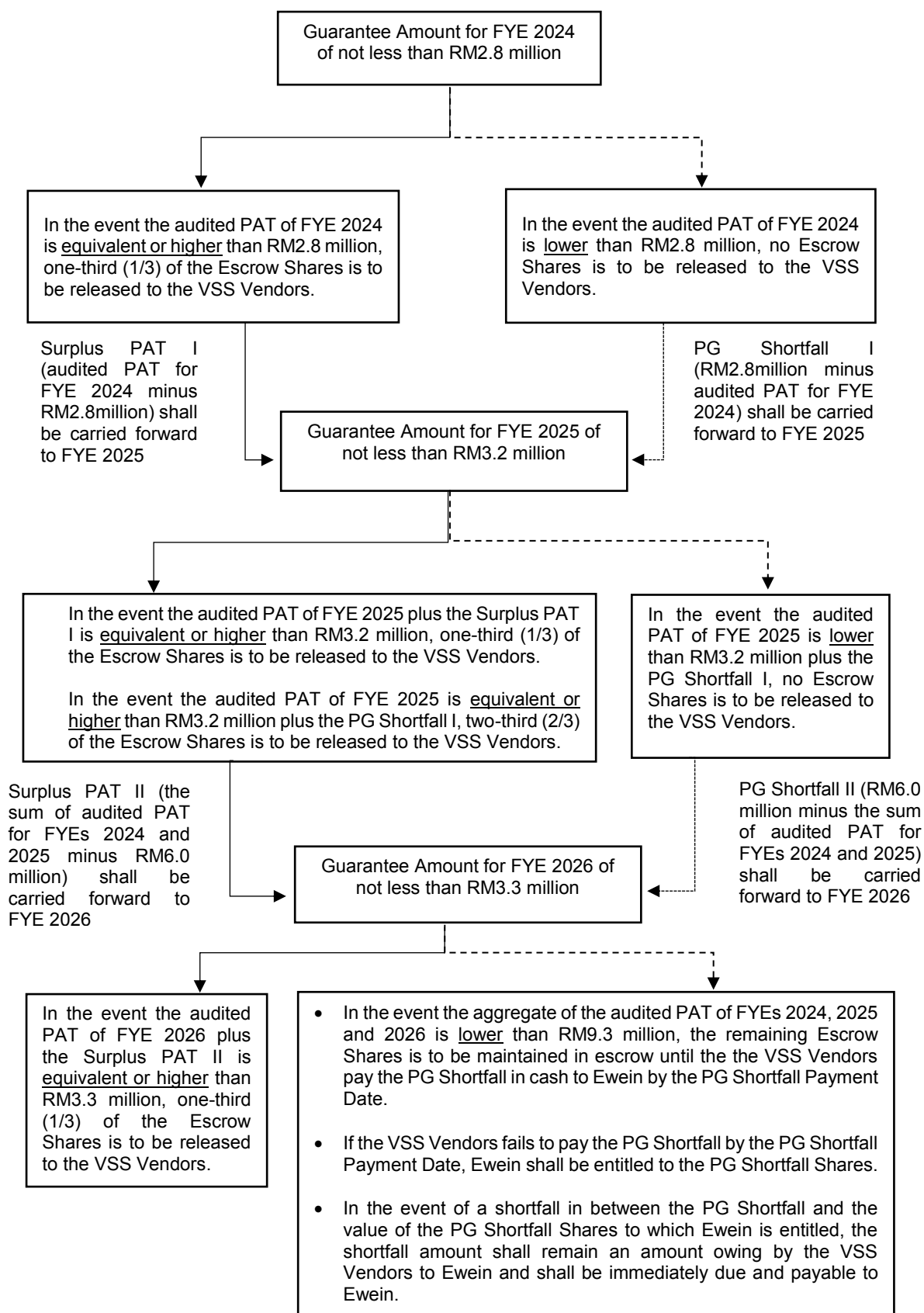
In the event of a shortfall between the value of the PG Shortfall Shares to which Ewein is entitled and the PG Shortfall, the shortfall amount shall remain an amount owing by the VSS Vendors to Ewein and shall be immediately due and payable to Ewein.

Our Board is of the opinion that the Profit Guarantee is reasonable and realistic, after taking into consideration the following factors:-

- (i) the historical financial track record of VSS for the past three (3) financial years up to FYE 2023 as set out in **Section 5 of Appendix IV** of this Circular;
- (ii) future prospects of VSS and the enlarged Ewein Group, further details of which are set out in **Section 6.6, Part A** of this Circular; and
- (iii) the key bases and assumptions used in preparing the financial projections of VSS for the purpose of the discounted cashflow valuation by MainStreet.

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The mechanism of the Profit Guarantee is illustrated below:



3.5 Basis and justification of arriving at the Issue Price

The issue price of RM0.89 per Consideration Share was determined and arrived at between Ewein and VSS Vendors based on reference to the 5-day VWAP of Ewein Shares of RM0.8856 up to the LTD. The prevailing market prices of Ewein Shares for the past three (3) months up to the LTD are as follows:-

Price/ VWAPs up to and including the LTD	Share price	(Discount)/ Premium	
	RM	RM	%
Last closing price of Ewein Shares	0.8750	0.0150	1.71
5-day VWAP of Ewein Shares	0.8856	0.0044	0.50
1-month VWAP of Ewein Shares	0.8626	0.0274	3.18
3-month VWAP of Ewein Shares	0.9502	(0.0602)	(6.34)

(Source: Bloomberg)

Based on the above, the Issue Price represents:-

- a premium ranging from 0.50% to 3.18% over the last closing price, 5-day and 1-month VWAPs of Ewein Shares up to the LTD; and
- a discount of 6.34% to 3-month VWAPs of Ewein Shares up to the LTD.

Notwithstanding the above, our Board take cognisance that the Issue Price represents a historical PE multiple of 240.54 times based on the EPS of our Group for the FYE 2023 of 0.37 sen. Hence, the mode of settlement being partially settled in the form of Consideration Shares is favourable to our Group, whilst also allowing our Group to conserve its cash reserve.

3.6 Mode of settlement

Pursuant to the terms of the VSS SSA, the VSS Purchase Consideration is to be satisfied via a combination of Cash Consideration and Consideration Shares, in the following manner:-

Payment term	Timing of settlement	VSS Purchase Consideration	
		Consideration Shares (RM'000)	Cash Consideration (RM'000)
10% of the VSS Purchase Consideration	Upon the execution of the VSS SSA ⁽ⁱ⁾	-	3,200
90% of the VSS Purchase Consideration	Within three (3) months from the date of fulfilment of the last condition precedents	⁽ⁱⁱ⁾ 16,000	12,800
Total		16,000	16,000

Notes:-

- The 10% of the VSS Purchase Considerations has been paid to VSS Vendors on 15 May 2024.
- For information purposes, RM6.0 million equivalent worth of Consideration Shares will be deposit with the Stakeholder and shall be released upon VSS attainment of the respective Guarantee Amount during the respective Guarantee Period as mentioned in **Section 3.4, Part A** of this Circular on a yearly basis.

3.7 Source of funding

The VSS Purchase Consideration will be satisfied via a combination of Cash Consideration and Consideration Shares. The Cash Consideration shall be financed via the internally generated funds of Ewein.

For information purposes, our Group's cash and cash equivalents, borrowings and lease liabilities stood at approximately RM65.20 million, RM46.89 million and RM0.12 million respectively, based on the latest audited financial statements of our Group for the FYE 2023.

3.8 Ranking of the Consideration Shares

The Consideration Shares shall, upon allotment and issuance, rank equally in all respects with each other and with the existing Ewein Shares, save and except that the Consideration Shares shall not be entitled to participate in any dividends, rights, allotment and/or other distributions where the entitlement date precedes the relevant date of allotment and issuance of the Consideration Shares.

3.9 Listing of and quotation for the Consideration Shares

Approval has been obtained from Bursa Securities vide its letter dated 12 June 2024 for the listing and quotation of the Consideration Shares to be issued pursuant to the Proposed VSS Acquisition on the Main Market of Bursa Securities.

3.10 Original cost and date of investment

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

VSS Vendors	Date of investment	No. of VSS Shares acquired/ (disposed)	Consideration (RM)
Ooi Eng Leong	8 July 2005	1	1
	11 November 2005	4,999	4,999
	21 September 2006	25,000	25,000
	6 February 2007	(5,000)	(5,000)
	28 March 2007	100,000	100,000
	7 August 2007	62,500	62,500
		187,500	187,500
Goh Yin Ze	7 August 2007	187,500	187,500
	16 November 2009	(187,500)	(187,500)
	14 October 2016	62,500	62,500
		62,500	62,500
Goh Kiang Teng	11 June 2005	1	1
	11 November 2005	4,999	4,999
	21 September 2006	25,000	25,000
	6 February 2007	(5,000)	(5,000)
	28 March 2007	100,000	100,000
	7 August 2007	(125,000)	(125,000)
	16 November 2009	187,500	187,500
		187,500	187,500
Chew Tien Kee	7 August 2007	12,500	12,500
	14 October 2016	50,000	50,000
		62,500	62,500

3.11 Liabilities to be assumed

Save for the VSS Purchase Consideration, the obligations and liabilities in and arising from, pursuant to or in connection with the VSS SSA, there are no other liabilities, including contingent liabilities and guarantees, to be assumed by our Group arising from the Proposed VSS Acquisition.

3.12 Additional financial commitment required

Our Group does not expect to incur additional financial commitments to put the business of VSS on-stream upon completion of the Proposed VSS Acquisition in view that VSS is already an on-going business entity with an established historical profit track record as set out in **Section 5** of **Appendix IV** of this Circular.

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4. DETAILS OF THE PROPOSED DIVERSIFICATION

4.1 Background information on the Proposed Diversification

Our Group is principally engaged in investment holding activities and through our subsidiaries, is involved in the following operating business segments:-

Manufacturing	Manufacturing of precision sheet metal fabricated parts and design and fabrication of tools and dies
Property development	Development of residential properties and sale of completed properties
Property management	Letting and managing office building, factory building and car park
Investment holding	Investment holding activities

The revenue from the manufacturing and property segment of our Group has been generally on a downward trend for the past four (4) FYE up to FYE 2023. The profits of our Group had also been declining for the past three (3) FYEs up to FYE 2022 from a PAT of approximately RM10.67 million in the FYE 2020 to a net loss of approximately RM0.55 million in the FYE 2022. Subsequently, our Group has made a PAT of approximately RM1.12 million in FYE 2023. The contributions of each business segment to our Group's financial performance for the past four (4) FYEs up to FYE 2023 are set out as follows:-

Revenue by business segment	Audited FYE							
	2020 (restated)		2021 (restated)		2022 (restated)		2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Manufacturing segment	35,605	18.34	28,938	29.59	20,720	44.04	14,569	37.91
Property development segment	151,342	77.95	61,999	63.40	21,261	45.18	17,936	46.67
Property management segment	6,279	3.23	6,414	6.56	4,730	10.05	5,313	13.83
Investment holding segment	924	0.48	437	0.45	343	0.73	611	1.59
Online and retail sales segment	-	-	7	*	-	-	-	-
Total	194,150	100.00	97,795	100.00	47,054	100.00	38,429	100.00

PBT/(LBT) by business segment	Audited FYE							
	2020 (restated)		2021 (restated)		2022 (restated)		2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Manufacturing segment	1,497	8.51	1,880	23.32	463	23.95	(1,255)	(50.60)
Property development segment	15,722	89.35	3,903	48.41	566	29.28	1,689	68.10
Property management segment	1,987	11.29	2,477	30.72	1,134	58.67	2,158	87.02
Investment holding segment	235	1.34	(193)	(2.39)	(230)	(11.90)	(112)	(4.52)
Online and retail sales segment	(1,845)	(10.49)	(5)	(0.06)	-	-	-	-
Total	17,596	100.00	8,062	100.00	1,933	100.00	2,480	100.00

PAT/(LAT) by business segment	Audited FYE							
	2020 (restated)		2021 (restated)		2022 (restated)		2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Manufacturing segment	1,237	11.59	1,459	22.31	266	48.63	(911)	(81.34)
Property development segment	9,864	92.43	4,050	61.93	(649)	(118.65)	1,130	100.89
Property management segment	1,292	12.11	3,635	55.58	257	46.98	1,094	97.68
Investment holding segment	125	1.17	(2,496)	(38.17)	(421)	(76.96)	(193)	(17.23)
Online and retail sales segment	(1,846)	(17.30)	(108)	(1.65)	-	-	-	-
Total	10,672	100.00	6,540	100.00	(547)	(100.00)	1,120	100.00

Note:-

* Negligible.

Brief commentary on our historical financial performance

(i) FYE 2020

In the FYE 2020, our Group's revenue had decreased by approximately RM44.99 million or 18.81% to approximately RM194.15 million as compared to the preceding financial year (FYE 2019: RM239.14 million). The decrease was primarily due to the challenging outlook on property market and disruption to our business operation arising from the outbreak of the Covid-19.

Our Group's PBT had decreased by approximately RM26.30 million or 59.92% to approximately RM17.60 million as compared to the preceding financial year (FYE 2019: RM43.90 million). The decrease in PBT was in tandem with the decrease in revenue and was mainly attributed to the increase in other expenses of fair value loss on investment properties amounting to approximately RM1.74 million as well as the impairment loss of financial instruments and contract assets amounting to approximately RM1.62 million in the FYE 2020.

(ii) FYE 2021

In the FYE 2021, our Group's revenue had decreased by approximately RM96.35 million or 49.63% to approximately RM97.80 million as compared to the preceding financial year (FYE 2020: RM194.15 million). The decrease was mainly due to the following:-

- (a) the absence of new projects in the pipeline subsequent to the completion of City of Dreams, a luxury serviced apartments project located Tanjung Sri Pinang, Penang in the FYE 2020;
- (b) the decline in the financial performance of the property development segment arising from overhang as investors remain cautious in view of the outlook of the property market; and
- (c) continued disruption to operations of our Group due to the impact of the Covid-19 outbreak on the business environment.

Our Group's PBT had decreased approximately RM9.53 million or 54.18% to approximately RM8.06 million as compared to the preceding financial year (FYE 2020: RM17.60 million). The decrease in PBT was in tandem with the decrease in revenue and mainly attributed to the impairment loss of financial instruments and contract assets amounting to approximately RM3.19 million in the FYE 2021.

(iii) FYE 2022

In the FYE 2022, our Group's revenue had decreased by approximately RM50.75 million or 51.89% to approximately RM47.05 million as compared to the preceding financial year (FYE 2021: RM97.80 million). The decrease was mainly due to the following:-

- (a) the decline in the financial performance of the property development segment arising from prolonged property overhang as investors remain cautious in view of the outlook of the property market; and
- (b) the decline in the financial performance of the manufacturing segment arising from the shift in market demand from our products and services to other overseas manufacturers (i.e. India and China) due to our inability to compete with their pricing.

Our Group's PBT had decreased by approximately RM6.13 million or 76.02% to approximately RM1.93 million as compared to the preceding financial year (FYE 2021: RM8.06 million). The decrease in PBT was in tandem with the decrease in revenue and attributed to the increase in other expenses such as fair value loss on investment properties amounting to approximately RM1.00 million and unrealised loss on foreign currency exchange amounting to approximately RM1.27 million in the FYE 2022.

(iv) FYE 2023

In the FYE 2023, our Group's revenue had decreased by approximately RM8.63 million or 18.33% to approximately RM38.43 million as compared to the preceding financial year (FYE 2022: RM47.05 million). The decrease was mainly due to the following:-

- (a) the absence of new projects in the pipeline; and
- (b) lower demand in the overall E&E industry.

Our Group's PBT had increased by approximately RM0.55 million or 28.30% to approximately RM2.48 million as compared to the preceding financial year (FYE 2022: RM1.93 million). The increase in PBT was due to the decrease in the fair value loss on investment properties at approximately RM0.04 million and lower foreign exchange losses at approximately RM0.29 million.

In view of the above and in order to improve the earnings of our Group moving forward, the management of our Group has been actively seeking other strategic opportunities that could strengthen the earnings of our Group and our shareholders' long-term return whilst at the same time, our Group remains focused on enhancing the performance of the Existing Business Operations. The management of our Group has identified Workforce Management Services as a viable new business to provide a new income stream to our Group as well as expanding our portfolio of property assets. It is pertinent to note that the Workforce Management Services sector is growing in Malaysia as industrialists strive to comply with the Workers Minimum Standards of Housing and Amenities Act (Act 446) as well as aligning to global goals of Environmental, Social and Governance (ESG), in particular in relation to workers accommodation. The management of our Group, after undertaking feasibility studies (which was conducted from October 2023 to December 2023) and careful deliberation, is of the view that the earnings and growth prospects of the Workforce Management Services will enhance the earnings of our Group in view of the growing demand for workers accommodation as well as the outlook of the labour market in Malaysia as set out in **Section 6.5, Part A** of this Circular.

In line with such strategic plans, our Group has undertaken the Proposed Land Acquisition with the aim to pursue the Proposed Development, which serves as an entry point for our Group into the Workforce Management Services sector. This new business will expand our income stream and improve the growth prospects of our Group. The management of our Group is committed to implement this strategic plan successfully and has identified the key management personnel to oversee the Proposed Development as well as to spearhead growth of this new segment moving forward. Please refer to **Section 4.2, Part A** of this Circular for more details of the key management personnel leading the Workforce Management Services.

In addition, our Group also intends to embark on other Workforce Management Services ventures in the future through organic approaches and/or strategic arrangements, including but not limited to, strategic businesses/investments, joint ventures, collaborative arrangements, business agreements, and/or mergers and acquisitions of suitable businesses/investments in the property assets as and when such business opportunities arise. Prior to embarking on such ventures, our Board wishes to assure the shareholders that our Group will undertake the relevant feasibility studies to assess the risks and benefits on the viability of such organic approaches and/or strategic arrangements. Our Company will make necessary announcement(s) in accordance with the Listing Requirements and shareholders' approval will be sought, if required, together with the approval of the other relevant authorities at the material times.

Our Board is of the view that the Workforce Management Services is deemed to be a natural progression by our Group to further expand our product offering and services given that our Group is involved in property management in our Existing Business Operations.

Pursuant thereto, our Board proposes to seek the approval from our shareholders for the Proposed Diversification pursuant to Paragraph 10.13(1) of the Listing Requirements which states that a listed issuer must obtain its shareholders' approval in a general meeting for any transaction or business arrangement which might reasonably be expected to result in either:-

- (i) the diversion of 25% or more of the NA of the listed issuer to an operation which differs widely from those operations previously carried on by the listed issuer; or
- (ii) the contribution from such an operation of 25% or more of the net profits of the listed issuer.

Our Board anticipates that the Workforce Management Services may contribute 25% or more of the net profits of our Group subsequent to the completion of the Proposed Development and result in the diversion of more than 25% of the NA of our Group given that the estimated gross development cost based on the Planning Permission is approximately RM115 million as compare to our latest audited NA for the FYE 2023 of approximately RM250.49 million.

Notwithstanding the Proposed Diversification, the management of our Group is committed to improve the operational efficiencies and profitability of our Existing Business Operations. Our Board will also review our Group's business operations from time to time with the intention to enhance profitability in the long term and to provide shareholders with better returns.

4.2 Key management personnel

At this juncture, our Group has identified Goh Kiang Teng, Aravinthan A/L Karunanithi and Lim Chooi Peng as the key management personnel in leading the Workforce Management Services. The key management personnel will be appointed by second half of 2024.

Further details of the qualification and experience of the key management personnel are set out below:-

(i) Goh Kiang Teng

Goh Kiang Teng, a Malaysian aged 52, is the Executive Director and Chief Executive Officer of Ewein. He holds a diploma in Civil Engineering from Federal Institute of Technology College, Kuala Lumpur. Upon graduation, he began his career with Kamso Sdn Bhd in 1995 as a civil engineer responsible for mainly housing development and construction projects.

In 2000, he left and set up his own company, Tengomas Sdn Bhd which deals in SMT machine spare parts. Since then, he has grown the company by expanding into the areas of buying and selling used SMT/AI machines and peripheral equipment.

In 2009, he co-founded VSS, a company involved in the manufacturing of racking system, machinery and related components, and through its wholly-owned subsidiary, VS Precision Sdn Bhd, a company involved in the manufacturing, distributing, importing and exporting of various types of lamination parts for official security documents.

Pursuant to the Proposed Diversification, Goh Kiang Teng shall be appointed as the head of the Workforce Management Services business as our Group is able to leverage on his business acumen to manage operations and his experiences in the property development and construction sectors to assess suitable property assets to be acquired for our Group's Workforce Management Services ventures.

(ii) Aravinthan A/L Karunanithi (Aravinthan @ Arvind)

Aravinthan A/L Karunanithi, a Malaysian aged 38, is the property manager of ELSB. He holds a Bachelor's Degree in Law and Commerce, majoring in Human Resource from the University of Management and Science (MSU) at Shah Alam.

He started his career as the HR executive for Penang Sports Club and Chaswoods Resources Ltd. (Selangor), where he oversees internal staff and conducts training. He subsequently joined ELSB on 1 August 2015 as the property manager and was tasked to oversee the management of the property assets, which includes, overseeing the maintenance of the properties.

Given his experience as the property manager, he will be tasked to oversee the workers' dormitory management processes and procedures.

(iii) Lim Chooi Peng

Lim Chooi Peng, a Malaysian aged 53, is the HR manager of our Group since 1 June 2006. She began her career at SkyGate Precision (M) Sdn Bhd (formerly known as Tekun Asas Sdn Bhd) as a personnel clerk upon graduating from Bukit Mertajam High School in 1990 with Sijil Pelajaran Malaysia. In 1993, she was promoted to senior personnel clerk and was responsible for recruitment activities, HR activities, foreign workers affairs, payroll and coordination of training programmes for our Group's employees. She was later promoted to administration supervisor and assistant administration manager on 1 January 2000 and 1 January 2001, respectively.

She will be tasked to oversee all HR activities in relation to the Workforce Management Services segment given her familiarity with labour laws in Malaysia, working permit applications and HR related matters.

Moving forward, our Group intends to recruit additional personnel to bolster the management of the Workforce Management Services segment, in anticipation of the potential business growth and the increased demand for manpower to efficiently oversee our operations. However, the number and timing of these recruitments shall only be ascertained at a later stage, contingent upon the nature and scale of the Workforce Management Services. At this juncture, our Group has not identified any new recruits.

5. RATIONALE AND JUSTIFICATION OF THE PROPOSALS

5.1 Proposed Land Acquisition

The Proposed Land Acquisition and the Proposed Development (via the Planning Permission) are in line with our Group's strategic plan to venture into the Workforce Management Services. Our Group intends to develop the Subject Property into a block of 16-storey workers' dormitory which serves as our Group's first foray into Workforce Management Services sector. The Subject Property is located in a strategic location in the state of Penang and through the Proposed Development, our Group is poised to capitalise on the growing demand for foreign workers' dormitory accommodation in the state of Penang.

The Proposed Land Acquisition and upon the completion of the Proposed Development will provide a new income stream to our Group through, amongst others, the rental income from the workers' dormitory accommodation. Barring any unforeseen circumstances and premised on the above, our Board opines that the Proposed Land Acquisition and the Proposed Development are expected to contribute positively to our Group in the future.

5.2 Proposed VSS Acquisition

Ewein is principally involved in investment holding and through its subsidiaries, is involved in manufacturing, property development and property management. On the other hand, VSS is mainly involved in Rackform Business.

The Proposed VSS Acquisition entails the acquisition by Ewein of the entire equity interest in VSS. Upon completion of the Proposed VSS Acquisition, our Group will have immediate access to VSS' Rackform Business and client base. This will provide our Group with an additional source of revenue and earnings stream for our manufacturing business.

Further, the enlarged Ewein Group is expected to achieve synergies and economies of scale by the sharing of commonalities as our Group and VSS both serves the E&E industry, utilise similar raw materials and have access to an enlarged clientele. Therefore, the enlarged Ewein Group will be able to negotiate for better deals with suppliers, streamline business processes, and optimise resource allocation which could potentially reduce production costs and operational expenses, and ultimately boosting profitability.

In addition, the VSS Vendors have provided our Company with a Profit Guarantee, where VSS targets to achieves a minimum cumulative PAT of RM9.3 million by FYE 2026 which is expected to contribute positively to our Group's future earnings as set out in **Sections 3.4 and 8.3, Part A** of this Circular.

Our Board takes note that the VSS Purchase Consideration is to be satisfied via a combination of Cash Consideration and Consideration Shares. The partial settlement of the VSS Purchase Consideration via the issuance of the Consideration Shares will allow our Group to conserve cash without any immediate impact on our cash flow as opposed to being fully settled in cash or via borrowings.

Premised on the foregoing and VSS' historical profit track record as set out in **Section 5 of Appendix IV** of this Circular, our Board is of the opinion that, barring any unforeseen circumstances, the Proposed VSS Acquisition will streamline our Group's business operations and contribute positively to our Group's earnings in the long run.

5.3 Proposed Diversification

As stated in **Section 4, Part A** of this Circular, the Proposed Diversification is part of our Group's strategic plan to diversify into other viable business to enhance profitability in the long term and to provide our shareholders with better returns. Although our Group is undertaking the Proposed Diversification, our Group remains committed in improving the operational efficiencies and profitability of our Existing Business Operations.

The Proposed Development serves as our Group's maiden venture into the Workforce Management Services sector with the aim of providing a new sustainable income source to our Group, and such potential earnings is expected to mitigate our Group's reliance on earnings derived from the Existing Business Operations. The Proposed Diversification is also deemed to be a suitable business for our Group given that our Group is currently involved in the property management segment. The Board is confident that our Group is able to implement the Proposed Development and manage the Workforce Management Services efficiently due to our managements' familiarity with property management as well as the expertise and experience of the key personnel as set out in **Section 4.2, Part A** of this Circular.

Barring any unforeseen circumstances, our Board believes the Proposed Diversification will contribute to our Group's future earnings after taking into consideration, amongst others, the growth prospects of the Workforce Management Services sector as disclosed in **Section 4, Part A** of this Circular and the outlook of the labour market in Malaysia as set out in **Section 6.5, Part A** of this Circular.

5.4 Additional Consideration for the Proposals

In addition to the rationale and justification for the Proposals as set out in above, our Board has also considered the following factors before embarking on the Proposals.

5.4.1 Current financial position of our Group

The summary of the financial information of our Group for the past four (4) FYEs up to FYE 2023 as detailed in **Section 4.1, Part A** Circular and the current NA and gearing level of our Group as illustrated in **Section 8.2, Part A** of this Circular.

5.4.2 Value creation from the Proposals to our Group and shareholders

After considering various business opportunities, our Group is of the view that the Proposals are the most appropriate and expedient avenue to create shareholders' value in the long run for the purposes as set out in **Sections 2, 3 and 4, Part A** of this Circular. The Proposals are expected to reduce our reliance on our Existing Business Operations as well as expand our Group's revenue and earnings base via:

- (i) the Workforce Management Services, whereby the Proposed Development is expected to be completed in 3rd quarter of 2027, if the dormitory is at its full capacity, is expected to generate a total annual revenue of approximately RM12.0 to RM15.0 million; and
- (ii) the Proposed VSS Acquisition, which is expected to generate a cumulative PAT of RM9.3 million over the next three (3) FYEs.

5.4.3 Impact of the Proposals to our Group and shareholders

The Proposals are expected to increase the NA of our Group from approximately RM250.48 million to approximately RM265.74 million. The increase in our Group's NA position will strengthen the capital base of our Group as well as result in a lower gearing ratio from 0.19 to 0.18. In addition, the EPS of our Group is also expected to be accretive after accounting for the guaranteed PAT of RM2.8 million for the FYE 2024 pursuant to the Proposed VSS Acquisition.

Overall, the Proposals are expected to increase shareholders' equity, enhance our EPS and improve the overall financial position of our Group as set out in **Sections 8.2 and 8.3, Part A** of this Circular.

5.4.4 The adequacy of the Proposals in addressing our Company's financial concerns

Our Board is of the view that the Proposals serve as means to alleviate the pressure from the diminishing earnings in our Existing Business Operations as well as creating value for our Group and our shareholders.

Based on the above and taking into consideration our funding requirements for the Proposals, expected cash flows from operations, our existing level of cash and cash equivalents and credit sources, we will have sufficient working capital for at least 12 months from the date of this Circular and we are of the view that the Proposals are adequate in addressing our Group's current financial concern.

Moving forward, our Group intends to continue with our long-term business expansion plans as part of our ongoing effort to continuously enhance our business performance, maximise shareholders' value and improve our Group's financial position.

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6. INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS

6.1 Overview and outlook of the Malaysian economy

Malaysia's overall economic growth in 2023 eased at 3.7 per cent (2022: 8.7%) driven by the services sector with a growth of 5.3 per cent followed by the construction (6.1%) and manufacturing (0.7%) sectors. The manufacturing sector grew at a slower pace of 0.7 per cent (2022: 8.1%) following higher base in the preceding year and weaker global external demand.

On the demand side of the economy, the growth was led by private final consumption or household expenditure which increased by 4.7 per cent, followed by gross fixed capital formation (5.5%) and Government final consumption expenditure (3.9%). Meanwhile, both exports and imports declined by 7.9 per cent and 7.6 per cent, respectively, with Net exports recording a decrease of 11.3 per cent in 2023.

Based on the Economic & Monetary Review 2023 report by Bank Negara Malaysia ("BNM") released on 20 March 2024, Malaysia's economy is projected to grow between 4.0 to 5.0 per cent in 2024, supported by continued expansion in domestic demand and improvement in external demand. Nevertheless, domestic growth remains subject to downside risks from both external and domestic factors.

Malaysia's advance GDP estimates expanded in the first quarter of 2024 at 3.9 per cent as compared to 3.0 per cent in the preceding quarter. In terms of quarter-on-quarter performance, Malaysia's economy declined 3.4 per cent from 3.1 per cent growth in the fourth quarter of 2023. The economic performance in this quarter was spearheaded by the services sector, with all main sectors experiencing positive growth.

(Source: Malaysian Economic Statistics Review Vol.3 2024 and Vol.4 2024, Ministry of Economic, Department of Statistics Malaysia)

6.2 Overview and outlook of the property market in Malaysia

Despite a challenging global financial and economic environment, the property market stayed resilient in 2023 supported by positive performance in all sub-sectors except agriculture compared to the previous year. In 2023, total transactions volume and value increased by 2.5% and 9.9% respectively to 399,008 transactions worth RM196.83 billion (2022: 389,107 transactions; RM179.07 billion; 2021: 300,497 transactions; RM144.87 billion). The residential sub-sector continued to contribute the largest share of transactions, recorded a marginal increase in both volume and value.

Foreign Direct Investment ("FDI") in Malaysia recorded a higher net inflow of RM926.30 billion in the fourth quarter of 2023 ("Q4 2023") as compared to the third quarter of 2023 (RM914.90 billion). These investments were channelled mainly into the services sector with a value of RM468.40 billion (50.6%), followed by manufacturing (RM390.80 billion; 42.2%) and mining and quarrying (RM42.1 billion; 4.5%). The top three countries for FDI position were Singapore (RM207.70 billion; 22.4%), and Hong Kong (RM113.30 billion; 12.2%) and the United States of America (RM97.40 billion; 10.5%). Thus, the relaxation of Malaysia My Second Home (MM2H) program which was announced by the Government in December 2023 is on the right track to boost foreign investment in Malaysia particularly in real estate sector.

Mixed movements are shown in the indicators of residential and non-residential property demand. The loan applications for residential purchase indicate a slight decline of 0.7% as compared to 2022 (28.7%) whilst loan approvals increased marginally by 3.1%. Nevertheless, the situation differs for non-residential property where loan applications and approval managed to register an increase of 29.6% and 14.8% respectively.

According to the Ministry of Finance, Malaysia's economy is expected to grow moderately with the projected growth between 4% to 5% in 2024, driven by domestic demand, sustained and diversified economic structure and coupled with ongoing policy support including the National Energy Transition Roadmap and the New Industrial Master Plan 2030. BNM also anticipated resilient domestic expenditure and improvement in external demand will drive Malaysia's growth.

The growth in 2023 property market is highly supported by the implementation of various government initiatives and assistance and improving labour market conditions. Several initiatives which outlined under Budget 2023 by the government to a certain extent helped improve property market activities.

The property market is expected to continue its momentum supported by various initiatives outlined by the government under Budget 2024, among others, a special guarantee fund of RM1 billion has been allocated to encourage reputable developers to revive identified abandoned projects.

(Source: Property Market Report 2023, Valuation and Property Services Department, National Property Information Centre, Ministry of Finance Malaysia)

6.3 Overview and outlook of the property market in the northern region of Malaysia

The performance of northern region property market was moderate in 2023. The volume and value of transactions showed a mix performance compared to 2022. The region registered 104,989 transactions worth RM37.06 billion, showing a 2.3% decrease in volume compared to 2022 but value increased by 12.8%. Combined, these four states (Penang, Perak, Kedah and Perlis) within the region formed 26.3% and 18.8% of the national volume and value transactions.

The property market activity for two states showed upward trend in 2023, led by Pulau Pinang (5.1%) followed by Perlis (0.7%), while two states showed the opposite trend, led by Perak (7.1%) and followed by Kedah (1.0%). Transaction values for two states showed upward trend in 2023, led by Penang (27.6%), followed by Kedah (9.3%), while two other states showed the opposite, a slight decline of 1.4% and 0.2% in Perak and Kedah respectively. By state, Perak recorded highest volume of transaction (44,468 transactions) which contributed 42.3% of the total transaction of northern region. However, in terms of transaction value, Pulau Pinang led the region with 46.1% (RM17.07 billion) of the total.

(Source: Northern Region Property Market Report 2023, Valuation and Property Services Department, National Property Information Centre, Ministry of Finance Malaysia)

6.4 Overview and outlook of the manufacturing sector in Malaysia

The sales value of the manufacturing sector increased marginally by 0.7 per cent to RM146.2 billion in February 2024 as against 3.2 per cent registered in the previous month. The increase was supported by an expansion in the transport equipment & other manufactures at 7.3 per cent; and the non-metallic mineral products, basic metal & fabricated metal products (5.7%) sub-sectors. Meanwhile, the sales value of the E&E products sub-sector, which accounted for 34.1 per cent of total sales, grew by 1.3 per cent. On a month-on-month basis, the sales value of the manufacturing sector declined by 4.3 per cent as against RM152.7 billion recorded in January 2024, which experienced an uptick of 1.9 per cent.

The sales value of export-oriented industries which represented 69.6 per cent of the total sales declined by 1.3 per cent in February 2024 (January 2024: 0.1%), largely due to continuous contraction in the manufacture of coke & refined petroleum products, which registered a negative 8.8 per cent. Additionally, the manufacture of vegetable & animal oils & fats; and the manufacture of chemicals & chemical products slipped by 6.0 per cent and negative 2.6 per cent, respectively. As compared to the preceding month, the sales value of export-oriented industries dropped by 3.6 per cent after recording a positive growth of 1.7 per cent in January 2024.

In the meantime, Malaysia's exports recorded a decrease of 0.8 per cent in February 2024 as compared to the same month in 2023. Exports of manufactured goods which comprised 83.6 per cent of total exports slipped by 2.4 per cent year-on-year to RM93.1 billion. This decrease was mainly attributed to lower exports of E&E products, petroleum products as well as chemicals and chemical products.

The momentum of sales value for domestic-oriented industries remained positive, expanding by 5.6 per cent in February 2024 (January 2024: 10.8%). This expansion was primarily bolstered by increases registered in the manufacture of fabricated metal products, except machinery & equipment (9.1%); manufacture of motor vehicles, trailers & semi-trailers (9.0%); and manufacture of food processing products (5.2%). As compared to the previous month, the sales value of domestic-oriented industries decreased by 5.8 per cent as compared to the positive 2.3 per cent recorded in January 2024.

The outlook for domestic manufacturing remains vibrant with export-oriented industries continuing to recover despite risks from external factors such as rising geopolitical tensions, which could disrupt the supply chain and potentially impact global trade activity.

(Source: Malaysian Economic Statistics Review Vol.4 2024, Ministry of Economic, Department of Statistics Malaysia)

6.5 Overview and outlook of the labour market in Malaysia

In Q4 2023, labour supply continued to expand, with the number of labour force increasing by 2.2 per cent year-on-year to record 16.91 million persons. Thus, the labour force participation rate edged up 0.6 percentage points to 70.1 per cent. The number of employed persons continued to increase, albeit at a slightly slower rate of 2.5 per cent to 16.35 million persons during the quarter, with the employment-to-population ratio went up to 67.8 per cent. In the meantime, the number of unemployed decreased by 5.9 per cent to 565.0 thousand persons, registering the unemployment rate at 3.3 per cent.

The number of employed persons working less than 30 hours per week posted an addition of 6.6 per cent from the same quarter of the preceding year to 286.1 thousand persons in Q4 2023. Accordingly, time-related underemployment recorded a rate of 1.1 per cent. Meanwhile, skill-related underemployment which comprised more than one-third of employed persons with tertiary education remained at 37.4 per cent as a year ago.

Looking at labour demand in the economic sector, the number of jobs grew by 2.1 per cent year-on-year to record a total of 8.94 million jobs. Filled jobs comprised 97.9 per cent, increased by 2.1 per cent over the same quarter of the preceding year to 8.74 million filled jobs. However, job openings in the economy which was indicated by the number of vacancies decreased by 1.1 per cent to 190.2 thousand vacancies in Q4 2023. Besides, there were 31.1 thousand jobs created in the private sector during the quarter.

As Malaysia's economy grew by 3.0 per cent, labour productivity as measured by value added per employment posted an increase of 0.5 per cent, registering the level of RM25,080 per person in Q4 2023. During the same period, total hours worked surged 2.3 per cent to 9.42 billion hours. Thus, labour productivity per hour worked grew marginally by 0.7 per cent to bring the level of productivity at RM43.5 per hour.

(Source: Labour Market Review Fourth Quarter 2023, Malaysian Bureau of Labour Statistics, Department of Statistics Malaysia, Ministry of Economy Malaysia)

6.6 Prospects of VSS and the enlarged Ewein Group

In order to mitigate the reliance on our Existing Business Operations, our Group has identified Workforce Management Services as part of our diversification strategy to expand our earnings base.

In conjunction with the Proposed Diversification, our Group intends to undertake the Proposed Land Acquisition and the Proposed Development to facilitate our Group's foray into the Workforce Management Services. Moving forward, our Group intends to embark on new Workforce Management Services ventures by leveraging on the successful completion of the Proposed Development and experience operating the Workforce Management Services at the site. The growing opportunities in the Workforce Management Services sector in Malaysia as disclosed in **Section 4, Part A** of this Circular is expected to augur well with the strategic plans of our Group for this segment.

Premised on the above and barring any unforeseen circumstances, our Board believes that the Proposed Diversification will reduce the dependency on our Existing Business Operations and potentially contribute positively to our Group's future earnings. Notwithstanding the Proposed Diversification, our Group is committed to improve the profitability of our Existing Business Operations moving forward. The management has undertaken strategic steps to improve the operational efficiencies of the Existing Business Operations as well as expand our product and service offerings with the aim to expand our existing market presence.

The Proposed VSS Acquisition by our Group signifies a strategic move aimed at addressing the notable lack of business development and growth within our manufacturing segment in recent years.

VSS is an established and trusted service provider in the Rackform Business since 2005 and specialises in manufacturing racking systems (piping and metal joints assembly), board fabrication and assembly, SMT feeder and spare parts, as well as x-ray inspection systems for PC. The Proposed VSS Acquisition presents an opportunity for our Group to gain immediate access to VSS' Rackform Business which will allow our Group to enter into a new segment within the manufacturing industry. Consequently, our Group will be able to diversify our product offerings and broaden our clientele and operational footprint. This synergistic integration enables the enlarged Ewein Group to tap into Rackform Business while leveraging VSS' expertise to drive growth and development for the enlarged Ewein Group's manufacturing segment.

Our Group anticipates tremendous potential for growth in the manufacturing segment over the next decade, driven by the growth in the Malaysia E&E sector and market players exiting the China market.

(Source: Management of Ewein)

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7. RISK FACTORS

Our Board does not anticipate that the Proposals will result in a material change to the risk profile of our Group save for the inherent risk associated with the property market and manufacturing sector of which our Group is already involved in, and will be addressed as part of our Group's ordinary course of business.

Nevertheless, the potential risks that may have an impact on our Group, which may not be exhaustive pertaining to the Proposals are as follows:-

7.1 Acquisition risk

7.1.1 Proposed Land Acquisition and Proposed Diversification

There is no assurance that the anticipated benefits arising from the Proposed Land Acquisition and the Proposed Development will be realised or that our Group will be able to generate sufficient income and earnings therefrom to offset the Land Purchase Consideration and its associated costs incurred in the Proposed Land Acquisition and the Proposed Development. Although our Group is confident of the growth prospects of the Workforce Management Services moving forward, any decline in economic conditions may affect the potential benefits to be derived from the Proposed Land Acquisition, the Proposed Diversification and the Proposed Development. As such, the duration required for our Group to recoup our investment could also be longer than anticipated. To mitigate such risk, the management of our Group will closely monitor the progress of the Proposed Development and ensure the Workforce Management Services is managed efficiently as well as constantly assess the prevailing economic and market conditions.

7.1.2 Proposed VSS Acquisition

Although our Board believes that our Group may derive benefits from the Proposed VSS Acquisition, there is no assurance that the anticipated benefits of the Proposed VSS Acquisition will be realised in the future or that our Group will be able to generate sufficient returns arising from the Proposed VSS Acquisition to offset the associated acquisition costs incurred.

Nevertheless, our Board has exercised due care in considering the potential risks and the benefits associated with the Proposed VSS Acquisition which will be value accretive to our Group, after taking into consideration, inter alia, the prospects of VSS and the experience and expertise of the management team of VSS and our enlarged Group in the manufacturing industry. The enlarged Ewein Group is expected to achieve synergies and economies of scale by the sharing of commonalities as our Group and VSS both serve the E&E industry, utilise similar raw materials and have access to an enlarged clientele.

7.2 Completion risk

7.2.1 Proposed Land Acquisition

The Proposed Land Acquisition is subject to, amongst others, the approval of our non-interested shareholders to be obtained at the forthcoming EGM of our Company as stipulated in the SPA, salient terms of which are disclosed in **Appendix I** of this Circular. In the event that any of the condition precedent is not fulfilled, as the case may be, the Proposed Land Acquisition may be delayed or terminated, and the potential benefits arising therefrom may not materialise.

In addition, the Proposed Land Acquisition may be aborted in the event that the SPA is terminated as a result of any breach or default attributable to any of the parties. Notwithstanding thereof, our Group will take all reasonable steps to ensure all conditions precedent and obligations pursuant to the SPA are satisfied within the stipulated timeframe to ensure the timely completion of the Proposed Land Acquisition.

7.2.2 Proposed VSS Acquisition

The Proposed VSS Acquisition is subject to, amongst others, the approval of the non-interested shareholders to be obtained at the forthcoming EGM of our Company stipulated in the VSS SSA, salient terms of which are disclosed in **Appendix II** of this Circular. In the event that any of the condition precedent is not fulfilled, as the case may be, the Proposed VSS Acquisition may be delayed or terminated, and the potential benefits arising therefrom may not materialise.

In addition, the Proposed VSS Acquisition may be aborted in the event that the VSS SSA is terminated as a result of any breach or default attributable to any of the parties. Notwithstanding thereof, our Group will take all reasonable steps to ensure all conditions precedent and obligations pursuant to the VSS SSA are satisfied within the stipulated timeframe to ensure the timely completion of the Proposed VSS Acquisition.

7.3 Compulsory acquisition by the Government

Pursuant to the Land Acquisition Act, 1960 (“**LA 1960**”), the relevant state authority has the power to compulsorily acquire any land within the jurisdiction of such relevant state authority in Malaysia in accordance with the aforesaid LA 1960. In the event of any compulsory acquisition of the land in relation to the Subject Property or any part thereof, the amount of compensation to be awarded will be determined on the basis prescribed in the LA 1960 and other relevant laws. If all or any portion of the land is compulsorily acquired by the relevant state authority at any point in time, the amount of such compensation may be less than the Land Purchase Consideration. In the event of any compulsory acquisition of the land or any part thereof, our Group may seek to minimise any potential losses from such transactions by invoking the relevant provisions in the LA 1960 in relation to our rights to submit an objection in respect of the amount of compensation, where necessary.

7.4 Competition risk

VSS faces competition from local competitors which may be capable of offering similar types of racking system, machinery and related components. These competitors may compete in terms of pricing, products offered and service quality. Stiff competition and an overall decline in the demand for racking system, machinery and related components may exert a downward pressure on the prices and profit margins of VSS. Nevertheless, our Board believes that our Group would gain synergies from the Proposed VSS Acquisition as we are able to integrate our existing business operations with those of VSS, which will in turn enhance the operating and financial performance of our enlarged Group.

Our Group also believes that with VSS’ core expertise and track record in the manufacturing industry specialising in racking system, machinery and related components coupled with the experience of our key management in running our existing manufacturing business, our enlarged Group would be able to withstand the market competition faced by VSS.

7.5 Business and operational risk

7.5.1 Proposed VSS Acquisition

The Proposed VSS Acquisition is subject to inherent risks in the manufacturing industry of which our Group is already involved in and will be addressed as part of our Group's ordinary course of business. Some of these challenges and risk may include and are not limited to the following:-

- (i) operational risks such as risk of degradation in the end product quality due to equipment damage or component failures where any unforeseen replacement of equipment or components which are not budgeted or covered by insurance and/or warranty claims which may potentially impact the financial performance of our Group;
- (ii) increase in operational costs such as maintenance costs, labour costs, insurance premiums and administration costs due to exposure to inflationary pressures; and
- (iii) changes in general economic and business conditions.

Our Group will adopt prudent management and efficient operating procedures to adapt to any negative changes in the manufacturing industry. However, no assurance can be given that any changes in these factors will not have any material adverse effect on our Group's business and financial performance.

7.5.2 Proposed Diversification

The Proposed Diversification will expose our Group to risks inherent to the Workforce Management Services sector. These potential risks encompass, but are not limited to, the challenges relating to occupancy, escalation of maintenance and repair costs over time, negative perception on the management of the Workforce Management Services and failure to meet safety, health and zoning requirements.

Although our Group has undertaken all necessary steps to ensure such risks are remote and minimal, if any, there is no assurance that any occurrence of such remote risks will not have a material adverse effect on our Group's Workforce Management Services and earnings of our Group in the future.

7.6 Achievability of the Profit Guarantee pursuant to the Proposed VSS Acquisition

The Guarantee Amount was derived based on internal estimates pursuant to discussions between the parties on projected sales orders from existing customers and on-going negotiations with new customers on the back of an uptick in demand for VSS' services since the beginning of 2024. The Guarantee Amount also takes into consideration the optimisation of resources (i.e. potential cost reduction) leveraging on the Group's existing capabilities and the enlarged network of business partners. Based on the management accounts for the four (4) months financial period ending 30 April 2024, VSS has achieved a PAT of RM1.11 million. Nevertheless, the Profit Guarantee is still subjected to certain uncertainties and contingencies, which may be outside of our Group's control. While our Board has taken reasonable steps to assess the achievability of the Profit Guarantee, there can be no assurance that the Profit Guarantee will be met.

Nevertheless, the Guarantee Amount shall be secured by the deposit of RM6.0 million equivalent worth of Consideration Shares (which amounted to a total of 6,741,573 new Share at the issue price of RM0.89 per Share) with the Stakeholder who is to be jointly appointed by Ewein and the VSS Vendors. In the event that VSS fails to attain aggregate PAT of RM9.3 million during the Guarantee Period, the VSS Vendors shall pay PG Shortfall in cash or PG Shortfall Shares to Ewein. In the event of a shortfall between the sale proceeds of the Escrow Shares paid to Ewein or the value of the PG Shortfall Shares to which Ewein is entitled, the shortfall amount shall remain an amount owing by the VSS Vendors to Ewein and shall be immediately due and payable to Ewein.

7.7 Dependence on the key management personnel

The continuing success of the Workforce Management Services is to a certain extent dependent on the continued efforts of our key management personnel, who shall be responsible for the strategic direction, business planning and development of the workers' dormitory management. The loss of any of such key management personnel and subsequent inability to recruit suitable replacement personnel in a timely manner may adversely affect the business operations and financial performance of the workers' dormitory management as well as its continuing ability to compete effectively in the industry.

In recognising the importance of having key management personnel, our Group will continuously adopt appropriate approaches or measures to retain the employees, which includes maintaining a competitive remuneration package and providing opportunities for career development for our employees. In addition, the existing key management of our Group will work to attract and retain qualified and experienced employees as well as groom junior employees to complement the management team as part of our succession planning.

8. EFFECTS OF THE PROPOSALS

8.1 Share capital and substantial shareholders' shareholding

Save for the Proposed VSS Acquisition, as the Proposed Land Acquisition and the Proposed Diversification do not involve any issuance of new Ewein Shares, there will be no impact on the issued capital of Ewein and the substantial shareholders' shareholding in Ewein.

The pro forma effects of the Proposed VSS Acquisition on the issued share capital of our Company are as follows:-

	No. of Shares	RM
Issued share capital of Ewein as at the LPD ⁽ⁱ⁾	297,546,959	148,256,914
Issuance of Consideration Shares	17,978,000	16,000,420
Enlarged issued share capital	315,524,959	164,257,334

Note:-

(i) Excluding 4,039,226 treasury shares in Ewein

The pro forma effects of the Proposed VSS Acquisition on the substantial shareholder's shareholding in Ewein are as follows:-

Substantial Shareholder	Shareholdings as the LPD				After the Proposed VSS Acquisition			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(i)%	No. of Shares	(i)%	No. of Shares	(ii)%	No. of Shares	(ii)%
Ooi Eng Leong	134,871,850	45.33	-	-	⁽ⁱⁱⁱ⁾ 135,995,850	43.10	-	-

Notes:-

- (i) Based on 297,546,959 Shares (after excluding 4,039,226 treasury shares) as at the LPD.
- (ii) Based on the enlarged 315,524,959 Shares (after excluding 4,039,226 treasury shares) pursuant to the Proposed VSS Acquisition.
- (iii) After accounting for the issuance of 1,124,000 Consideration Shares to Ooi Eng Leong pursuant to the Proposed VSS Acquisition.

8.2 NA per Share and gearing level

For illustrative purposes only, based on the latest audited consolidated financial statements of Ewein as at 31 December 2023 on the assumption that the Proposals had been effected on that date, the pro forma effects of the Proposals on the audited consolidated NA per Ewein Share and gearing of our Group are as follows:-

	Audited as at 31 December 2023	Pro forma I	Pro forma II
		After the Proposed Land Acquisition and the Proposed Diversification	After the Proposed VSS Acquisition
	(RM'000)	(RM'000)	(RM'000)
Share capital	152,424	152,424	(iv) 168,424
Treasury shares	*	*	*
Revaluation reserve	3,632	3,632	3,632
Retained profits	94,432	(i) 93,932	(ii) 93,682
Total equity	250,488	249,988	265,738
No. of Ewein Shares in issue, excluding treasury shares ('000)	301,586	301,586	(iv) 319,564
NA per Ewein Share (RM)	0.83	0.83	0.83
Cash and cash equivalent (RM'000)	65,201	(i) (iii) 38,861	(ii) (v) 22,611
Total borrowings (RM'000)	46,891	46,891	46,891
Gearing (times)^(vi)	0.19	0.19	0.18

Notes:-

- * Negligible.
- (i) After deducting the estimated expenses of approximately RM0.50 million in relation to the Proposed Land Acquisition and the Proposed Diversification (which includes professional fees, fees payable to the relevant authorities and miscellaneous expenses) to be incurred.
- (ii) After deducting the estimated expenses of approximately RM0.25 million in relation to the Proposed VSS Acquisition (which includes professional fees, fees payable to the relevant authorities and miscellaneous expenses) to be incurred.
- (iii) After accounting for the Land Purchase Consideration pursuant to the Proposed Land Acquisition.
- (iv) After accounting for the issuance of Consideration Shares pursuant to the Proposed VSS Acquisition.
- (v) After accounting for the Cash Consideration pursuant to the Proposed VSS Acquisition.
- (vi) Computed based on total borrowings over equity.

8.3 Earnings and EPS

For illustrative purposes only, based on the latest audited consolidated financial statements of our Company as at 31 December 2023, and assuming that the Proposals had been effected on 1 January 2023, being the beginning of the 12-month audited consolidated financial statements for the FYE 2023, the pro forma effects of the Proposals on the consolidated earnings and EPS of our Group are as follows:-

	Audited as at 31 December 2023	Pro forma I	Pro forma II
		After the Proposed Land Acquisition and Proposed Diversification	After the Proposed VSS Acquisition
Earnings after taxation attributable to owners of our Group (RM'000)	1,120	⁽ⁱ⁾ 620	⁽ⁱⁱ⁾ ⁽ⁱⁱⁱ⁾ 3,170
Total number of Ewein Shares in issue ('000)*	301,586	301,586	^(iv) 319,564
EPS (sen)	0.37	0.21	0.99

Notes:-

* Excluding 26 treasury shares in Ewein.

(i) After deducting the estimated expenses pertaining to the Proposed Land Acquisition and the Proposed Diversification amounting to approximately RM0.50 million. (which includes professional fees, fees payable to the relevant authorities and miscellaneous expenses) to be incurred.

(ii) After deducting the estimated expenses pertaining to the Proposed VSS Acquisition amounting to approximately RM0.25 million. (which includes professional fees, fees payable to the relevant authorities and miscellaneous expenses) to be incurred.

(iii) After accounting for the guaranteed PAT of RM2.8 million for the FYE 2024.

(iv) After accounting for the issuance of Consideration Shares pursuant to the Proposed VSS Acquisition.

The EPS of our Group is expected to be accretive based on the above after accounting for the guaranteed PAT of RM2.8 million for the FYE 2024 pursuant to the Proposed VSS Acquisition. Notwithstanding that and barring any unforeseen circumstances, the Proposed VSS Acquisition is expected to contribute positively to our Group's future consolidated earnings premised on the Guarantee Amount arising from the Profit Guarantee.

8.4 Convertible Securities

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

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9. HISTORICAL SHARE PRICE

The monthly highest and lowest market prices of Ewein Shares as traded on Bursa Securities for the past 12 months from April 2023 to May 2024 are set out below:-

	High RM	Low RM
2023		
June	1.130	0.655
July	1.480	1.060
August	1.580	1.250
September	1.440	1.280
October	1.340	1.050
November	1.160	1.080
December	1.290	1.030
2024		
January	1.230	1.010
February	1.040	0.835
March	1.090	0.950
April	1.050	0.795
May	0.915	0.870
Last transacted market price of Ewein Shares as at the LTD (being the last trading day prior to the date of the VSS SSA)	0.885	0.875
Last transacted market price of Ewein Shares as at the LPD (being the latest practicable date prior to the date of this Circular)	0.890	0.880

(Source: Bloomberg)

10. HIGHEST PERCENTAGE RATIO APPLICABLE

The highest percentage ratio applicable to the Proposed Land Acquisition pursuant to Paragraph 10.02(g) of the Listing Requirements is approximately 10.32% calculated based on the Land Purchase Consideration over the NA of our Company for the FYE 2023.

The highest percentage ratio applicable to the Proposed VSS Acquisition pursuant to Paragraph 10.02(g) of the Listing Requirements is approximately 97.05% calculated based on the PAT of VSS over the PAT of our Company for the FYE 2023.

For information purposes, the aggregate highest percentage ratio applicable to the Proposed Land Acquisition, the DISB Acquisition and the Proposed VSS Acquisition, pursuant to Paragraph 10.02(g) of the Listing Requirements is approximately 97.05%, calculated based on the latest audited consolidated financial statements of our Company for the FYE 2023.

11. APPROVALS REQUIRED / OBTAINED AND CONDITIONALITY

The Proposals are subject to and conditional upon the following approvals being obtained:-

- (a) Bursa Securities, for which the approval was obtained vide its letter dated 12 June 2024 for the listing and quotation of 17,978,000 Consideration Shares to be issued pursuant to the Proposed VSS Acquisition on the Main Market of Bursa Securities subject to the following conditions:-

No.	Conditions	Status of compliance
1.	Confirmation by UOBKH on the compliance with the public shareholding spread requirements of at least 25% pursuant to Paragraph 8.02(1) of the Listing Requirements of Bursa Securities upon the listing and quotation of the Consideration Shares;	To be complied
2.	Ewein and UOBKH must fully comply with the relevant provisions under the MMLR pertaining to the implementation of the Proposed VSS Acquisition;	To be complied
3.	Ewein or UOBKH to furnish Bursa Securities with the certified true copy of the resolutions passed by the shareholders at extraordinary general meeting approving the Proposed VSS Acquisition;	To be complied
4.	Ewein and UOBKH to inform Bursa Securities upon the completion of the Proposed VSS Acquisition; and	To be complied
5.	Ewein and UOBKH to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed VSS Acquisition is completed.	To be complied

- (b) our non-interested shareholders at the forthcoming EGM pursuant to the Proposed Land Acquisition and the Proposed VSS Acquisition;
- (c) our shareholders at the forthcoming EGM pursuant to the Proposed Diversification; and
- (d) any other relevant parties/authorities, if applicable.

The Proposals are not inter-conditional upon one another and not conditional upon any other proposals undertaken or to be undertaken by our Company.

12. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDER AND/OR PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the Directors, Major Shareholder of our Company and Persons Connected with them have any interest, direct or indirect, in the Proposals:-

- (i) Ooi Eng Leong by virtue of him being:-
- (a) the Major Shareholder of Ewein, MHSB and VSS; and
- (b) a director of MHSB.

- (ii) Goh Kiang Teng by virtue of him being:-
 - (a) an Executive Director and Chief Executive Officer of Ewein;
 - (b) a director and Major Shareholder of VSS; and
 - (c) a PAC with Ooi Eng Leong (by virtue of common understanding to take joint control of Ewein together with Ooi Eng Leong following the unconditional mandatory takeover offer on 14 June 2023), the Interested Major Shareholder.
- (iii) Tay Seng Chew by virtue of him being:-
 - (a) the Executive Chairman of Ewein; and
 - (b) Person Connected to Ooi Eng Leong (by virtue of him being the corporate representative of Ooi Eng Leong in Ewein as the Executive Chairman), the Interested Major Shareholder.
- (iv) Goh Yin Ze by virtue of her being:-
 - (a) a Major Shareholder of VSS; and
 - (b) Person Connected to Goh Kiang Teng, the Interested Director.
- (v) Dato Seri Hong Yeam Wah by virtue of him being:-
 - (a) a PAC with Ooi Eng Leong (by virtue of common understanding to take joint control of Ewein together with Ooi Eng Leong following the unconditional mandatory takeover offer on 14 June 2023), the Interested Major Shareholder; and
 - (b) an alternate director and indirect major shareholder of MHSB.

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The changes of the shareholdings of the Interested Directors, Interested Major Shareholder and Persons Connected to them, VSS Vendors and public shareholding spread are set out below:-

	Shareholdings as the LPD				After the Proposed VSS Acquisition			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(i)%	No. of Shares	(i)%	No. of Shares	(ii)%	No. of Shares	(ii)%
<u>Interested Directors</u>								
Goh Kiang Teng	7,900,000	2.66	(iii)126,500	0.04	(v)18,013,000	5.71	(iii)126,500	0.04
Tay Seng Chew	100,000	0.03	-	-	100,000	0.03	-	-
<u>Person Connected</u>								
Goh Yin Ze	17,000	0.01	-	-	(vi)2,714,001	0.86	-	-
<u>Interested Major Shareholder</u>								
Ooi Eng Leong	134,871,850	45.33	-	-	(iv)135,995,850	43.10	-	-
<u>PAC with Interested Major Shareholder</u>								
Dato Seri Hong Yeam Wah	14,718,000	4.95	-	-	14,718,000	4.66	-	-
Public shareholding spread	139,940,109	47.03	-	-	143,984,109	45.63	-	-
Total	297,546,959	100.00	-	-	315,524,959	100.00	-	-

Notes:-

- (i) Based on 297,546,959 Shares (after excluding 4,039,226 treasury shares) as at the LPD.
- (ii) Based on the enlarged 315,524,959 Shares (after excluding 4,039,226 treasury shares) pursuant to the Proposed VSS Acquisition.
- (iii) Deemed interest pursuant to Section 59(11)(c) of the Act via his spouse, Ng Gim Saik.
- (iv) After accounting for the issuance of 1,124,000 Consideration Shares to Ooi Eng Leong pursuant to the Proposed VSS Acquisition.
- (v) After accounting for the issuance of 10,113,000 Consideration Shares to Goh Kiang Teng pursuant to the Proposed VSS Acquisition.
- (vi) After accounting for the issuance of 2,697,000 Consideration Shares to Goh Yin Ze pursuant to the Proposed VSS Acquisition.
- (vii) After accounting for the issuance of 4,044,000 Consideration Shares to Chew Tien Kee pursuant to the Proposed VSS Acquisition

By virtue of the interests set out above, the Proposed Land Acquisition and the Proposed VSS Acquisition are regarded as related party transactions under Paragraph 10.08 of the Listing Requirements. Accordingly, the Interested Directors have abstained and will continue to abstain from all Board deliberations and voting at the relevant Board meetings pertaining to the Proposed Land Acquisition and the Proposed VSS Acquisition.

The Interested Directors and Interested Major Shareholder will also abstain from voting in respect of their respective direct and/or indirect shareholdings in Ewein on the resolutions pertaining to the Proposed Land Acquisition and the Proposed VSS Acquisition to be tabled at the forthcoming EGM.

In addition, the Interested Directors and Interested Major Shareholder will also undertake to ensure that all the Persons Connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in Ewein on the resolutions pertaining to the Proposed Land Acquisition and the Proposed VSS Acquisition to be tabled at the forthcoming EGM.

13. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board (save for the Interested Directors who have abstained from deliberating and voting in respect of the Proposed Land Acquisition and the Proposed VSS Acquisition) after having considered all aspects of the Proposals, including but not limited to the rationale, financial effects of the Proposals, salient terms of SPA and VSS SSA, the future prospects of VSS and the enlarged Ewein Group, and the views of the Independent Adviser, is of the view that the Proposals are:-

- (i) in the best interest of our Company;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interest of the non-interested shareholders of our Company.

Accordingly, our Board (save for the Interested Directors who have abstained from deliberating and voting in respect of the Proposed Land Acquisition and the Proposed VSS Acquisition) recommends that you vote in favour of the resolutions in relation to the Proposals to be tabled at the forthcoming EGM.

14. AUDIT AND RISK MANAGEMENT COMMITTEE'S STATEMENT

The audit committee of Ewein, after taking into consideration the views of the Independent Adviser, namely MainStreet, is of the opinion that the Proposed Land Acquisition and the Proposed VSS Acquisition are:-

- (i) in the best interest of our Company;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interest of the non-interested shareholders of our Company.

In forming its view, the audit committee of Ewein has taken into consideration, amongst other, the following:-

- (i) the rationale and justification of the Proposed Land Acquisition and the Proposed VSS Acquisition;
- (ii) the salient terms of the SPA for the Proposed Land Acquisition;
- (iii) the salient terms of VSS SSA for the Proposed VSS Acquisition;
- (iv) the basis and justification of arriving at the Land Purchase Consideration and VSS Purchase Consideration; and
- (v) the prospects and financial effects of the Proposed Land Acquisition and the Proposed VSS Acquisition.

15. TRANSACTIONS WITH RELATED PARTY(IES) FOR THE PRECEDING 12 MONTHS

Save as disclosed below there were no transactions entered into between our Group and the Interested Major Shareholder, Interested Directors, MHSB and the VSS Vendors and/or the Persons Connected to them during the 12 months preceding the date of this Circular:-

- (i) DISB Acquisition which has been completed on 22 November 2023 and does not require the approval by the shareholders of Ewein;
- (ii) Proposed Land Acquisition; and
- (iii) Proposed VSS Acquisition.

16. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposals are expected to be completed by the second half of 2024.

The tentative timetable for the implementation of the Proposals is set out below:-

Date	Event(s)
28 June 2024	<ul style="list-style-type: none">• Convening of the EGM for the Proposals• Completion of the Proposed Diversification upon obtaining approval from the shareholders of Ewein pursuant to the EGM
Second half of 2024	<ul style="list-style-type: none">• Fulfilment of the conditions precedent in respect of the SPA and VSS SSA• Completion of the Proposed Land Acquisition• Completion of the Proposed VSS Acquisition

17. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals (being the subject matter of Part A of this Circular), there are no other outstanding proposal which have been announced but pending completion as at the date of this Circular.

18. ADVISERS

UOBKH has been appointed as the Principal Adviser for the Proposals.

In view of the interests of the Interested Directors, Interested Major Shareholder and Persons Connected with them in the Proposed Land Acquisition and the Proposed VSS Acquisition as set out in **Section 12, Part A** of this Circular and in compliance with Paragraph 10.08 of the Listing Requirements, the Proposed Land Acquisition and the Proposed VSS Acquisition are deemed as related party transactions. Accordingly, MainStreet has been appointed to act as the Independent Adviser to undertake the following in relation to the Proposed Land Acquisition and the Proposed VSS Acquisition:-

- (i) comment as to whether the Proposed Land Acquisition and the Proposed VSS Acquisition are:-
 - (a) fair and reasonable so far as the non-interested shareholders of Ewein are concerned; and
 - (b) to the detriment of the non-interested shareholders of Ewein,

and such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;

- (ii) advise the non-interested shareholders of Ewein on whether they should vote in favour of the resolutions pertaining to the Proposed Land Acquisition and the Proposed VSS Acquisition to be tabled at the forthcoming EGM; and
- (iii) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in items (i) and (ii) above.

You should read the contents of this Circular (including the IAL, opinion and details of which are set out in **Part B** of this Circular) carefully before voting on the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

19. EGM

The EGM of Ewein will be conducted on a fully virtual basis via the online meeting platform at Meeting Room, Suite 1-01-02, Menara IJM Land, No. 1, Lebuh Tunku Kudin 3, 11700 Gelugor, Pulau Pinang, on Friday, 28 June 2024 at 11.00 a.m. or immediately following the conclusion or adjournment of the 18th annual general meeting of our Company which will be conducted through the same online meeting platform and on the same date at 10.00 a.m., whichever is later, for the purpose of considering and, if thought fit, passing with or without modification, the resolutions to give effect to the Proposals.

If you are unable to participate in the EGM and wish to appoint proxy(ies) instead, you are requested to complete, sign and return the enclosed Form of Proxy and deposit it at the registered office, 51-8-A, Menara BHL, Jalan Sultan Ahmad Shah, 10050 Georgetown, Pulau Pinang not less than 24 hours before the time and date appointed for holding the EGM or at any adjournment thereof. The completion and lodging of the Form of Proxy shall not preclude you from attending and voting in person at the EGM should you subsequently wish to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.

20. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board
EWEIN BERHAD

TAY SENG CHEW
Executive Chairman

PART B

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF EWEIN IN
RELATION TO THE PROPOSED LAND ACQUISITION AND THE PROPOSED VSS
ACQUISITION**

EXECUTIVE SUMMARY

All definitions used in this executive summary shall have the same meanings and expressions as defined in the Definitions section of and throughout the Circular, except where the context otherwise requires or where otherwise defined herein.

*All references to “you” and “your” are to the shareholders of Ewein, whilst references to “we”, “us” and “our” are to MainStreet, being the Independent Adviser for the Proposed Land Acquisition and the Proposed VSS Acquisition (“**Proposed Acquisitions**”).*

This executive summary highlights the salient information of the Proposed Acquisitions. Shareholders of Ewein are advised to read and understand this IAL in its entirety, together with Part A of the Circular and the appendices thereto for any other relevant information and are not to rely solely on the executive summary before forming an opinion on the Proposed Acquisitions. You are also advised to consider carefully the recommendation contained herein before voting on the relevant resolutions pertaining to the Proposed Acquisitions to be tabled at the forthcoming EGM of Ewein.

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

1. INTRODUCTION

On 26 March 2024, UOBKH had, on behalf of the Board, announced that DISB had on even date, entered into the SPA with MHSB for the acquisition of the Subject Property for the Land Purchase Consideration. In conjunction with that Proposed Land Acquisition, Ewein intends to undertake the Proposed Diversification.

Subsequently, on 15 May 2024, UOBKH had, on behalf of the Board, announced that the Company had on even date entered into the VSS SSA with the VSS Vendors for the Proposed VSS Acquisition.

The Proposed Acquisitions are deemed as related party transactions pursuant to Paragraph 10.08 of the Listing Requirements in view of the interests of the Interested Directors, Interested Major Shareholder and Persons Connected with them in the Proposed Acquisitions as set out in **Section 12 of Part A of the Circular**.

Accordingly, the Board (save for the Interested Directors) had on 20 March 2024 appointed MainStreet to act as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of Ewein in respect of the Proposed Acquisitions.

The purpose of this IAL is to provide the non-interested shareholders of Ewein with an independent evaluation on the Proposed Acquisitions together with our comments, opinion and recommendation thereon, subject to the scope and limitations of our role and evaluation as specified herein, in relation to the Proposed Acquisitions.

Please refer to **Sections 2 and 3 of Part A of the Circular** for details on the Proposed Land Acquisition and Proposed VSS Acquisition, respectively.

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2. OUR EVALUATION OF THE PROPOSED ACQUISITIONS

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

Section in this IAL	Area of evaluation	Comments
Section 7	Rationale and justifications of the Proposed Acquisitions	<p><u>Proposed Land Acquisition</u></p> <p>We are of the view that the rationale for the Proposed Land Acquisition is reasonable given the strategic location of the Subject Property in the State of Penang and the Proposed Development after the Proposed Land Acquisition. This is expected to positively contribute to the Group's future revenue stream in the Workforce Management Services segment through the rental income from the workers' dormitory accommodation while increasing the Group's portfolio of property assets. The Proposed Land Acquisition will lead to future growth of the Group and create value for its shareholders.</p> <p><u>Proposed VSS Acquisition</u></p> <p>We are of the view that the rationale for the Proposed VSS Acquisition is reasonable given the additional revenue stream from VSS's Rackform Business and the synergy and economies of scale through shared industry focus in the E&E industry by utilizing similar raw materials whilst accessing a broader clientele.</p> <p>Nevertheless, the non-interested shareholders of Ewein should note the potential benefits arising from the Proposed Acquisitions are subject to certain risk factors as disclosed in Section 7 of Part A of the Circular.</p>
Section 8	Evaluation of the Proposed Land Acquisition	
Section 8.1	Basis and justifications of the Land Purchase Consideration	<p>We have reviewed the key bases and assumptions adopted by the Valuer and are satisfied with the reasonableness of the key bases and assumptions. As such, we are satisfied with the valuation conducted by the Valuer and have relied on the valuation of the Subject Property as conducted by the Valuer.</p> <p>We are of the view that the Land Purchase Consideration is fair and reasonable as it is at a marginal discount of RM160,181.66 or 0.62% to the market value of the Subject Property of RM26.0 million.</p>
Section 8.2	Evaluation of the salient terms of the SPA	<p>We have reviewed the SPA and we are of the view that the salient terms of the SPA are reasonable and not detrimental to the non-interested shareholders of Ewein.</p>

EXECUTIVE SUMMARY (Cont'd)

Section in this IAL	Area of evaluation	Comments
Section 9	Evaluation of the Proposed VSS Acquisition	
Section 9.1	Basis and justifications of the VSS Purchase Consideration	<p>In establishing our opinion on the evaluation of the VSS Purchase Consideration, we have considered the discounted free cash flow to equity (“DCF”) methodology to be the most appropriate valuation methodology as VSS has been profit making during the last 3 FYEs and is expected to have consistent and predictable cashflow in the immediate term.</p> <p>We are of the view that the basis and justification for the VSS Purchase Consideration is fair and reasonable as it falls within the range of the computed equity value of RM30.88 million to RM35.29 million based on the DCF methodology.</p>
Section 9.2	Evaluation of the Profit Guarantee	<p>The Profit Guarantee provides some assurance to the future financial performance of VSS and the Proposed VSS Acquisition would contribute positively to the Group’s earnings over the Guarantee Period.</p> <p>While there can be no assurance that the VSS Vendors will pay the shortfall between the value of the PG Shortfall Shares and the PG Shortfall, we are of the view that the security sum of RM6.0 million covers approximately 64.52% of the Profit Guarantee is reasonable. Despite it being uncommon for the Profit Guarantee to be partially secured by the Escrow Shares, in the event there is a shortfall between the value of the Escrow Shares to which Ewein is entitled to the PG Shortfall, the shortfall amount shall remain an amount owing by the VSS Vendors to Ewein and shall be immediately due and payable to Ewein.</p> <p>Based on the above and with further reference to Section 9.2 of this IAL, we are of the view that the Profit Guarantee is reasonable.</p>
Section 9.3	Basis and justification of arriving at the Issue Price	<p>We note that the issue price of RM0.89 per Consideration Share was determined and arrived at between the Ewein and the VSS Vendors based on reference to the 5-day VWAP of Ewein Shares of RM0.8856 up to the LTD.</p> <p>The issue price of RM0.89 per Consideration Share is based on the market-based principles where the issue price takes into consideration the prevailing market prices of Ewein Shares. We are of the view that the Issue Price is fair and reasonable and not detrimental to the non-interested shareholders of Ewein premised on the Issue Price being a premium ranging from RM0.0044 to RM0.0274 (0.50% to 3.18%) over the last transacted price, 5-day and 1-month VWAPs of Ewein Shares up to LTD and a premium of RM0.0032 (0.36%) over the 5-day VWAP of Ewein Shares up to LPD, despite the Issue Price representing a discount of RM0.602 (6.34%) over the 3-month VWAPs of Ewein Shares up to the LTD.</p>

Section in this IAL	Area of evaluation	Comments
		With further reference to Section 9.3 of this IAL , we are of the opinion that the Issue Price is fair and reasonable . We also note that the issuance of the Consideration Shares is for the partial settlement of the VSS Purchase Consideration and is not detrimental to the non-interested shareholders of Ewein.
Section 9.4	Evaluation of the salient terms of the VSS SSA	We have reviewed the VSS SSA and are of the view that the salient terms of the VSS SSA are reasonable and not detrimental to the non-interested shareholders of Ewein.
Section 10	Effects of the Proposals	<p>(1) The Proposed Land Acquisition will not have any effect in the Company's issued share capital and substantial shareholder's shareholdings as the Proposed Land Acquisition does not involve or result in any change to the number of issued Ewein Shares. The Proposed VSS Acquisition is expected to increase the Company's issued share capital whilst simultaneously diluting the percentage of the substantial shareholders' shareholding in the Company pursuant to the issuance of Consideration Shares to partially satisfy the VSS Purchase Consideration.</p> <p>(2) Based on the latest audited consolidated financial statements of Ewein as at 31 December 2023 and on the assumption that the Proposals had been effected on that date, the Proposed Land Acquisition is expected to decrease the NA of the Group to RM250.0 million after deducting for the estimated expenses of RM0.50 million for the Proposed Land Acquisition and the Proposed Diversification whereas the Proposed VSS Acquisition is expected to increase the NA of the Group to RM265.74 million after accounting for the issuance of Consideration Shares. The Proposed Land Acquisition will not have a material effect on the Group's NA per share and gearing whereas the Proposed VSS Acquisition will not have a material effect on the Group's NA per share and will have a slight decrease in the Group's gearing from 0.19 times to 0.18 times.</p> <p>(3) Based on the latest audited consolidated financial statements of Ewein as at 31 December 2023 and assuming that the Proposals had been effected on 1 January 2023, being the beginning of the 12-month audited consolidated financial statements for the FYE 2023, the pro forma effects on the earnings and EPS of the Company will decrease from RM1.12 million to RM0.62 million and 0.37 sen to 0.21 sen, respectively after deducting the estimated expenses of approximately RM0.50 million pertaining to the Proposed Land Acquisition and Proposed Diversification, and subsequently increasing the earnings and EPS of the Company to RM3.17 million</p>

Section in this IAL	Area of evaluation	Comments
		<p>and 0.99 sen, respectively pursuant to the Proposed VSS Acquisition after accounting for the guaranteed PAT of RM2.8 million for the FYE 2024.</p> <p>Premised on the above, we are of the view that the overall effects arising from the Proposed Acquisitions are reasonable and not detrimental to the non-interested shareholders of Ewein.</p>
Section 11	Industry overview, outlook and future prospects of the enlarged Ewein Group	<p>We note that the property market in Malaysia is expected to maintain a more stable growth trajectory in 2024, following its recovery post-pandemic, whereas the labour market in Malaysia is expected to strengthen further in 2024, backed by encouraging momentum in the domestic economy and recovery in external trade. Additionally, the anticipated recovery in the manufacturing sector in Malaysia, potentially driven by an E&E upcycle particularly in the second half of 2024, coupled with China's gradual recovery, bodes well for Malaysia's domestic growth outlook.</p> <p>Ewein Group is diversifying its revenue streams by venturing into the Workforce Management Services sector through the Proposed Land Acquisition and Proposed Development. This diversification exercise aligns with the Group's intention to reduce reliance on their challenging Existing Business Operations. Despite the Proposed Diversification, Ewein Group remains dedicated in enhancing the profitability of its Existing Business Operations and has already taken steps to improve the operational efficiencies and expand their current manufacturing business activities via the Proposed VSS Acquisition.</p> <p>The acquisition of VSS will provide Ewein with immediate access to VSS's Rackform Business while penetrating a new segment of the manufacturing sector. Despite challenges like the US-China trade war affecting the E&E industry, the Board views that the current challenges are temporary and foresees significant growth opportunities over the next decade, fuelled by growth in Malaysia's E&E sector and the departure of market players from China.</p>
Section 12	Risk factors of the Proposed Acquisitions	<p>In evaluating the Proposed Acquisitions, you should carefully consider the following risk factors as set out in Section 7 of Part A of the Circular:</p> <ul style="list-style-type: none"> (i) Risks relating to the Proposed Land Acquisition such as acquisition risk, completion risk, and compulsory acquisition by the Government; and (ii) Risks relating to the Proposed VSS Acquisition such as, acquisition risk, competition risk, completion risk, business and operational risk, and achievability of the Profit Guarantee.

Section in this IAL	Area of evaluation	Comments
		We wish to highlight that although efforts and measures would be taken by the Board and the management of Ewein (“ Management ”) to limit/mitigate the risks associated with the Proposed Acquisitions, no assurance can be given that the abovementioned risk factors will not occur and give rise to material and adverse impact on the operation and business, financial positions and/or prospects of Ewein.

3. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Acquisitions and have set out our evaluation in **Sections 7 to 12 of this IAL**. Non-interested shareholders of Ewein should carefully consider the merits and demerits of the Proposed Acquisitions based on all relevant and pertinent factors including those set out above and other considerations as enumerated in this IAL, the Circular and the appendices.

Based on our assessment and evaluation, we are of the opinion that the Proposed Acquisitions are **fair and reasonable** and **not detrimental** to the non-interested shareholders of Ewein.

Accordingly, we recommend that the non-interested shareholders of Ewein **vote in favour** of the resolutions pertaining to the Proposed Acquisitions to be tabled at the forthcoming EGM of Ewein.

As far as our analyses and assessment as contained in the IAL are concerned, we have considered factors which we believe to be of general relevance to the non-interested shareholders of Ewein as a whole. We have not taken into consideration any specific investment objectives, financial situation, risk profile and particular need of any individual non-interested shareholder or any specific groups of non-interested shareholders of Ewein.

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13 June 2024

To: The Non-Interested Shareholders of Ewein

Dear Sir/Madam,

EWEIN BERHAD (“EWEIN” OR “COMPANY”)

**INDEPENDENT ADVICE LETTER (“IAL”) TO THE NON-INTERESTED SHAREHOLDERS OF EWEIN
IN RELATION TO THE PROPOSED ACQUISITIONS**

This IAL is prepared for the inclusion in the Circular in relation to the Proposed Acquisitions. All the definitions used in this IAL shall have the same meanings and expressions as defined in the Definitions section of and throughout the Circular, except where the content otherwise requires or where otherwise defined herein.

1. INTRODUCTION

On 26 March 2024, UOBKH had, on behalf of the Board, announced that DISB had on even date, entered into the SPA with MHSB for the acquisition of the Subject Property for the Land Purchase Consideration. In conjunction with that Proposed Land Acquisition, Ewein intends to undertake the Proposed Diversification.

Subsequently, on 15 May 2024, UOBKH had, on behalf of the Board, announced that the Company had on even date entered into the VSS SSA with the VSS Vendors for the Proposed VSS Acquisition.

The Proposed Acquisitions are deemed as related party transactions pursuant to Paragraph 10.08 of the Listing Requirements in view of the interests of the Interested Directors, Interested Major Shareholder and Persons Connected with them in the Proposed Acquisitions as set out in **Section 12 of Part A of the Circular**.

Accordingly, the Board (save for the Interested Directors) had on 20 March 2024 appointed MainStreet to act as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of Ewein in respect of the Proposed Acquisitions.

The purpose of this IAL is to provide the non-interested shareholders of Ewein with an independent evaluation on the Proposed Acquisitions together with our comments, opinion and recommendation thereon, subject to the scope and limitations of our role and evaluation as specified herein, in relation to the Proposed Acquisitions. The non-interested shareholders of Ewein should nonetheless rely on their own evaluation of the merits and demerits of the Proposed Acquisitions before making a decision on the course of action to be taken.

Other than for this intended purpose, this IAL should not be used or relied upon by any other parties for any other purpose whatsoever.

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

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

2. DETAILS OF THE PROPOSED ACQUISITIONS

The details of the Proposed Acquisitions as disclosed in the following sections in Part A of the Circular should be read in entirety by the non-interested shareholders of Ewein:

	Proposed Acquisitions	Details in Part A of the Circular
(i)	Proposed Land Acquisition	Section 2
(ii)	Proposed VSS Acquisition	Section 3

3. SCOPE AND LIMITATIONS TO OUR EVALUATION OF THE PROPOSED ACQUISITIONS

We were not involved in the formulation of, deliberations, negotiations or discussion of the terms and conditions of the Proposed Acquisitions nor were we involved in the deliberations leading up to the decision by the Board in respect of the Proposed Acquisitions. The terms of reference of our appointment as the Independent Adviser in relation to the Proposed Acquisitions are in accordance with the requirements set out in Paragraph 10.08 of the Listing Requirements as stated in **Section 1 of Part A of the Circular** and the Best Practice Guide in relation to Independent Advice Letters issued by Bursa Securities.

Our scope as the Independent Adviser is limited to expressing an independent opinion on the fairness and reasonableness of the Proposed Acquisitions together with our recommendation on whether you should vote in favour of the resolutions pertaining to the Proposed Acquisitions, based on the information and documents requested and provided to us or which are available to us, including the following:

- (i) the information contained in Part A of the Circular, and the appendices attached thereto;
- (ii) the annual reports of Ewein Group for the FYEs 2021 to 2023;
- (iii) the audited accounts of VSS for the FYEs 2021 to 2023;
- (iv) the Valuation Certificate and Valuation Report by the Valuer on the Subject Property;

- (v) the SPA dated 26 March 2024 for the Proposed Land Acquisition;
- (vi) the VSS SSA dated 15 May 2024 for the Proposed VSS Acquisition;
- (vii) the financial forecast and projections of VSS for the 4.75 years from the 9-month FPE 31 December 2024 to FYE 2028 ("**Future Financials**");
- (viii) information furnished to us (both orally and in writing) by the Board and the Management;
- (ix) other relevant information, documents, confirmations, and representations furnished to us either directly or indirectly through the Board and the Management; and
- (x) other relevant publicly available information.

We have relied on the Board and the Management to exercise due care to ensure that all information, documents, confirmations, and representations provided to us to facilitate our evaluation of the Proposed Acquisitions are complete, reasonable, reliable, and accurate and there is no omission of any material facts. After making all reasonable enquiries and to the best of our knowledge, we are satisfied that sufficient information has been obtained and we have no reason to believe that the aforesaid information provided to us or which are available to us is unreliable, incomplete, misleading and/or inaccurate as at the LPD.

The Board has seen, reviewed and accepted this IAL. The Board, collectively and individually, accepts full responsibility for the accuracy of the information contained in this IAL (save for the views and recommendation of MainStreet) and confirms that, after having made all reasonable enquiries and to the best of their knowledge, there are no omissions of any material facts which would make any statement in this IAL false or misleading.

In rendering our advice, we have taken into consideration pertinent factors which we believe are of relevance and importance to you for a holistic assessment of the Proposed Acquisitions and, therefore, are of general concern to you. Notwithstanding the following:

- (i) it is not within our terms of reference to express any opinion on the legal, accounting and taxation issues relating to the Proposed Acquisitions; and
- (ii) we have not taken into consideration any specific investment objectives, financial situation, risk profile or particular needs of any individual shareholder or any specific groups of shareholders. We recommend that any of you who require specific advice in relation to the Proposed Acquisitions in the context of your individual investment objectives, financial situation, risk profile or particular needs to consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Our advice should be considered in the context of the entirety of this IAL. Our evaluation and opinion as set out in this IAL are based on, amongst others, the equity capital market, economic, industry, regulatory and other prevailing conditions and the information/documents made available to us as at the LPD. It is also based on the assumption that the parties to the SPA and VSS SSA are able to fulfil their respective obligations in accordance with the terms and conditions of the SPA and VSS SSA.

After the despatch of the Circular and the IAL, we will notify the shareholders of the Company if we become aware of the following:

- (i) significant change materially affecting the information contained in the IAL;
- (ii) there is a reason to believe that the statements in the IAL are misleading/deceptive; and
there is a material omission in the IAL.

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

MainStreet confirms that there are no circumstances which exist or are likely to give rise to a possible conflict of interest situation for MainStreet to carry out the role as the Independent Adviser in connection with the Proposed Acquisitions. Save for the current appointment as the Independent Adviser, we did not have any other professional relationship with Ewein at any time during the past 2 years prior to the date of this IAL.

MainStreet is a corporate finance advisory firm licensed by the Securities Commission Malaysia (“SC”) to carry out the regulated activity of advising on corporate finance under the Capital Market and Services Act 2007. We have in the past assumed the role as an Independent Adviser for other corporate exercises, which included the following related party transactions for the past 2 years:

- (i) Proposed acquisition of the entire equity interest in iMedia Asia Sdn Bhd by Catcha Digital Berhad (“**Catcha Digital**”) from Catcha Investments Ltd and iCreative Asia Sdn Bhd for a total purchase consideration of RM10.00 million (“**Proposed Acquisition of iMedia**”); and proposed exemption under subparagraphs 4.08(1)(a) and 4.08(1)(b) of the Rules for Patrick YKin Grove, Catcha Group Pte Ltd and the persons acting in concert with them from the obligation to undertake a mandatory take-over offer upon completion of the Proposed Acquisition of iMedia and the proposed rights issue in Catcha Digital, as per our independent advice letter dated 30 June 2022;
- (ii) Proposed disposal of 100% equity interest in Lee Soon Seng Plastic Industries Sdn Bhd, a wholly owned subsidiary of SCGM Bhd for a total cash consideration of approximately RM544.38 million, as per our independent advice letter dated 29 July 2022;
- (iii) Proposed disposal of 100% equity interest in Seng Yip Furnitures Sdn Bhd, a wholly-owned subsidiary of SYF Resources Berhad (“**SYF**”) to Mieco Chipboard Berhad for a total cash consideration of RM50.0 million; proposed disposal of 2 parcels of freehold land to Juta Development Sdn Bhd for a total cash consideration of RM21.2 million, proposed acquisition of the entire equity interest and redeemable convertible preference shares in M&A Securities Sdn Bhd by SYF from Insas Berhad (“**Insas**”) for a purchase consideration of RM222.0 million (“**Proposed Acquisition of M&A Securities**”) and proposed exemption under subparagraph 4.08(1)(a) of the Rules for Insas and the persons acting in concert with it from the obligation to undertake a mandatory offer to acquire the remaining shares in SYF not already owned by them upon completion of the Proposed Acquisition of M&A Securities, as per our independent advice letter dated 28 December 2022;
- (iv) Proposed acquisitions of 3 industrial properties by RHB Trustees Berhad, being the trustee of AME Real Estate Investment Trust, from the subsidiaries of AME Elite Consortium Berhad for a total cash consideration of RM69,250,000, as per our independent advice letter dated 10 February 2023;
- (v) Proposed private placement of 240,405,370 new ordinary shares in LFE Corporation Berhad (“**LFE**”), representing approximately 30.0% of the total number of issued shares in LFE; and proposed acquisition of 367,500 ordinary shares in Cosmo Property Management Sdn Bhd (“**CPBMSB**”), representing the remaining 49.0% equity interest in CPMSB from Resolute Accomplishment Sdn Bhd for a purchase consideration of RM29,400,000 to be satisfied via a combination of cash and the issuance of new shares in LFE, as per our independent advice letter dated 12 April 2023;

- (vi) Proposed acquisition of 100% equity interest in Zapland Property Sdn Bhd from Gan Lee Ha and Lee Cheh Hian for a purchase consideration of RM39,034,668.65; proposed acquisition of 100% equity interest in Asiatic Network Sdn Bhd from Chai Chang Guan and Chai Seong Min for a purchase consideration of RM32,196,845.87; proposed acquisition of 100% equity interest in Brogan Maxim Sdn Bhd from Tan Sri Gan Seong Lam and Gan Kuok Chyuan for a purchase consideration of RM21,411,281.71; proposed acquisition of 100% equity interest in Maxim Realty Sdn Bhd from Tan Sri Gan Seong Liam and Puan Sri Loh Foong Ping for a purchase consideration of RM10,757,108.81 and proposed acquisition of 13.11% equity interest in Maxim Holdings Sdn Bhd from Sanlens Sdn Bhd for a purchase consideration of RM15,600,094.96, as per our independent advice letter dated 20 July 2023;
- (vii) Proposed disposal by Eurospan Holdings Berhad of the entire equity interest in Dynaspan Furniture Sdn Bhd ("**DFSB**") to Guan Kok Beng, Guan Shaw Kee and Guan Shaw Yin for RM38.90 million; proposed disposal of 2 parcels of freehold industrial land to DFSB for RM15.65 million and proposed tenancy between DFSB and Eurospan Furniture Sdn Bhd, as per our independent advice letter dated 20 November 2023;
- (viii) Proposed acquisition by Iconic Worldwide Berhad of the entire equity interest in Goldenluck Development Sdn Bhd from Dato' Seri Tan Kean Tet ("**DS Tan**") and Tan Seok Ying for a cash consideration of RM39.80 million; and proposed exemption under paragraphs 4.08(1)(b) and 4.08(1)(c) of the Rules to DS Tan and any persons acting in concert with him from the obligation to undertake a mandatory take-over offer on the remaining ordinary shares in Iconic Worldwide Berhad not already owned by them, pursuant to the undertaking to subscribe for the rights shares (including excess rights shares) and exercise of warrants by DS Tan and any persons acting in concert with him, as per our independent advice letter dated 7 December 2023;
- (ix) Proposed partial settlement of outstanding financing facilities given by the financiers to Boustead Heavy Industries Corporation Berhad ("**BHIC**") via a combination of cash, issuance of new ordinary shares in BHIC ("**BHIC Shares**"), redeemable convertible preference shares ("**RCPS**") - Class A in BHIC and Islamic RCPS - Class A in BHIC; and proposed full settlement of amounts owing to Boustead Holdings Berhad by BHIC amounting up to RM234,000,000 as at 31 December 2023 via combination of issuance of new BHIC Shares, RCPS - Class B in BHIC and redeemable preference shares - Class C in BHIC, as per our independent advice letter dated 14 December 2023; and
- (x) Proposed disposal by JKB Development Sdn Bhd, a wholly-owned subsidiary of Jasa Kita Berhad ("**JKB**"), of a parcel of leasehold industrial land to Urban Reach Sdn Bhd, a 55%-owned subsidiary of FCW Holdings Berhad, for a cash consideration of RM43.08 million, as per our independent advice letter dated 28 December 2023.

Premised on the foregoing, we confirm that we are capable and competent to carry out the role and responsibilities as the Independent Adviser to advise the non-interested Directors and the non-interested shareholders of Ewein in relation to the Proposed Acquisitions.

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

The interests of the Interested Directors, Interested Major Shareholder, chief executive and/or Persons Connected with them are disclosed in **Section 12 of Part A of the Circular**. Save for the Interested Directors, namely Goh Kiang Teng and Tay Seng Chew, the Interested Major Shareholder, namely Ooi Eng Leong, and the Persons Connected with them, namely Goh Yin Ze, and Dato Seri Hong Yeam Wah, as disclosed in **Section 12 of Part A of the Circular**, none of the other Directors, major shareholders, chief executive and/or persons connected to them have any interests, direct or in direct, in the Proposed Acquisitions.

6. OUR EVALUATION OF THE PROPOSED ACQUISITIONS

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

	Consideration factors	Details in this IAL
(i)	Rationale and justifications of the Proposed Acquisitions	Section 7
(ii)	Evaluation of the Proposed Land Acquisition <ul style="list-style-type: none"> • Basis and justification of the Land Purchase Consideration • Evaluation of the salient terms of the SPA 	Section 8.1 Section 8.2
(iii)	Evaluation of the Proposed VSS Acquisition <ul style="list-style-type: none"> • Basis and justification of the VSS Purchase Consideration • Evaluation of the Profit Guarantee • Basis and justification of arriving at the Issue Price • Evaluation of the salient terms of the VSS SSA 	Section 9.1 Section 9.2 Section 9.3 Section 9.4
(iv)	Effects of the Proposals	Section 10
(v)	Industry overview, outlook and future prospects of the enlarged Ewein Group	Section 11
(vi)	Risk factors of the Proposed Acquisitions	Section 12

7. RATIONALE AND JUSTIFICATIONS OF THE PROPOSED ACQUISITIONS

We take note of the rationale and justification of the Proposed Acquisitions as set out in **Section 5.1 and 5.2 of Part A of the Circular**.

Ewein Group is primarily involved in the following business segments:

- (i) Manufacturing – manufacturing of precision sheet metal fabricated parts and design and fabrication of tools and dies; manufacturing of electronic components and medical equipment components;
- (ii) Property development – development of residential properties, trading in construction, furnishing materials and completed properties;
- (iii) Property management – letting and managing an office building, factory building, heritage/cultural property and car park; and
- (iv) Investment holding.

The segmental revenue and PBT/(LBT) of the Group for the FYE 2021 to FYE 2023 are summarised as follows:

Business segment	FYE 2021 (restated)		FYE 2022 (restated)		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Revenue						
▪ Manufacturing	28,938	29.59	20,720	44.04	14,569	37.91
▪ Property development	61,999	63.40	21,261	45.18	17,936	46.67
▪ Property management	6,414	6.56	4,730	10.05	5,313	13.83
▪ Investment holding	437	0.45	343	0.73	611	1.59
▪ Others ⁽¹⁾	7	*	-	-	-	-
Total	97,795	100.00	47,054	100.00	38,429	100.00

Business segment	FYE 2021 (restated)		FYE 2022 (restated)		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
PBT/(LBT)						
▪ Manufacturing	1,880	23.32	463	23.95	(1,255)	(50.60)
▪ Property development	3,903	48.41	566	29.28	1,689	68.10
▪ Property management	2,477	30.72	1,134	58.67	2,158	87.02
▪ Investment holding	(193)	(2.39)	(230)	(11.90)	(112)	(4.52)
▪ Others ⁽¹⁾	(5)	(0.06)	-	-	-	-
Total	8,062	100.00	1,933	100.00	2,480	100.00

Notes:

* *Negligible.*

(1) *Other non-reportable segments comprised online trading services and trading of general products including retail sales through vending machine.*

(Source: Annual Reports of Ewein)

Based on the table above, we noted that the manufacturing segment and the property development segment have been the major contributors to Ewein Group's total revenue for the last 3 financial years with the revenue contribution of the most recent financial year being 37.91% and 46.67% of the Group's total revenue, respectively.

As set out in **Section 4.1 of Part A of the Circular**, we note that the Group experienced a decrease in revenue from RM97.8 million in FYE 2021 to RM38.4 million in FYE 2023 primarily due to the continuous decline in revenue recorded by their major contributors. The reasons for the decline in revenue from the manufacturing segment from RM28.9 million (FYE 2021) to RM14.6 million (FYE 2023) and property development segment from RM62.0 million (FYE 2021) to RM17.9 million (FYE 2023) over the financial years under review are as follows:

- (i) a shift in demand from Ewein's products and services to overseas manufacturers namely, India and China that offered competitive pricing, lower demand in the E&E industry as well as replacement of metal components to plastic; and
- (ii) the prolonged property overhang and cautious investor sentiment towards the outlook of the property market, and fewer properties sold in the most recent financial year.

In view of the challenging performance of the Existing Business Operations and to improve the earnings of the Group moving forward, the Management has been actively seeking other strategic opportunities that could enhance the earnings of the Group and the shareholders' long-term return whilst improving the performance of the Existing Business Operations. Hence, the Management has identified Workforce Management Services as a viable new business to provide new income stream to the Group as well as expanding its portfolio of property assets. The Management has also identified VSS as an avenue to enhance its manufacturing business.

7.1 Proposed Land Acquisition

In line with the Group's strategic plans highlighted above, the Group has undertaken the Proposed Land Acquisition with the aim to pursue the Proposed Development. The Proposed Development serves as an entry point for the Group to undertake its maiden project to venture into the Workforce Management Services sector with a new and sustainable source of income as well as reducing reliance on earnings derived from the Existing Business Operations.

The Subject Property, having secured Planning Permission from Jabatan Perancang Bandar, Majlis Bandaraya Seberang Perai on 17 October 2023, is intended for the development of a block of 16-storey workers' dormitory. This dormitory will comprise 420 units, accommodating a total capacity of 5,000 persons. Please refer to **Section 2.2 of Part A of the Circular** for further information on the Subject Property. Additionally, on 28 October 2023, DISB was granted limited power of attorney by MHSB for the purpose of facilitating the necessary approvals for the development of the Subject Property.

Given the pre-existing Planning Permission for the Subject Property and the limited power of attorney granted to DISB by MHSB prior to the signing of the SPA, the Proposed Land Acquisition represents a strategic investment with regulatory planning approval compared to acquiring land without the same. Moreover, the Group's intention of developing the Subject Property into a block of 16-storey workers' dormitory complements the growing demand for foreign workers' dormitory accommodation in the State of Penang.

As set out in **Section 4.1 of Part A of the Circular**, we note that the Management had conducted feasibility studies and evaluated the positive outlook of Malaysia's labour market, together with the growing demand for workers' accommodation attributed to industrialists' efforts to meet the requirements of the Workers Minimum Standards of Housing and Amenities Act (act 446). Upon completion of the Proposed Development, the dormitory is projected to accommodate 5,000 workers at full capacity, with each worker paying a rental rate of RM250 per month resulting in an annual revenue of RM12.5 million. This led to the conclusion that investing in the Workforce Management Services sector may enhance the financial performance of the Group.

While the Potential Development Costs to be incurred by the Group can only be finalised upon the finalisation of details of the Proposed Development, we believe that the strategic location of the Subject Property in the State of Penang, the pre-existing Planning Permission, the feasibility studies conducted by the Management, and growing demand for workers' accommodation indicate that the Proposed Development, following the Proposed Land Acquisition, is expected to positively contribute to the Group's future revenue stream in the Workforce Management Services segment. This will be achieved through the rental income from the workers' dormitory accommodation while increasing the Group's portfolio of property assets.

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7.2 Proposed VSS Acquisition

VSS is a private limited company principally involved in the manufacturing of racking system, machinery and related components. As disclosed in **Appendix IV of Part A of the Circular**, the summary of the audited financial information of VSS for the past 3 financial years up to FYE 2023 and the unaudited 4-month FPE 30 April 2024 is as follows:

	<----- FYE ----->			4-month FPE
	2021	2022	2023	30 April 2024
	(RM '000)	(RM '000)	(RM '000)	(RM '000)
Revenue	13,551	21,032	13,294	6,161
Gross profit ("GP")	3,435	6,501	3,398	2,140
GP margin (%)	25.35	30.91	25.56	34.73
PBT	2,081	5,215	1,404	1,472
PAT	1,577	4,121	1,087	1,118
PAT margin (%)	11.64	19.59	8.18	18.15
Share capital	500	500	500	500
Shareholders' funds/ NA	9,659	12,280	13,367	13,385
Cash and cash equivalents	466	2,058	2,401	1,057
Total borrowings	369	267	213	-
No. of shares in issue ('000)	500	500	500	500
EPS (RM)	3.15	8.24	2.17	2.24
NA per share (RM)	19.32	24.56	26.73	26.77
Gearing ratio (times) ⁽ⁱ⁾	0.04	0.02	0.02	-
Current ratio (times) ⁽ⁱⁱ⁾	5.63	7.41	10.68	10.00

Notes:

(i) Computed based on total borrowings over shareholders' funds.

(ii) Computed based on current assets over current liabilities.

Based on the table above and **Appendix IV of Part A of the Circular**, we note that VSS experienced an increase in revenue from RM13.55 million in FYE 2021 to RM21.03 million in FYE 2022 primarily due to the higher demand for VSS's racking products after Malaysia's economic recovery from the COVID-19 pandemic. Subsequently, the revenue normalised and reduced to RM13.29 million in FYE 2023 (which is materially consistent with the historical revenue during the FYE 2020 and FYE 2021).

VSS also recorded a PAT increase from RM1.58 million in FYE 2021 to RM4.12 million in FYE 2022 mainly due to higher cost optimisation within VSS's business operation thus resulting in lower operating costs. A subsequent decrease in PAT to RM1.09 million in FYE 2023 is mainly due to higher raw material costs, which adversely affected the GP margin. The GP margin dropped from 30.91% in FYE 2022 to 25.56% in FYE 2023 which reflects the increase costs of production.

Notwithstanding the decline in the PAT during the FYE 2023, in 4-month FPE 30 April 2024, VSS recorded a revenue of approximately RM4.02 million, a GP of approximately RM2.14 million and PAT of approximately RM1.12 million which was primarily due to higher sales orders from existing

customers and new customers. We further note that as at the LPD, VSS has secured purchase order amounting to RM3.0 million. This indicates that VSS is expected to have an increase in the demand for their products as well as optimising its resource allocation which could potentially reduce production costs and operational expenses.

In order to support the Existing Business Operations of the Group's manufacturing segment, the Group's decision to acquire the entire equity interest of VSS will enable the Group to access VSS's Rackform Business, thus allowing the enlarged Group to capitalize on the synergy and economies of scale through shared industry focus in the E&E industry through the utilization of similar raw materials whilst accessing a broader clientele. Additionally, this will enable the enlarged Group to negotiate better supplier deals, streamline processes, and optimize resource allocation to potentially reduce production costs and operational expenses, thus ultimately boosting the Group's profitability.

The additional revenue stream from VSS's Rackform Business is further assured by the Profit Guarantee provided by the VSS Vendors in which VSS is to achieve a minimum cumulative PAT of not less than RM9.3 million from FYE 2024 to FYE 2026 which is expected to contribute positively to the Group's future earnings as set out in **Section 8.3 of Part A of the Circular**. Please refer to **Sections 9.2 and 9.4 of this IAL** on our evaluation of the Profit Guarantee and analysis of the Profit Guarantee under the terms of the VSS SSA, respectively.

In addition to that, as the VSS Purchase Consideration is to be partially satisfied with Consideration Shares, Ewein Group will be able to partially conserve cash as compared to a full cash settlement or borrowing. We note that premised on the above and VSS's historical profit track record and supported by the Profit Guarantee, the Board is of the opinion that, barring any unforeseen circumstances, the Proposed VSS Acquisition will streamline the Group's business operations and contribute positively to the Group's financial performance in the long run.

Premised on the above, we are of the view that the rationale and justifications of the Proposed Acquisitions are reasonable. Nevertheless, the non-interested shareholders of Ewein should note that the potential benefits arising from the Proposed Acquisitions are subject to certain risk factors as disclosed in Section 7 of Part A the Circular.

8. EVALUATION OF THE PROPOSED LAND ACQUISITION

8.1 Basis and justification of the Land Purchase Consideration

The basis and justification of arriving at the Land Purchase Consideration are set out in **Section 2.5 of Part A of the Circular**.

The Land Purchase Consideration of RM25.84 million was arrived at on a "willing-buyer willing-seller" basis between DISB and MHSB, after taking into consideration, among others, the following:

- (i) the market value of the Subject Property of RM26.00 million as appraised by the Valuer. The Land Purchase Consideration represents a marginal discount of RM160,181.66 or 0.62% to the appraised market value of the Subject Property;
- (ii) the rationale for the Proposed Land Acquisition as set out in **Section 5.1 of Part A of the Circular**; and
- (iii) the development potential of the Subject Property as set out in **Section 6.6 of Part A of the Circular**.

In evaluating the Land Purchase Consideration, we have reviewed the Valuation Report prepared by the Valuer in accordance with requirements stipulated in the Asset Valuation Guidelines issued by the SC and the Malaysian Valuation Standards published by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia.

In arriving at the opinion of the market value of the Subject Property, we note that the Valuer has considered the Comparison Approach and Income Approach (Residual Method). The Valuer has adopted the market value derived from the Comparison Approach as a fair representation and the Income Approach (Residual Method) was used to cross check the reasonableness of the value derived from the Comparison Approach.

Further details on the Comparison Approach and Income Approach (Residual Method) are as follows:

Comparison Approach	<p>This approach entails analysing recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in time, general location, immediate surroundings, accessibility/visibility, size, planning permission factor, and other relevant characteristics to arrive at the market value.</p> <p>We concur with the Valuer that the Comparison Approach is appropriate to be used as the primary valuation methodology since there are adequate and reliable comparable sales evidence in recent times and the comparables are within the Subject Property's vicinity.</p> <p>A summary of the comparable transactions of similar properties considered by the Valuer in arriving at the market value of the Subject Property is set out in Section 8.1.1 below.</p>
Income Approach (Residual Method)	<p>The Income Approach (Residual Method) takes into consideration the Gross Development Value ("GDV") (being the estimated gross proceeds obtainable from the completed development) of the project and deducting therefrom the estimated costs of development including construction costs, professional fees, contribution to authorities, marketing, administrative and legal fees, financing charge, contingencies and developer's profit, the resultant answer is then deferred over the period of time required for the completion of the project to arrive at market value.</p> <p>We concur with the Valuer that the Income Approach (Residual Method) is appropriate to be adopted as a cross-check as it has limitations of relying on certain parameters that require projection or forecasting. Factors that may affect accuracy and reliability of the Income Approach (Residual Method) include amongst others, variations in market supply and demand, unforeseen new competition, changes in regulation, unexpected delays, complications and inflation.</p> <p>Key bases and assumptions adopted by the Valuer are set out in Section 8.1.2 below.</p>

Premised on the above, we concur with the Valuer that the Comparison Approach and the Income Approach (Residual Method) are the most appropriate valuation methods in arriving at the market value of the Subject Property.

We have reviewed the key bases and assumptions adopted by the Valuer and are satisfied with the reasonableness of the key bases and assumptions. As such, we are satisfied with the valuation conducted by the Valuer as well as the reasonableness of the opinion of the market values expressed by the Valuer on the Subject Property and have relied on the valuation of the Subject Property as conducted by the Valuer.

8.1.1 Comparison Approach

A summary of the comparable transactions of similar properties considered by the Valuer in arriving at the market value of the Subject Property is as follows:

Description		Comparable 1	Comparable 2	Comparable 3
Source	:	Valuation and Property Services Department (JPPH)		
Location	:	Butterworth	Perai	Butterworth
Address	:	Along Jalan Siram, Butterworth	Along Lorong Nagasari 9 and Lorong Nagasari 11, Perai	Along the eastern side of Jalan Sungai Nyior and northern side of Lorong Sungai Nyior Indah, Butterworth, Seberang Perai
Title No.	:	Geran 173889	GM 2533	Geran 115320
Lot No.	:	20176	10048	6264
Section / Town / Mukim	:	Section 4, Town of Butterworth	6	Section 3, Town of Butterworth
District	:	Seberang Perai Utara	Seberang Perai Tengah	Seberang Perai Utara
State	:	Penang		
Tenure	:	Term in perpetuity (Freehold)		
Land area	:	10,312 per square foot (“sqft”)	423,086 sqft	16,652 sqft
Type	:	Development Land		
Title – Category of Land Use	:	Nil (First Grade)		
Zoning (Penang State Structure Plan 2030)	:	Priority Development Area 1 (Kawasan Keutamaan Pembangunan 1)		
Date	:	21 July 2023	18 September 2023	11 November 2022
Vendor	:	Guaranteed Acceptance Sdn Bhd	Tan Hong Soon and Tan Kean Hock	Praicon Corporation Sdn Bhd
Purchaser	:	OFA Ventures Sdn Bhd	Skydorm Sdn Bhd	Eik Seng Machinery Sdn Bhd

Description		Comparable 1	Comparable 2	Comparable 3
Consideration	:	RM1,400,000	RM39,770,208	RM2,993,736
Analysis	:	RM135.77 per sqft	RM94.00 per sqft	RM179.79 per sqft
Adjustments	:	Adjustments are made for time and various factors inclusive of general location, immediate surroundings, accessibility/visibility, size, planning permission factor, title to surrender and re-alienation, net/gross land development area, and negative factor due to traversing electric transmission line.		
Adjusted price per sqft	:	RM149.60 per sqft	RM131.37 per sqft	RM173.94 per sqft

Premised on the foregoing and having considered all other relevant factors in the valuation, the Valuer has placed greater emphasis on Comparable 1 as it is one of the recent transactions, with the least adjustments made to the average adjusted land value to the 3 comparables of RM151.64 per sqft, located within the same locality of Section 4, Town of Butterworth as of the Subject Property, and with similar accessibility. We have determined the locations of comparable 1, 2 and 3 are within 10km radius from the Subject Property as well as are of the view that basis of determining the adopted comparables by the Valuer is reasonable. The rounded adopted value for the Subject Property under Comparison Method is RM150 per sqft therefore deriving the market value for the Subject Property at RM25.84 million and is rounded up to RM26.00 million.

8.1.2 Income Approach (Residual Method)

The key bases and assumptions adopted by the Valuer in arriving at the market value of the Subject Property and our commentaries are as follows:

	RM
GDV ⁽¹⁾	142,500,000
Gross Development Cost ("GDC") ⁽²⁾	110,909,440
Residual value	31,590,560
Present value for 2.5 years ⁽³⁾ @ 7.50% per annum ⁽⁴⁾	0.8346
Market value	26,365,509
Total market value (rounded up)	26,500,000

Notes:

- (1) We noted that the Valuer has used the Comparison Approach of similar transactions and selling prices of similar units transacted in the market. Appropriate adjustments are then made for differences in location, size, tenure, density, other relevant characteristics in arriving at the proposed selling price. We note that there is a lack of transactions for workers' dormitory within the Penang state and therefore the Valuer has relied on 1 transaction in Penang State and 4 other transactions in Johor. We are of the view that the basis of determining the adopted comparables by the Valuer is reasonable. A summary of the comparable transactions considered by the Valuer are as follows:

Description		Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Source	:	SGX Announcement		AME REIT Annual Report 2023		
Scheme	:	Westlite Bukit Minyak	Westlite Tampoi	SAC Dorm	Plot 13 Dorm Indahpura	Plot 17 Dorm Indahpura
Location	:	Bukit Minyak, Seberang Perai, Penang	Tampoi, Johor Bahru, Johor	Senai, Johor	Kulai, Johor	Kulai, Johor
Address	:	No.38, Jalan Perniagaan Seri Tambun, Taman Westlite Dormitory, Bukit Tambun, 14100 Simpang Ampat, Penang	No.38, Jalan Lot 2051, Jalan Bayu, Kempas Baru, 81200 Johor Bahru, Johor	No.91, Jalan SAC 4, Taman Perindustrian i-Park SAC, 81400 Senai, Johor	No.11, Jalan Seroja 2, Bandar Indahpura, 81000 Kulai, Johor	PTD 106941, Jalan Seroja 28, Kawasan Perindustrian i-Park, Bandar Indahpura, 81000 Kulai, Johor
Property type	:	3 blocks of 11-storey workers' dormitory, 12 carpark lots along with supporting amenities and commercial shops	5 blocks of 5-storey workers' dormitory, with a canteen, 21 carpark lots, 57 motorcycle parking lots along with supporting amenities and commercial shops	5 blocks of 5-storey walk-up workers' dormitory, a 2-storey shop and other ancillary buildings	2 blocks of 5-storey walk-up workers' dormitory, a 2-storey facilities block and other ancillary buildings	5 blocks of 5-storey walk-up workers' dormitory and other ancillary buildings

Description		Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Land area	:	16,398 square meters ("sqm")	28,328 sqm	11,945.4 sqm	12,864 sqm	12,461 sqm
Bed capacity	:	3,321 beds	5,790 beds	1,828 beds	2,289 beds	2,290 beds
Date	:	4 December 2023		19 July 2022		
Vendor	:	Westlite Dormitory (Bukit Minyak) Sdn Bhd	Westlite Dormitory (Tampoi) Sdn Bhd	AME Development Sdn Bhd		
Purchaser	:	Kumpulan Wang Persaraan (Diperbadankan)		RHB Trustees Berhad, on behalf of AME REIT		
Consideration	:	RM81,000,000	RM146,000,000	RM45,000,000	RM45,000,000	RM45,000,000
Analysis	:	RM24,390 per bed	RM25,216 per bed	RM24,617 per bed	RM19,659 per bed	RM19,651 per bed
Adjustments	:	Adjustments are made for time and various factors inclusive of general location, immediate surroundings, bed capacity and building condition/age.				
Adjusted value	:	RM28,750 per bed	RM27,139 per bed	RM30,464 per bed	RM25,410 per bed	RM27,560 per bed

Premised on the foregoing and having considered all other relevant factors in the valuation, the Valuer has placed greater emphasis on Comparable 1 as it was transacted recently and located within the locality of the Subject Property. We are of the view that the basis of determining the adopted comparables by the Valuer is reasonable. Based on the Planning Permission's approved layout plan, it is stated that the subject proposed workers' dormitory shall accommodate a total capacity of 5,000 persons. Hence for the Subject Property, the Valuer has adopted a total capacity of 5,000 persons with the rounded down value of RM28,500 per bed, amounting to a GDV of RM142.50 million.

- (2) In arriving at the GDC, we noted that the Valuer has made references to earthwork and site clearance, amalgamation of lots, contribution to relevant authorities i.e. Indah Water Konsortium ("IWK"), Tenaga Nasional Berhad ("TNB"), Perbadanan Bekalan Air Pulau Pinang ("PBA"), and Department of Irrigation and Drainage ("DID"), layout plan fees, building plan fees, earthwork plan fees, infrastructure and landscape work costs, building construction costs, fixtures and fitting costs, professional fees, project and site management fees, marketing and legal fees, contingencies, financing costs, and developer's profit:

No	Item	Estimated cost (RM)	Basis	Remarks
(1)	Preliminary expenses	919,193	Preliminary expenses such as but not limited to site office, site holdings, insurance and temporary utilities are estimated at approximately 1.5% of the earthwork and site clearance, building cost and infrastructure works (" Total Construction Cost ") of RM61.28 million.	We note that the preliminary expenses estimated by the Valuer are in accordance with industry practice.
(2)	Statutory contribution	3,544,725	<p>The estimated statutory contributions are as follows:</p> <ul style="list-style-type: none"> (i) IWK contribution of 1.0% of the total GDV, amounting to RM1,425,000. (ii) TNB contribution of RM1,000 per unit for 420 units, amounting to RM420,000. (iii) PBA contribution of RM500 per unit of 420 units, amounting to RM210,000. (iv) DID contribution of RM50,000 per acre for 3.955 acres, amounting to RM197,734. (v) Surrender and re-alienation and making good the title of 5% of the land value of RM25.84 million under propose use, amounting to RM1,291,991. 	We note that the statutory contributions estimated by the Valuer are in accordance with industry practice.

No	Item	Estimated cost (RM)	Basis	Remarks
(3)	Plan fees	6,157	<p>The estimated plan fees are as follows:</p> <p>(i) The layout plan fees and buildings plan fees are estimated at RM100 per unit and RM 125 per unit, respectively.</p> <p>(ii) The earthwork plan fees are estimated to be RM1,500 per acre for 3.955 acres, amounting to RM5,932.</p>	We note that the plan fees estimated by the Valuer are in accordance with industry practice.
(4)	Earthwork and site clearance	790,934	The earthwork and site clearance cost is estimated at RM200,000 per acre for 3.955 acres, amounting to RM790,934.	We note that the earthwork and site clearance cost estimated by the Valuer are in accordance with industry practice.
(5)	Building cost	59,302,179	<p>The estimated building costs are as follows:</p> <p>(i) A block of 16-storey workers' dormitory estimated to be RM110 per sqft for 537,471 sqft, amounting to RM59,121,828.</p> <p>(ii) TNB substations and ancillary buildings estimated to be RM80 per sqft to RM100 per sqft, amounting to RM180,351.</p>	We note that the cost adopted by the Valuer is in accordance with the market rate, as well as the rate published by JUBM Group Construction Cost Handbook Malaysia 2023.
(6)	Infrastructure	1,186,401	The infrastructure and landscape works are estimated at RM300,000 per acre for 3.955 acres, amounting to RM1,186,401.	We note that the cost estimated by the Valuer is in accordance with industry practice.
(7)	Fixtures and fitting cost	6,300,000	The fixture and fitting cost is estimated to be RM15,000 per unit for 420 units, amounting to RM6,300,000.	We note that the estimated cost to provide the relevant fixtures and fittings adopted by the Valuer is in accordance with industry practice.

No	Item	Estimated cost (RM)	Basis	Remarks
(8)	Financing cost	6,893,945	The estimated finance cost of 7.5% per annum on 60% of the Total Construction Cost of RM61.28 million to be incurred for the development period of 2.5 years, amounting to RM6,893,945.	We note that the finance cost of 7.5% per annum on 60% of the Total Construction Cost to be incurred for the development period of 2.5 years is as enquired by the Valuer with financial institutions.
(9)	Marketing and legal fees	1,425,000	The Valuer has estimated the marketing and legal fees to be at 1.0% of the GDV of RM142.5 million.	We note that the marketing and legal fees estimated by the Valuer are in accordance with industry practice.
(10)	Administration and project management	1,838,385	The Valuer has estimated the administration and project management fees to be at 3.0% of the Total Construction Cost of RM61.28 million.	We note that the administration and project management fees estimated by the Valuer are in accordance with industry practice.
(11)	Professional fees	3,063,976	The Valuer has estimated the professional fees to be 5% of the Total Construction Cost of RM61.28 million.	We note that the estimated professional fees to be incurred are for the services of professionals involved in the development including mainly the architect, engineers, land surveyor, quantity surveyor, and other relevant consultants. We also note that the professional fees estimated by the Valuer is in accordance with industry practice.

No	Item	Estimated cost (RM)	Basis	Remarks
(12)	Contingencies	4,263,545	The Valuer has estimated the contingencies allowance to be at 5.0% of RM85,270,896 which represents all cost excluding the contingencies and developer's profit and risk.	We note that the contingencies cost is to cover the costs of unexpected items, such as but not limited to the escalation in development costs as a result of change of design, increase in cost of materials, weather disruption, and variation orders. We also note that the contingencies cost estimated by the Valuer is in accordance with industry practice.
(13)	Developer's profit and risk	21,375,000	Developer's profit and risk is adopted at 15% of the GDV of RM142.5 million.	We note that the Valuer's surveys and enquiries revealed that the rate of return of 10% to 20% of the GDV is required for the developers to commit to a similar project development. We have thus noted that the Valuer has adopted a 15% of the GDV as developer's profit and risk as fair representation and is reflective of the industry standard.
	Total GDC	110,909,440		

- (3) We note that the Valuer has adopted a development period of 2.5 years being the time frame required for the entire development to be completed. We note that the Valuer's surveys and enquiries with 2 local property developers in Penang (who are undertaking development of dormitory) have revealed that the estimated development period for such similar development is 3.5 years, which includes an approximate period of 1 year to obtain the planning permission for the development. Therefore, the Valuer has adopted a period of 2.5 years for the construction and completion of the subject proposed workers' dormitory as the Planning Permission of said project had been obtained.

- (4) *The discount rate is a risk-weighted factor used to calculate the net present value of future cash flows from the asset until the time of exit. We note that the adopted discount rate of 7.5% per annum over a period of 2.5 years is as enquired by the Valuer with financial institutions to reflect the risk element of this development.*

The market value for the Subject Property from both the Comparison Approach and Income Approach (Residual Method) are RM26.0 million and RM26.5 million, respectively. The Valuer has adopted the market value derived from the Comparison Approach as a fair representation of the market value of the Subject Property in view that the Subject Property is a parcel of vacant land which has yet to be developed as well as the availability of adequate comparable sales available for the Valuer to form a pattern of values, and directly enable the Valuer to widen the accuracy in establishing the market value of the Subject Property. Based on the above, we are of the view that the Land Purchase Consideration is **fair and reasonable** as it is at a marginal discount of RM160,181.66 or 0.62% to the market value of the Subject Property.

Further details of the valuation of the Subject Property is set out in the valuation certificate in **Appendix VI of the Circular**.

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8.2 Evaluation of the salient terms of the SPA


We have reviewed the salient terms for the SPA as set out in **Appendix I of the Circular** and our comments on the pertinent salient terms are set out below:

No.	Salient terms	MainStreet's comments
1.	<p>Sale and Purchase</p> <p>MHSB has agreed to sell and DISB has agreed to purchase the Subject Property at the purchase price of RM25,839,818.34 (equivalent to RM150 per square foot) on an “as is where is” basis and free from all encumbrances with vacant possession but otherwise subject to the existing title conditions endorsed on the issue documents of title to the Subject Property as follows and all other conditions and restrictions implied by the National Land Code upon the terms and conditions hereinafter appearing:</p> <p>(a) Express Condition: Solely for the purpose of use as light industries only.</p> <p>(b) Restriction-in-Interests: None</p> <p>(c) Category of Land Use: Industry</p>	<p>This term is reasonable and not detrimental to the non-interested shareholders of Ewein as it sets out the Land Purchase Consideration and the condition in which the Subject Property is to be acquired.</p>
2.	<p>Land Purchase Consideration and Manner of Payment</p> <p>The Land Purchase Consideration shall be paid by DISB to MHSB in the following manner:</p> <p>2.1 Upon execution of the SPA, DISB shall pay to MHSB the deposit sum of RM2,583,981.83 only, a sum equivalent to 10% of the Land Purchase Consideration as part payment towards the Land Purchase Consideration.</p> <p>2.2 The balance purchase price of RM23,255,836.51 (“Land Balance Purchase Consideration”) shall be paid in full by DISB to DISB’s Solicitors as stakeholders within 3 months from the Unconditional Date (as defined below) of the SPA (“Completion Period”) with an automatic extension of 1 month</p>	<p>These terms are reasonable and not detrimental to the non-interested shareholders of Ewein as it states the obligation of DISB in relation to mode of payment of the Proposed Land Acquisition. The payment of a 10% deposit upon the signing of the SPA is reasonable as it is on par with common deposit rates of 10% applied in property transactions.</p> <p>We are of the view that Completion Period and Extended Completion Period are reasonable and common for such transactions. The late payment interest fee of 6% per annum is reasonable and common in transactions of such nature.</p>

No.	Salient terms	MainStreet's comments
	<p>(“Extended Completion Period”) subject to the late payment interests of 6% per annum on the outstanding portion of the Land Balance Purchase Consideration from the expiry of the Completion Period until the date of actual payment (“Late Payment Interests”).</p> <p>2.3 The date on which the Land Balance Purchase Consideration is paid shall be referred to as “the Completion Date”.</p>	<p>For more details on our evaluation on the Land Purchase Consideration, please refer to Section 8.1 of this IAL.</p>
3.	<p>Conditions Precedent</p> <p>3.1 MHSB and DISB have agreed that the sale, purchase and transfer of the Subject Property is conditional upon DISB having obtained, at its own cost and expense, the approval of the shareholders of Ewein at an extraordinary general meeting to be convened (“Ewein EGM Approval”) within 3 months from the date of the SPA, or such other period as may be mutually extended in writing by the Parties (“Conditional Period”).</p> <p>3.2 In the event that the Ewein EGM Approval cannot be obtained within the Conditional Period, the Parties agree to automatically extend the Conditional Period for a further term of 3 months or such other period to be mutually agreed upon in writing between the Parties from the expiry of the Conditional Period (“Extended Conditional Period”) for the purpose of obtaining the Ewein EGM Approval.</p> <p>3.3 In the event that the Ewein EGM Approval cannot be obtained within the Conditional Period or the Extended Conditional Period, as the case may be, DISB shall be entitled by notice in writing to MHSB to terminate the SPA whereupon the SPA shall become null and void and of no further effect and MHSB shall refund the Deposit Sum free of interest within 14 business days from the date of determination of the SPA failing which, the Late Payment Interests calculated at the rate of 6% per annum and shall be due on the amounts of all monies paid by DISB towards the Land Purchase Consideration from the day immediately after the 14 business days period up until the actual date of refund in full to DISB subject to DISB</p>	<p>Conditions 3.1 and 3.2 are reasonable and not detrimental to the non-interested shareholders of Ewein as the approval from the shareholders of Ewein is required to be in compliance with Paragraph 10.08 of the Listing Requirements. The Listing Requirements also requires the Interested Directors of Ewein to abstain from board deliberation and voting on the relevant resolutions in respect of the Proposed Land Acquisition.</p> <p>This term is reasonable and not detrimental to the non-interested shareholders of Ewein as it enables DISB to terminate the SPA by serving a written notice to MHSB in the event the Ewein EGM Approval cannot be obtained within the Conditional Period or the Extended Conditional Period. The Late Payment Interest on the refund of the Deposit Sum Fee of 6% per annum protects the interest of DISB and is reasonable and common in transactions of such nature. MHSB shall then be entitled to deal with the Subject Property in any manner they</p>

No.	Salient terms	MainStreet's comments
	<p>simultaneously return to MHSB the documents related to the sale which have been provided to DISB or DISB's Solicitors with MHSB's interest intact. Thereafter, neither Party hereto shall have any claim against the other save in respect of any antecedent breach of the SPA and MHSB shall be entitled to deal with the Subject Property in any manner that MHSB shall deem fit without any further reference to DISB.</p> <p>3.4 The date on which the last Ewein EGM Approval is obtained shall be referred to as "Unconditional Date".</p>	<p>deem fit and DISB shall not have any claims against MHSB in respect of the SPA.</p>
4.	<p>Assignment of Planning Permission</p> <p>4.1 Subject to the terms of the SPA and in consideration of DISB taking over and assuming the obligations of MHSB on the existing Planning Permission to develop the Subject Property, MHSB assigns absolutely unto DISB all its rights, interest, benefits, advantages and obligations, under the Planning Permission and building plans and pursuant to the terms of the SPA as from the Completion Date onwards subject to the amendments, substitution and modifications as provided therein. MHSB warrants that the Planning Permission is still valid for DISB's development purposes on the Subject Property.</p> <p>4.2 The Parties agree and confirm with each other that as from the Completion Date onwards, subject only to the express terms, conditions and modifications of the SPA, DISB shall assume the obligations of MHSB and shall be entitled to all whatsoever rights, interests and benefits under the Planning Permission imposed upon or vested in MHSB under or pursuant to the SPA in place of MHSB. MHSB shall take all necessary steps to effect the absolute assignment of the Planning Permission and building plans to DISB.</p> <p>4.3 Prior to the date of the SPA, MHSB had granted the limited power of attorney dated 28 October 2022 in favour of DISB as the attorney of MHSB for the limited purpose of executing and doing all such acts, deeds and things for</p>	<p>These terms are reasonable and not detrimental to the non-interested shareholders of Ewein as the transfer of obligations on the Planning Permission from MHSB to DISB from Completion Date onwards is vital for DISB to carry out the necessary task in relation to development of the Subject Property, which is common to be included in such transaction for the benefit of DISB. This is a natural transition as DISB had previously been granted Power of Attorney on 28 October 2022.</p>

No.	Salient terms	MainStreet's comments
	<p>the submission of and following up of the approvals to the appropriate authorities for the development of the Subject Property ("Power of Attorney"). As at the date of the Power of Attorney, DISB was a related company to MHSB whereby the shareholders of MHSB (namely HS Land & Property Sdn. Bhd., Ooi Eng Leong, Poly FHY Properties Sdn. Bhd. and Tah Wah Group Sdn. Bhd.) are also the shareholders of DISB. DISB was subsequently disposed to Ewein Berhad by the said shareholders and on 22 November 2023, DISB became a wholly-owned indirect subsidiary of Ewein Berhad.</p>	
5.	<p>Default by DISB</p> <p>If DISB fails to pay the Land Balance Purchase Consideration or any part thereof due to no fault or omission on the part of MHSB after the Unconditional Date and within the Completion Period or the Extended Completion Period or such extension as may be mutually agreed upon, MHSB shall be at liberty to terminate the SPA. Whereupon MHSB shall within 7 business days from the date of the notice of termination by MHSB forfeit the Deposit Sum as agreed liquidated damages and not by way of penalty. MHSB shall at such forfeiture forthwith refund to DISB any other moneys paid towards the Land Purchase Consideration free of interest, if any, whereupon the SPA shall become null and void and of no further effect and neither party shall have any claim whatsoever against the other under or in respect of this SPA. Thereafter, MHSB shall have the right to re-sell the Subject Property to such person in such manner at such price and on such terms as MHSB may think fit.</p>	<p>This is a common and reasonable term that is not detrimental to the non-interested shareholders of Ewein as it serves to safeguard the interest of MHSB in the event of default in the satisfaction of the Balance Purchase Consideration by DISB, in which case the SPA may be terminated by notice in writing by MHSB to DISB.</p>
6.	<p>Default by MHSB</p> <p>In the event that MHSB fails, neglects or refuses to complete the sale of the Subject Property to DISB in accordance with the provisions of the SPA and/or shall be in breach of any provisions, representations or warranties of the SPA, it is agreed between the Parties that DISB shall be entitled to:</p> <p>(a) take such actions as may be available to DISB at law to enforce specific performance of the SPA against MHSB; and/or</p>	<p>These terms are reasonable and not detrimental to the non-interested shareholders of Ewein as these terms serves to safeguard the interest of DISB in the event of default by MHSB, in which case the SPA may be terminated by notice in writing to MHSB. It also sets out the obligation of both parties in the event of a termination by DISB, which is common to be included in such transaction.</p>

No.	Salient terms	MainStreet's comments
	<p>(b) at DISB's sole discretion in writing to terminate the SPA whereupon MHSB shall within 7 business days from the date of the notice of termination by DISB or DISB's Solicitors, refund to DISB the Deposit Sum and other monies paid towards the Land Purchase Consideration. MHSB shall also pay to DISB a sum equivalent to the Deposit Sum as liquidated damages and not by way of penalty, failing which, the Late Payment Interests shall be due on the outstanding amounts to DISB. After the above refund and payment, DIIB shall return all the relevant MHSB's documents to MHSB,</p> <p>thereafter, the SPA shall become null and void and of no further effect and neither Party shall have any claim whatsoever against the other under or in respect of the SPA and MHSB shall have the right to re-sell the Subject Property to such person in such manner at such price and on such terms as MHSB may think fit.</p>	
7.	<p>Delivery of Vacant Possession</p> <p>(a) MHSB shall deliver vacant possession of the Subject Property to DISB within 14 days from DISB's Solicitors receipt of the Land Purchase Consideration together with the Late Payment Interest, if any, failing which MHSB shall pay to DISB agreed liquidated damages for late delivery at the rate of 6% per annum on the Land Purchase Consideration calculated on a daily basis until vacant possession is actually delivered to DISB.</p> <p>(b) For the avoidance of doubt, MHSB shall remove all temporary structure(s) on the Subject Property at their own expense and ensure the Subject Property are empty prior to the date of delivery vacant possession of the Subject Property to DISB.</p>	<p>These terms are reasonable and not detrimental to the non-interested shareholders of Ewein as these terms established MHSB's obligation towards DISB upon Completion.</p>

Based on our evaluation of the salient terms of the SPA above, we are of the view that the salient terms of the SPA are generally on normal commercial terms for transactions of such nature and the said terms are **reasonable** and **not detrimental** to the non-interested shareholders of Ewein.

9. EVALUATION OF THE PROPOSED VSS ACQUISITION

9.1 Basis and justification of the VSS Purchase Consideration

The basis and justification of arriving at the VSS Purchase Consideration are set out in **Section 3.3 of Part A of the Circular**.

In establishing our opinion on the evaluation of the VSS Purchase Consideration, we have considered various valuation methodologies, which are commonly used for the valuation of companies, taking into consideration VSS's future earnings generating capabilities, its sustainability as well as various business considerations and risk factors affecting its businesses.

In arriving at the fair equity value of VSS, we have considered the DCF methodology as the most appropriate valuation methodology as we noted VSS has been profit making during the last 3 FYEs. For more details on the financial performance of VSS, please refer to **Appendix IV of the Circular**. Further, based on the near and medium term outlook of the VSS's Rackform Business, we are of the view that VSS is expected to have consistent or predictable cashflow in the immediate term.

Further, we have also considered other valuation methodologies and are of the view that the following methodologies are not suitable in establishing our opinion on the fair equity value of VSS based on the following factors:

No.	Valuation methodology	Description
1.	Comparable Transaction Analysis	Comparable Transaction Analysis is a valuation method whereby it seeks to compare a company's implied trading multiple against other recent comparable transactions undertaken by companies in the similar industry as VSS. We have considered and concluded that there are no recent comparable transactions involving companies involved in the similar business as VSS.
2.	Revalued Net Asset Valuation	Revalued Net Asset Valuation method seeks to adjust the NA value of a company to take into consideration the valuation of assets of a company to determine the adjusted value of the firm's financial value. In view that VSS's underlying value is more likely to be derived from its future operations through their Rackform Business rather than its underlying assets, this method may not accurately reflect the potential of VSS.

The DCF methodology is a valuation method used based on discounted cash flows, involving the application of an appropriately selected discount rate applied on the projected future cash flows to be earned by the equity holders of a company after all expenses, reinvestment, and debt repayment.

We have reviewed the Future Financials and the bases and assumptions used in its preparation and are of the opinion that they have been reasonably prepared on bases reflecting the best currently available estimates and judgement by the management of VSS and of which the management of VSS are solely responsible for. It should also be noted that our evaluation in itself is highly dependent on, amongst others, the achievability of the Future Financials as well as the materialisation of the bases and assumptions used therein. It is also based on prevailing economic, market and other conditions that may change significantly over a relatively short period of time.

The key bases and assumptions adopted in the preparation of the Future Financials are as follows:

- (i) VSS's business will continue to operate on a going concern basis and is expected to sustain its operations in perpetuity;
- (ii) there will not be any significant or material changes in the principal activities of VSS;
- (iii) VSS is expected to have an increase in demand for their products in addition to optimising resource allocation which could potentially reduce production costs and operational expenses;
- (iv) sufficient internally generated funds and bank borrowings will be available to finance the working capital requirements and capital expenditure of the Group's business activities without any material adverse effect on the financial results, cash flows or business prospects of VSS;
- (v) there will not be any significant or material increase in costs which is expected to have a material adverse effect on the financial results, cash flows, or business prospects;
- (vi) there will not be any significant changes in present legislation or government regulations which will adversely affect the business activities of VSS;
- (vii) the current accounting policies adopted by VSS will remain relevant and there will not be any significant changes in the accounting policies of VSS which have a material adverse impact on the financial performance and financial position of VSS; and
- (viii) there will not be any significant or material changes in political, social, and economic conditions, monetary and fiscal policies, inflation and regulatory requirements of the industry and/or countries in which VSS operates in subsequent to the LPD which may have an adverse effect on the financial performance and financial position of the Group.

Our valuation, together with the key bases and assumptions adopted as at 31 March 2024 (which represents the start of the Future Financials as prepared by the management of VSS), are as follows:

No.	Key bases and assumptions as at 31 March 2024		Descriptions
1.	Free cash flow to equity ("FCFE")	Based on the Future Financials	<p>FCFE is free cash flow from operations available to the equity holders of a company after taking into consideration all operating expenses, movements in working capital, net investing cash flows and net financing cash flows. We are of the view that FCFE (instead of free cash flow to firm) is the most appropriate approach to compute the equity value of VSS to the equity holders (instead of all investors, including bondholders and stockholders) and therefore has adopted it in determining the fair value of VSS. As such, the cost of equity was chosen as the adopted discount rate.</p> <p>In order to derive the equity value of VSS, we have first discounted the FCFE projected to be generated from the business of VSS at an appropriate cost of equity to reflect the rate of return required by the providers of capital for the business.</p>

No.	Key bases and assumptions as at 31 March 2024		Descriptions
2.	Cost of equity ("K _e ")	9.23%	<p>K_e = Cost of equity, which represents the rate of return required by an investor on the cash flow streams generated by the business given the risks associated with the cash flows. In deriving the cost of equity for VSS, we have adopted the capital asset pricing model ("CAPM") and derived an estimated cost of equity with the following inputs:</p> $K_e = R_f + \beta(R_m - R_f)$ <p>The components of CAPM are explained in Items 3, 4 and 5 of this table.</p>
3.	Risk-free return ("R _f ")	3.85%	<p>Risk-free rate of return represents the expected rate of return from a risk-free investment. The closest available approximation of the risk-free rate of return is the yield of 10-year Malaysian Government Securities as extracted from the Bank Negara Malaysia website as at 31 March 2024.</p>
4.	Expected market rate of return ("R _m ")	9.61%	<p>Expected market rate of return represents the expected rate of return for investing in a portfolio consisting of a weighted sum of assets representing the entire equity market.</p> <p>In our opinion, the expected rate of return for FTSE Bursa Malaysia Top 100 Index is a good indicator of the equity market return in Malaysia. Given the volatility of the stock market and market cycles, we view that a 10-year historical expected rate of return of the said index is an appropriate estimate of the expected market rate of return as it normalises the year-on-year fluctuations of the stock market and mitigates market bias.</p> <p>Based on the information sourced from Bloomberg, we have derived an average expected market rate of return in Malaysia for the past 10 years up to 31 March 2024.</p>

No.	Key bases and assumptions as at 31 March 2024		Descriptions
5.	Beta ("β")	0.93	<p>Beta captures the sensitivity of an asset's return relative to the market's return. A beta of more than +1 means the asset's return is riskier compared to the market and vice versa.</p> <p>In deriving the estimated beta of VSS, we have adopted the re-levered median of unlevered historical adjusted betas of the comparable companies for the past 3 years. Relying on the 3-year historical beta of the peers is appropriate as it will capture the characteristics and risk profiles of the companies that are comparable to VSS today and adequately estimate the systematic risks (relying on the beta of a longer time period may include covering a time period where a peer may have materially different characteristics and risk profiles (e.g. due to, amongst others, being in a different industry life cycle, position in the value chain and/or different product mix) which would then declassify such peer from being comparable with VSS.</p> <p>As the historical adjusted beta extracted from Bloomberg is based on the capital structure of the respective companies, we have unlevered the median historical adjusted beta and re-levered it based on the current capital structure of VSS as at 31 March 2024 which is a debt equity ratio ("DE Ratio") of 0.347. We have re-levered the beta based on the following formula:</p> $ \begin{aligned} \text{Re-levered beta} &= \text{Median un-levered beta} \times \\ &\quad [1 + (1 - \text{tax rate}) \times \text{DE Ratio of VSS}] \\ &= 0.738 \times 0.347 \\ &= 0.933 \end{aligned} $ <p>There is no company listed on Bursa Securities which is identical to VSS. The details of the comparable companies that were selected are public listed companies in Malaysia that are engaged in the manufacturing of industrial products and services and with a market capitalisation of not more than RM200 million as well as the input parameters for CAPM as at 31 March 2024. The market capitalisation parameter of not more than RM200 million was determined based on the 100.0% equity value of VSS of RM32.0 million as implied by the VSS Purchase Consideration. Please note that the selection of comparable companies is highly subjective and judgemental, and the selected comparable companies may not be entirely comparable due to various factors such as composition of business activities, scale and size of operations, risk profiles and track records.</p>

No.	Key bases and assumptions as at 31 March 2024		Descriptions																								
			<p>The comparable companies identified together with their market capitalisation as at 31 March 2024 and their respective un-levered beta are as follows:</p> <table> <tr> <th>No</th><th>Company</th><th>Market capitalisation as at 31 March 2024 (RM'000)</th><th>Un-levered beta (times)</th></tr> <tr> <td>(i)</td><td>Kein Hing International Berhad</td><td>139,392</td><td>0.606</td></tr> <tr> <td>(ii)</td><td>Tashin Holdings Berhad</td><td>127,382</td><td>0.871</td></tr> <tr> <td>(iii)</td><td>BSL Corporation Berhad</td><td>48,252</td><td>0.383</td></tr> <tr> <td>(iv)</td><td>Prestar Resources Berhad</td><td>162,716</td><td>0.920</td></tr> <tr> <td colspan="3">Median un-levered beta</td><td>0.738</td></tr> </table>	No	Company	Market capitalisation as at 31 March 2024 (RM'000)	Un-levered beta (times)	(i)	Kein Hing International Berhad	139,392	0.606	(ii)	Tashin Holdings Berhad	127,382	0.871	(iii)	BSL Corporation Berhad	48,252	0.383	(iv)	Prestar Resources Berhad	162,716	0.920	Median un-levered beta			0.738
No	Company	Market capitalisation as at 31 March 2024 (RM'000)	Un-levered beta (times)																								
(i)	Kein Hing International Berhad	139,392	0.606																								
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(iii)	BSL Corporation Berhad	48,252	0.383																								
(iv)	Prestar Resources Berhad	162,716	0.920																								
Median un-levered beta			0.738																								
6.	Perpetual growth rate ("g")	1.0%	<p>Perpetual growth rate is the constant annual rate at which the FCFE is assumed to grow indefinitely beyond the forecast period of the Future Financials of VSS. We adopted a perpetual growth rate of 1.0% after taking into consideration the historical average 5-year annual inflation rate from 2019 to 2023 in Malaysia of 1.56%.</p> <p>(Source: Department of Statistics Malaysia Official Portal)</p>																								
7.	Terminal value	RM48.84 million	<p>We have derived the terminal value for VSS based on the following formula:</p> $\text{Terminal value} = \frac{\text{FCFE for FYE 2028} \times (1 + g)}{(K_e - g)}$																								
8.	Fair value of VSS	Approximately RM44.11 million	<p>The formula used to derive the fair value of VSS is as follows:</p> $\begin{aligned} \text{Fair value of VSS} &= \text{Present value of projected FCFE based on the Future Financials of VSS}^{(1)} + \text{Present value of terminal value}^{(2)} \\ &= \text{RM11.99 million} + \text{RM32.12 million} \end{aligned}$ <p>Notes:</p> <p>(1) Computed based on the following formula:</p> $\text{Present value of FCFE} = \frac{\text{FCFE}}{(1 + K_e)^n}$																								

No.	Key bases and assumptions as at 31 March 2024	Descriptions
		<p>whereby, n represents time, in years into the future.</p> <p>(2) Computed based on the following formula:</p> $\text{Present value of terminal value} = \frac{\text{Terminal value} \times 1}{(1 + K_e)^n}$ <p>whereby, n represents the last financial year of the Future Financials of VSS in which the expected sustainable level of FCFE is derived based on the expected cash flow to perpetuity.</p>

Based on the fair value of VSS above, we have then derived the equity value of its business as follows:

	31 March 2024	
	Low range RM'000	High range RM'000
Sum of present value of the FCFE	11,992	11,992
Present value of terminal value	32,115	32,115
Equity value of VSS	44,107	44,107
Illiquidity discount ⁽¹⁾	30.0%	20.0%
Equity value of VSS after illiquidity discount	30,875	35,286

Note:

- (1) *Illiquidity discount is the discount applied to the valuation of an asset, as compensation for the reduced marketability. As rule of thumb, illiquidity discounts of 20% to 30% (as extracted from http://people.stern.nyu/adamodar/pdfiles/country_illiquidity.pdf) was applied for evaluation of equity interest in private companies to account for illiquidity and any unsystematic risks.*

Premised on the above, the estimated equity value of VSS after illiquidity discount is between RM30.88 million and RM35.29 million.

Premise on the above, we are of the opinion that the basis and justification for the VSS Purchase Consideration are fair and reasonable as it falls within the range of the computed equity value of between RM30.88 million and RM35.29 million based on the DCF methodology. Nevertheless, non-interested shareholders of Ewein should note that the potential benefits and financial returns are subject to certain risk factors as disclosed in Section 7 of Part A of the Circular.

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9.2 Evaluation of the Profit Guarantee

The terms of the Profit Guarantee are set out in **Section 3.4 of Part A and Appendix II of the Circular**. Please refer to **Section 9.4 of this IAL** on our analysis of the Profit Guarantee under the terms of the VSS SSA. We note that the Guarantee Amount was derived based on internal estimates pursuant to discussions between the parties on projected sales orders from existing customers and on-going negotiations with new customers on the back of an uptick in demand for VSS's services since the beginning of 2024.

As stated in **Section 7.2 of this IAL**, we noted that VSS recorded a total PAT of RM6.79 million or an average of approximately RM2.26 million per financial year over the 3 recent financial years (FYE 2021 to FYE 2023). In the 4-month FPE 30 April 2024, VSS has achieved a PAT of RM1.11 million which was primarily due to higher sales orders from existing customers and new customers. As at the LPD, VSS has secured purchase orders amounting to RM3.0 million.

While it is disclosed in **Section 9.1 of this IAL** that there will be no significant or material changes in terms of VSS's business and principal activities, it is also disclosed that VSS is expected to have an increase in the demand for its products. With this increase in demand, the management also expects to optimise its resource allocation which could potentially reduce production costs and operational expenses.

Based on the above and our evaluation of the VSS Purchase Consideration for the Proposed VSS Acquisition in **Section 9.1 of this IAL**, we are of the view that the value of the Profit Guarantee is **reasonable**.

The Profit Guarantee will provide some assurance to the financial performance of VSS over the next 3 financial years from FYEs 2024 to 2026, which will contribute positively to the Group's earnings over the Guarantee Period.

Upon meeting the PAT of not less than RM2.8 million for the FYE 2024, one-third (1/3) of the Escrow Shares deposited by the VSS Vendors with the Stakeholder shall be released to the VSS Vendors. If VSS attains a PAT of not less than RM3.2 million for the FYE 2025, one-third (1/3) of the Escrow Shares deposited by the VSS Vendors with the Stakeholder shall be released to the VSS Vendors. The remaining one-third (1/3) of the Escrow Shares shall be retained as security for the attainment of Profit Guarantee for the FYE 2026. We believe that this arrangement incentivises the VSS Vendors to align their interests with that of the Company, thus encouraging them to achieve the annual guaranteed profit over the Guarantee Period. Consequently, the Group stands to benefit from these guaranteed earnings.

In the event that VSS fails to attain aggregate PAT of not less than RM9.3 million during the Guarantee Period, the VSS Vendors shall pay in cash the PG Shortfall amount. The VSS Vendors may elect to make good the PG Shortfall in cash by procuring a third party purchaser to purchase such number of Escrow Shares at such price as shall be agreed between the VSS Vendors and the third party buyer and the proceeds of the sale amounting to the PG Shortfall shall be paid to Ewein within the aforesaid 14 Business Days. This arrangement will not be detrimental to the non-interested shareholders of Ewein as, in the event there is a shortfall between the sale proceeds of the Escrow Shares paid to Ewein and the PG Shortfall, the shortfall amount shall remain an amount owing by the VSS Vendors to Ewein and shall be immediately due and payable to Ewein. The dealings in the Escrow Shares will be dictated by the Board (save for the Interested Directors).

In the event of failure to pay the shortfall in cash, Ewein shall be entitled to the PG Shortfall Shares, of which Ewein has no intention of selling. As there will be uncertainty in the value of the Escrow Shares which is subject to share price fluctuations, in the event there is a shortfall between the sale proceeds of the Escrow Shares paid to Ewein or the value of the PG Shortfall Shares to which Ewein is entitled to, the shortfall amount shall remain an amount owing by the VSS Vendors to Ewein and shall be immediately due and payable to Ewein. Therefore, it is in the

interests of the VSS Vendors to settle the PG Shortfall to Ewein in order to allow the remaining Escrow Shares to be released back to them.

Ewein shall not be entitled, prior to the expiry of the Guarantee Period, to deduct or retain any of the Escrow Shares in the event VSS does not achieve a minimum PAT of RM2.8 million and RM3.2 million in FYE 2024 and FYE 2025, respectively. This is in view that the PG Shortfall amount can only be determined based on the aggregate PAT during the Guarantee Period of 3 FYEs up to FYE 2026. Even if VSS fails to deliver the guaranteed PAT of RM2.8 million (FYE 2024) and RM3.2 million (FYE 2025) respectively, VSS will have another year to recover the shortfall amount.

The Guarantee Amount shall be secured by the deposit of RM6.0 million equivalent of Consideration Shares (which amounts to a total of 6,741,573 new Shares at the issue price of RM0.89 per Share), with the Stakeholder, Messrs. Ong and Manecksha (which is a legal firm not related to either Ewein or the VSS Vendors) and the appointment of the Stakeholder is to be jointly agreed by Ewein and the VSS Vendors.

While there can be no assurance that the VSS Vendors will pay the shortfall between the value of the PG Shortfall Shares and the PG Shortfall, we are of the view that the security sum of RM6.0 million covers approximately 64.52% of the Profit Guarantee is **reasonable**. Despite it being uncommon for the Profit Guarantee to be partially secured by the Escrow Shares, in the event there is a shortfall between the value of the Escrow Shares to which Ewein is entitled to the PG Shortfall, the shortfall amount shall remain an amount owing by the VSS Vendors to Ewein and shall be immediately due and payable to Ewein.

As highlighted in **Section 3.4 of Part A of the Circular** even though the Board has taken reasonable steps to assess the achievability of the Profit Guarantee which include amongst others, the historical financial performance of VSS, the future prospects of VSS and the enlarged Ewein Group, and the key bases and assumptions used in preparing the financial projections of VSS, there can be no assurance that the Profit Guarantee will be met due to uncertainties and contingencies, which may be outside the control of the Ewein Group or the VSS Vendors.

For further details on the mechanism of the Profit Guarantee, please refer to **Section 3.4 of Part A of the Circular**.

9.3 Basis and justification of arriving at the Issue Price

We note that the issue price of RM0.89 per Consideration Share was determined and arrived at between the Ewein and the VSS Vendors based on reference to the 5-day VWAP of Ewein Shares of RM0.8856 up to the LTD.

As set out in **Section 3.5 of Part A of the Circular**, the issue price of RM0.89 per Consideration Share represents the following (discount)/premium to the following last transacted market price/VWAPs of Ewein Shares for the past 3 months up to the LTD:

Price/ VWAPs	Share price	(Discount)/ Premium	
	RM	RM	%
<u>Up to and including the LTD</u>			
Last closing price of Ewein Shares	0.8750	0.0150	1.71
5-day VWAP of Ewein Shares	0.8856	0.0044	0.50
1-month VWAP of Ewein Shares	0.8626	0.0274	3.18
3-month VWAP of Ewein Shares	0.9502	(0.0602)	(6.34)

Price/ VWAPs	Share price	(Discount)/ Premium	
	RM	RM	%
<u>Up to and including the LPD</u>			
Last closing price of Ewein Shares	0.8900	-	-
5-day VWAP of Ewein Shares	0.8868	0.0032	0.36%

(Source: Bloomberg)

The issue price of RM0.89 per Consideration Share is based on the market-based principles where the issue price takes into consideration the prevailing market prices of Ewein Shares. We are of the view that the Issue Price is **fair and reasonable** and **not detrimental** to the non-interested shareholders of Ewein premised on the Issue Price being a premium ranging from RM0.0044 to RM0.0274 (0.50% to 3.18%) over the last transacted price, 5-day and 1-month VWAPs of Ewein Shares up to LTD and a premium of RM0.0032 (0.36%) over the 5-day VWAP of Ewein Shares up to LPD, despite the Issue Price representing a discount of RM0.602 (6.34%) over the 3-month VWAPs of Ewein Shares up to the LTD.

We are of the view that a period of not more than 3 months up to the LTD is a reasonable assessment period as it reflects the most recent market transactions and market prices of Ewein Shares and accordingly, the current market sentiments. The 3-month discount of approximately 6.34% is generally in line with discount rates for corporate exercises involving the issuance of shares in the market.

Nonetheless, we note that the Board takes cognisance that the Issue Price represents a historical PE multiple of 240.54 times based on the EPS of the Group for the FYE 2023 of 0.37 sen.


Premised on the above, we are of the opinion that the Issue Price is fair and reasonable. We also note that the issuance of the Consideration Shares is for the partial settlement of the VSS Purchase Consideration and is not detrimental to the non-interested shareholders of Ewein.


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9.4 Evaluation of the salient terms of the VSS SSA

We have reviewed the salient terms for the VSS SSA as set out in **Appendix II of the Circular** and our comments on the pertinent salient terms are set out below:

No.	Salient terms					MainStreet’s comments																									
1	<p>Sale and Purchase</p> <p>The VSS Vendors agree to sell the Sale Shares and Ewein, relying on (among other things) the representations, warranties and undertakings contained in the VSS SSA, agrees to purchase the Sale Shares free from all encumbrances and together with all rights, benefits, entitlements and advantages attaching to them as at completion.</p>					<p>These terms are reasonable and not detrimental to the non-interested shareholders of Ewein as it sets out the obligations of the VSS Vendors and the Company in order to complete the Proposed VSS Acquisition.</p>																									
2	<p>VSS Purchase Consideration and Manner of Payment</p> <p>Based on the terms and conditions of the VSS SSA as follows:</p> <table><tr><th>VSS Vendors</th><th>No. of Sale Shares</th><th>VSS Purchase Consideration (RM)</th><th>Cash Consideration (RM)</th><th>Consideration Shares (RM)</th></tr><tr><td>Ooi Eng Leong</td><td>187,500</td><td>12,000,000</td><td>10,999,640</td><td>1,000,360</td></tr><tr><td>Goh Kiang Teng</td><td>187,500</td><td>12,000,000</td><td>2,999,430</td><td>9,000,570</td></tr><tr><td>Goh Yin Ze</td><td>62,500</td><td>4,000,000</td><td>1,599,670</td><td>2,400,330</td></tr><tr><td>Chew Tien Kee</td><td>62,500</td><td>4,000,000</td><td>400,840</td><td>3,599,160</td></tr></table> <p>The VSS Purchase Consideration for the Sale Shares shall be RM32,000,000 only and shall be satisfied in the manner as described in the VSS SSA. The VSS Purchase Consideration for the Sale Shares is calculated based on the valuation of VSS as at 31 December 2023 at approximately RM64 per share.</p>					VSS Vendors	No. of Sale Shares	VSS Purchase Consideration (RM)	Cash Consideration (RM)	Consideration Shares (RM)	Ooi Eng Leong	187,500	12,000,000	10,999,640	1,000,360	Goh Kiang Teng	187,500	12,000,000	2,999,430	9,000,570	Goh Yin Ze	62,500	4,000,000	1,599,670	2,400,330	Chew Tien Kee	62,500	4,000,000	400,840	3,599,160	<p>These terms are reasonable and not detrimental to the non-interested shareholders of Ewein as it states the obligation of Ewein in relation to mode of payment of the Proposed VSS Acquisition. The payment of a 10% deposit upon the signing of the VSS SSA is reasonable as it is on par with common deposit rates of 10% applied in similar transactions.</p> <p>For more details on our evaluation of the VSS Purchase Consideration and the issue price of the Consideration Shares, please refer to Sections 9.1 and 9.3 of this IAL. In additional, the advantages of the partial settlement of the VSS Purchase Consideration via the issuance of Consideration Shares is set out in Section 7.2 of this IAL.</p>
VSS Vendors	No. of Sale Shares	VSS Purchase Consideration (RM)	Cash Consideration (RM)	Consideration Shares (RM)																											
Ooi Eng Leong	187,500	12,000,000	10,999,640	1,000,360																											
Goh Kiang Teng	187,500	12,000,000	2,999,430	9,000,570																											
Goh Yin Ze	62,500	4,000,000	1,599,670	2,400,330																											
Chew Tien Kee	62,500	4,000,000	400,840	3,599,160																											


No.	Salient terms	MainStreet's comments
	<p>The payment for the VSS Purchase Consideration shall be as follows:</p> <ul style="list-style-type: none"> (i) on the execution of the VSS SSA, RM3,200,000 only amounting to 10% of the VSS Purchase Consideration being the deposit ("Deposit"), shall be paid to the VSS Vendors; and (ii) subject to Section 4 of Appendix II of the Circular, the remaining sum of RM28,800,000 only ("Balance Purchase Consideration") only amounting to 90% of the VSS Purchase Consideration in which RM12,799,580 only shall be paid in cash and the remainder of RM16,000,420 only shall be paid on completion date by way of issuance of Consideration Shares of Ewein. 	
3.	<p>Conditions Precedent</p> <p>The agreement to sell and purchase the Sale Shares is conditional upon (and accordingly beneficial ownership in the Sale Shares will not pass until) the satisfaction of the following conditions within 5 months from the date of VSS SSA ("Approval Period"). In which each party shall furnish the other party all evidence of the due fulfilment of the respective conditions forthwith upon available:</p> <p>Ewein's obligation to procure:</p> <ul style="list-style-type: none"> (i) the approval of the Board of Directors and the shareholders of Ewein at a general meeting to be convened, for the purchase of the Sale Shares from the VSS Vendors upon the terms of the VSS SSA; (ii) the Bursa Securities approving the listing and quotation of the Consideration Shares; and 	<p>These terms are reasonable and not detrimental to the non-interested shareholders of Ewein as it sets out the obligations of both parties in order to fulfil the conditions precedent within the Approval Period.</p> <p>This term is reasonable as the approval from the shareholders of Ewein is required to be in compliance with Paragraph 10.08 of the Listing Requirements.</p> <p>This term is reasonable as the approval for the listing and quotation of the Consideration Shares is pertinent for the partial settlement of the VSS Purchase Consideration.</p>

No.	Salient terms	MainStreet's comments
	<p>(iii) Ewein being satisfied with the result or outcome of the legal and financial due diligence to be conducted by Ewein or its duly appointed agents and there are no Material Adverse Findings based on the results of the due diligence in respect of VSS.</p> <p>Material Adverse Findings means any event, change, circumstance, effect or other matters discovered during the due diligence that will or could be reasonably expected to cause a discrepancy or variation equal to or more than RM650,000 or approximate 5% in the audited net tangible asset value (NTA Value) of VSS as at 31 December 2023, whichever is higher, respectively as derived from or shown in the accounts and that as certified by Ewein's appointed agents from the results of the due diligence shall be deemed to be material inaccuracy and the results of the due diligence as prepared by Ewein's appointed agents shall be final and conclusive.</p>	<p>This term is reasonable and common in transactions of this nature as well as ensuring that there are no Material Adverse Findings during the due diligence review such that the Proposed VSS Acquisition do not pose unnecessary risks to Ewein.</p>
	<p>The VSS Vendors' obligation to procure:</p> <p>(i) such other consents or approvals (if any) as may be necessary from any third party, governmental or regulatory body or relevant competent authority having jurisdiction over the transactions contemplated under the VSS SSA; and</p> <p>(ii) where the terms of any Material Contract contain any restrictions or prohibition on the change in control of the shareholdings and/or the board of directors of VSS or include any right to terminate exercisable prior to or as a result of the VSS SSA, written confirmation by the counterparties, or the waiver of such restrictions or prohibition in relation to any such change arising from the transactions under the VSS SSA or of any such right to terminate.</p>	<p>This term is reasonable as it sets out the obligations of the VSS Vendor in obtaining consents or approvals in order to fulfil the conditions precedent within the Approval Period</p> <p>This term is reasonable and common in transactions whereby the target has existing Material Contract.</p> 

No.	Salient terms	MainStreet's comments								
	<p>Material Contract means contracts to be furnished by the VSS:</p> <p>(a) any banking contract or agreement executed by VSS for the purpose of securing banking facilities;</p> <p>(b) any contracts executed by VSS if it may materially affect the business or financial position of VSS or if the consideration exceeds RM650,000; and</p> <p>(c) any contracts or documents executed by VSS if it deemed material by the agents of Ewein.</p>									
4	<p>Profit Guarantee</p> <p>(i) The VSS Vendors covenant and undertake to Ewein that VSS shall achieve the following minimum of PAT for each of the following financial years:</p> <table><tr><th>FYE</th><th>Minimum profit guarantee</th></tr><tr><td>FYE 2024</td><td>RM2.8 million</td></tr><tr><td>FYE 2025</td><td>RM3.2 million</td></tr><tr><td>FYE 2026</td><td>RM3.3 million</td></tr></table> <p>RM9.3 million in aggregate (“Profit Guarantee”) for FYE 2024, FYE 2025 and FYE 2026 (collectively “Guarantee Period”).</p> <p>(ii) The Profit Guarantee shall be partially secured by the deposit of Escrow Shares with the Stakeholder upon the completion date.</p>	FYE	Minimum profit guarantee	FYE 2024	RM2.8 million	FYE 2025	RM3.2 million	FYE 2026	RM3.3 million	<p>This term is reasonable and not detrimental to the non-interested shareholders of Ewein as it serves to protect the interest of Ewein by ensuring that the VSS Vendors provides the Profit Guarantee which forms the basis and justification of the VSS Purchase Consideration. Please refer to Section 9.2 of this IAL for our assessment on the Profit Guarantee.</p> <p>This term is reasonable and not detrimental to the non-interested shareholders of Ewein as the VSS Vendors have provided further security in the form of Consideration Shares in escrow held by the Stakeholder (who is yet to be identified and to be appointed on or before the completion date) upon completion of the Proposed VSS Acquisition.</p>
FYE	Minimum profit guarantee									
FYE 2024	RM2.8 million									
FYE 2025	RM3.2 million									
FYE 2026	RM3.3 million									

No.	Salient terms	MainStreet's comments
	<p>(iii) The VSS Vendors and Ewein agree, undertake and covenant with each other to appoint the Stakeholder and to execute the agreement or letter to be signed by the VSS Vendors, Ewein and the Stakeholder for the appointment of the Stakeholder as stakeholder for the Escrow Shares ("Escrow Document") on or before the completion date for the Escrow Shares to be held by the Stakeholder as an escrow agent and stakeholder upon the terms of the VSS SSA and the Escrow Document. The Stakeholder shall be authorised to deal with the Escrow Shares to give effect to the Profit Guarantee for the VSS. The fees and costs payable to the Stakeholder shall be borne by the VSS Vendors.</p> <p>(iv) In the event where VSS makes losses or attains some PAT in the FYE 2024 and FYE 2025 but not to the extent of RM2.8 million and RM3.2 million respectively, the VSS Vendors' obligation to meet the remaining shortfall in the PAT for the FYE 2024 and FYE 2025 shall be carried forward to the remaining of the Guarantee Period to be met by the VSS Vendors. Similarly, if VSS's PAT in the FYE 2024 and FYE 2025 shall exceed the guaranteed PAT of RM2.8 million and RM3.2 million respectively, the surplus PAT attained for FYE 2024 and FYE 2025 shall be carried forward to the remaining of the Guarantee Period and shall be computed towards the total computation of attainment of Profit Guarantee for the Guarantee Period.</p> <p>For the avoidance of doubt, Ewein shall not be entitled, prior to the expiry of the Guarantee Period, to deduct or retain any of the Escrow Shares in the event VSS does not achieve PAT of minimum RM2.8 million and RM3.2 million in the FYE 2024 and FYE 2025 respectively.</p> <p>Notwithstanding anything in the contrary, if VSS attains PAT of not less than RM2.8 million for the FYE 2024, one-third (1/3) of the Escrow Shares deposited by the VSS Vendors with the Stakeholder shall be released to the Vendors. If VSS attains PAT of not less than RM3.2 million for the FYE 2025, one-third (1/3) of the Escrow Shares deposited by the VSS Vendors with the Stakeholder shall be released to the VSS Vendors.</p>	<p>This term is reasonable and not detrimental to the non-interested shareholders of Ewein as Ewein is involved in the appointment of the Stakeholder, who is in charge of handling the Escrow Shares during and after the Guarantee Period.</p> <p>This term is reasonable and not detrimental to the non-interested shareholders of Ewein as it sets out the obligations of the VSS Vendors in the event of a shortfall or excess of Profit Guarantee. In addition, the carry forward mechanism is common in transactions which involves profit guarantees over multiple periods.</p> <p>This term is reasonable and not detrimental to the non-interested shareholders of Ewein as it serves to protect the interest of the VSS Vendors by releasing one third (1/3) of the Escrow Shares upon VSS fully satisfying the Profit Guarantee in FYE 2024.</p>

No.	Salient terms	MainStreet's comments
	<p>(v) In the event that VSS attains aggregate PAT of RM9.3 million during the Guarantee Period, as evidenced by the audited financial statements for the FYE 2024 ("2024 Audited Accounts"), FYE 2025 ("2025 Audited Accounts") and FYE 2026 ("2026 Audited Accounts") signed off by the auditor of VSS and presented to the board of directors of VSS,</p> <p>(a) the Profit Guarantee is deemed to be satisfied by the VSS Vendors and Ewein shall not have any more claims against the VSS Vendors in relation to the Profit Guarantee; and</p> <p>(b) the Stakeholder shall release the balance of the Escrow Shares held by the Stakeholder to the VSS Vendors within 5 market days from the date which the Stakeholder is in receipt of Ewein's notification in writing of VSS attaining PAT of not less than RM9.3 million during the Guarantee Period.</p> <p>For the avoidance of doubt, the VSS Vendors shall not be entitled to any PAT for the Guarantee Period in excess of RM9.3 million.</p> <p>(vi) In the event that VSS fails to attain aggregate PAT of RM9.3 million during the Guarantee Period:</p> <p>(a) the VSS Vendors shall pay in cash the PG Shortfall to Ewein within 14 business days from the PG Shortfall Payment Date.</p> <p>Without prejudice to the aforesaid, the VSS Vendors may elect to make good the PG Shortfall in cash by procuring a third party purchaser to purchase such number of Escrow Shares at such price as shall be agreed between the VSS Vendors and the third party buyer and the proceeds of the sale amounting to the PG Shortfall shall be paid to Ewein within 14 business days. The Stakeholder shall upon receipt of the VSS Vendors' notification in writing nominating the third party purchaser to purchase the Escrow Shares deal with the said shares in accordance with the instructions of the VSS Vendors and release the proceeds of the sale equivalent to the PG Shortfall to Ewein;</p>	<p>This term is reasonable and not detrimental to the non-interested shareholders of Ewein and protects the interest of Ewein as it sets out the obligations of the VSS Vendors in the event of a PG Shortfall. If the VSS Vendors fail to settle the PG Shortfall in cash on the expiry of the PG Shortfall Payment Date, Ewein shall be entitled, upon compliance with the relevant laws, to such number of PG Shortfall Shares prices at the 5-day VWAP of Ewein Shares on the day immediately prior to the date on which the PG Shortfall is determined. In such an event, Ewein may dispose some or all of the PG Shortfall Shares to make up the PG Shortfall and the VSS Vendors' shareholdings in Ewein shall be reduced accordingly.</p> <p>This term is reasonable and not detrimental to the non-interested shareholders of Ewein and protects the interest of Ewein as it sets out the obligations of the VSS Vendors in the event of a PG Shortfall. If the VSS Vendors fail to settle the PG Shortfall in cash on the expiry of the PG Shortfall Payment Date, Ewein shall be entitled to such number of PG Shortfall Shares prices at the 5-day VWAP of Ewein Shares on the day immediately prior to the date on which the PG Shortfall is determined.</p> <p>As there will be uncertainty in the value of the Escrow Shares which is subject to share price fluctuations, in the event there is a shortfall between the sale proceeds of the Escrow Shares paid to Ewein or the value of the PG Shortfall Shares to which Ewein is entitled to, the shortfall amount shall remain an amount owing by the VSS Vendors</p>

No.	Salient terms	MainStreet's comments
	<p>(b) if the VSS Vendors fail to pay the PG Shortfall on or before the PG Shortfall Payment Date, the VSS Vendors and Ewein agree that Ewein shall be entitled to the PG Shortfall Shares;</p> <p>(c) failing the settlement of the PG Shortfall by the VSS Vendors on the expiry of the PG Shortfall Payment Date, the Stakeholder shall within 5 market days from the date which the Stakeholder is in receipt of Ewein's notification in writing that the audited PAT of VSS for the Guarantee Period is less than RM9.3 million together with the 2024 Audited Accounts, 2025 Audited Accounts and 2026 Audited Accounts,</p> <p>a. deal with the PG Shortfall Shares according to the instructions of Ewein; and</p> <p>b. release the remaining Escrow Shares less the PG Shortfall Shares to such designated Central Depository System securities account(s) of the VSS Vendors;</p> <p>and;</p> <p>(d) for the avoidance of doubt, in the event of a shortfall between the sale proceeds of the Escrow Shares paid to Ewein pursuant to Section 4(vi)(a) of Appendix II of the Circular or the value of the PG Shortfall Shares to which Ewein is entitled pursuant to Section 4(vi)(b) of Appendix II of the Circular and the PG Shortfall, the shortfall amount shall remain an amount owing by the VSS Vendors to Ewein and shall be immediately due and payable to Ewein.</p>	<p>to Ewein and shall be immediately due and payable to Ewein.</p> <p>Furthermore, in the event the VSS Vendors fails to pay the PG Shortfall to Ewein within 14 business days, Ewein shall be entitled to the PG Shortfall Shares. In addition, it is in the interests of the VSS Vendors to settle the PG Shortfall to Ewein in order to allow the remaining Escrow Shares to be released back to them.</p> 

No.	Salient terms	MainStreet's comments
	<p>(vii) In the event of:</p> <ul style="list-style-type: none"> (a) any unreasonable intervention in the affairs and business of VSS by Ewein which affects the ordinary course of business of VSS; or (b) termination of employment or service or management agreement by Ewein of any of the VSS Vendors for reasons which is not attributable to any act, omission or default by any of the VSS Vendors; <p>then the Profit Guarantee undertaken by the VSS Vendors shall automatically be revoked and Ewein shall not have any more claims against the VSS Vendors in relation to the Profit Guarantee. For the avoidance of doubt, the obligations and undertakings of the VSS Vendors for the Profit Guarantee under Section 4 of Appendix II of the Circular shall void automatically.</p>	<p>This term is reasonable and not detrimental to the non-interested shareholders of Ewein as it sets out the rights of the VSS Vendors in the event they are not given management control over the operations of VSS which affects its ability to meet its Profit Guarantee obligations.</p>
5	<p>Default by Ewein</p> <p>The Deposit shall be refunded by the VSS Vendors to Ewein without any deduction and with all interests earned thereon in the event of the following:</p> <ul style="list-style-type: none"> (i) The VSS SSA is mutually terminated by the Parties prior to completion; or (ii) all or any of the conditions precedent are not fulfilled within the Approval Period. 	<p>This is a common and reasonable term that is not detrimental to the non-interested shareholders of Ewein as it sets out the events that will cause Ewein to default.</p>

No.	Salient terms	MainStreet's comments
6	<p data-bbox="351 309 589 339">Right of Terminate</p> <p data-bbox="351 376 1274 619">6.1 Subject to provisions of the VSS SSA, if the obligations on completion and payment of balance VSS Purchase Consideration are not fully complied with by the VSS Vendors or Ewein by or on the date set for completion, Ewein, in the case of non-compliance by the VSS Vendors, or the VSS Vendors, in the case of non-compliance by Ewein, shall be entitled (in addition to and without prejudice to all other rights or remedies available to the terminating party including the right to claim losses and damages) by written notice to the other party/parties served on such date:</p> <ul style="list-style-type: none"> <li data-bbox="416 651 1274 715">(i) to elect to terminate the VSS SSA in accordance to the provisions of the VSS SSA without liability on the part of the terminating party; <li data-bbox="416 751 1274 815">(ii) to effect completion so far as practicable having regard to the defaults which have occurred; or <li data-bbox="416 852 1274 1011">(iii) to fix a new date for completion (not being more than 60 business days after the agreed date for completion), in which case the obligations on completion and payment of balance VSS Purchase Consideration shall apply to completion as so deferred but provided such deferral may only occur once. <p data-bbox="351 1048 1274 1112">6.2 In the event the VSS SSA terminates pursuant to provisions of the VSS SSA:</p> <ul style="list-style-type: none"> <li data-bbox="416 1144 1274 1240">(i) the VSS Vendors shall refund the Deposit, and the Balance Purchase Consideration to Ewein within 7 days from the date of the notice of termination; and <li data-bbox="416 1272 1274 1335">(ii) the Parties shall return the documents in accordance to provisions of the VSS SSA. 	<p data-bbox="1296 309 1991 469">These terms are reasonable and not detrimental to the non-interested shareholders of Ewein and common in transactions of this nature, as it sets out the circumstances under which the VSS SSA may be terminated and the rights of the non-defaulting party.</p>

No.	Salient terms	MainStreet's comments
7	<p>Default by VSS Vendors</p> <p>If it shall be found that the VSS Vendors:</p> <ul style="list-style-type: none"> (i) fail to complete the VSS SSA in accordance with its terms by or on completion; or (ii) any of the VSS Vendors has committed a material breach of any term of the VSS SSA (including without limitation, any of the Vendors' obligations and undertakings), <p>Ewein shall be entitled (in addition to and without prejudice to all other rights or remedies available to it including the right to claim losses and damages or to sue for specific performance together with all relief flowing therefrom and/or damages) by notice in writing to the VSS Vendors to terminate the VSS SSA in accordance to the provisions of the VSS SSA but failure to exercise this right shall not constitute a waiver of any other rights of Ewein arising out of such breach.</p>	<p>This is a common and reasonable term that is not detrimental to the non-interested shareholders of Ewein as it sets out the events that will cause the VSS Vendors to default and Ewein's right of recourse pursuant to the default by the VSS Vendors.</p>

Based on our evaluation of the salient terms of the VSS SSA above, we are of the view that the salient terms of the VSS SSA are generally on normal commercial terms for transactions of such nature and the said terms are **reasonable** and **not detrimental** to the non-interested shareholders of Ewein.

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10. EFFECTS OF THE PROPOSALS

We take cognisance of the effects of the Proposals as detailed out in **Section 8 of Part A of the Circular** and we set out below are our comments on the pro forma effects thereon.

10.1 Share capital and substantial shareholders' shareholding

We note from **Section 8.1 of Part A of the Circular** that the Proposed Land Acquisition and Proposed Diversification do not have any effect on the issued capital of the Company and the substantial shareholders' shareholding as the Proposed Land Acquisition and Proposed Diversification do not involve the issuance of new Ewein Shares.

The pro forma effects of the Proposed VSS Acquisition on the issued share capital of Ewein, as extracted from **Section 8.1 of Part A of the Circular**, are as follows:

	No. of Shares	RM
Issued share capital of Ewein as at the LPD ⁽ⁱ⁾	297,546,959	148,256,914
Issuance of Consideration Shares	17,978,000	16,000,420
Enlarged issued share capital	315,524,959	164,257,334

Note:

(i) Excluding 4,039,226 treasury shares in Ewein

The pro forma effects of the Proposed VSS Acquisition on the substantial shareholder's shareholdings in Ewein, as extracted from **Section 8.1 of Part A of the Circular**, are as follows:

Substantial Shareholder	Shareholdings as at the LPD				After the Proposed VSS Acquisition			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(i)%	No. of Shares	(i)%	No. of Shares	(ii)%	No. of Shares	(ii)%
Ooi Eng Leong	134,871,850	45.33	-	-	(iii) 135,995,850	43.10	-	-

Notes:

(i) Based on 297,546,959 Shares (after excluding 4,039,226 treasury shares) as at the LPD.

(ii) Based on the enlarged 315,524,959 Shares (after excluding 4,039,226 treasury shares) pursuant to the Proposed VSS Acquisition.

(iii) After accounting for the issuance of 1,124,000 Consideration Shares to Ooi Eng Leong pursuant to the Proposed VSS Acquisition.

Pursuant to the above, the Proposed VSS Acquisition is expected to increase the Company's issued share capital whilst simultaneously diluting the percentage of the substantial shareholders' shareholding in the Company pursuant to the issuance of Consideration Shares to partially satisfy the VSS Purchase Consideration.

10.2 NA per Share and gearing level

For illustrative purposes, as extracted from **Section 8.2 of Part A of the Circular**, based on the latest audited consolidated financial statements of Ewein as at 31 December 2023 on the assumption that the Proposals had been effected on that date, the pro forma effects of the Proposals on the audited consolidated NA per Ewein Share and gearing of the Group are as follows:

	Audited as at 31 December 2023	Pro forma I	Pro forma II
		After the Proposed Land Acquisition and the Proposed Diversification	After the Proposed VSS Acquisition
	(RM'000)	(RM'000)	(RM'000)
Share capital	152,424	152,424	(iv) 168,424
Treasury shares	*	*	*
Revaluation reserve	3,632	3,632	3,632
Retained profits	94,432	(i) 93,932	(ii) 93,682
Total equity / NA	250,488	249,988	265,738
No. of Ewein Shares in issue, excluding treasury shares (‘000)	301,586	301,586	(iv) 319,564
NA per Ewein Share (RM)	0.83	0.83	0.83
Cash and cash equivalent (RM'000)	65,201	(i) (iii) 38,861	(ii) (v) 22,611
Total borrowings (RM'000)	46,891	46,891	46,891
Gearing (times)^(vi)	0.19	0.19	0.18

Notes:

* Negligible.

- (i) After deducting the estimated expenses of approximately RM0.50 million in relation to the Proposed Land Acquisition and Proposed Diversification (which includes professional fees, fees payable to the relevant authorities and miscellaneous expenses) to be incurred.
- (ii) After deducting the estimated expenses of approximately RM0.25 million in relation to the Proposed VSS Acquisition (which includes professional fees, fees payable to the relevant authorities and miscellaneous expenses) to be incurred.
- (iii) After accounting for the Land Purchase Consideration pursuant to the Proposed Land Acquisition
- (iv) After accounting for the issuance of Consideration Shares pursuant to the Proposed VSS Acquisition.
- (v) After accounting for the Cash Consideration pursuant to the Proposed VSS Acquisition.
- (vi) Computed based on total borrowings over equity.

We note that the Proposed Land Acquisition is expected to decrease the NA of the Group to RM250.0 million after deducting for the estimated expenses of approximately RM0.50 million for the Proposed Land Acquisition and the Proposed Diversification whereas the Proposed VSS Acquisition is expected to increase the NA of the Group to RM265.74 million after accounting for the issuance of Consideration Shares. The Proposed Land Acquisition will not have a material effect on the Group's NA per share and gearing whereas the Proposed VSS Acquisition will not have a material effect on the Group's NA per share and will have a slight decrease in the Group's gearing from 0.19 times to 0.18 times.

10.3 Earnings and EPS

For illustrative purposes, as extracted from **Section 8.3 of Part A of the Circular**, based on the latest audited consolidated financial statements of Ewein as at 31 December 2023 and assuming that the Proposals had been effected on 1 January 2023, being the beginning of the 12-month audited consolidated financial statements for the FYE 2023, the pro forma effects of the Proposals on the consolidated earnings and EPS of the Group are as follows:

	Audited as at 31 December 2023	Pro forma I	Pro forma II
		After the Proposed Land Acquisition and the Proposed Diversification	After the Proposed VSS Acquisition
Earnings after taxation attributable to owners of the Group (RM'000)	1,120	(i) 620	(ii) (iii) 3,170
Total number of Ewein Shares in issue ('000)*	301,586	301,586	(iv) 319,564
EPS (sen)	0.37	0.21	0.99

Notes:

* Excluding 26 treasury shares in Ewein.

- (i) After deducting the estimated expenses pertaining to the Proposed Land Acquisition and Proposed Diversification amounting to approximately RM0.50 million. (which includes professional fees, fees payable to the relevant authorities and miscellaneous expenses) to be incurred.
- (ii) After deducting the estimated expenses pertaining to the Proposed VSS Acquisition amounting to approximately RM0.25 million. (which includes professional fees, fees payable to the relevant authorities and miscellaneous expenses) to be incurred.
- (iii) After accounting for the guaranteed PAT of RM2.8 million for the FYE 2024.
- (iv) After accounting for the issuance of Consideration Shares pursuant to the Proposed VSS Acquisition.

We note that the pro forma effects on the earnings and EPS of the Company will decrease from RM1.12 million to RM0.62 million and 0.37 sen to 0.21 sen, respectively after deducting the estimated expenses of approximately RM0.50 million pertaining to the Proposed Land Acquisition and Proposed Diversification, and subsequently the earnings and EPS of the Company will increase to RM3.17 million and 0.99 sen, respectively pursuant to the Proposed VSS Acquisition after accounting for the guaranteed PAT of RM2.8 million for the FYE 2024.

10.4 Convertible Securities

We note from **Section 8.4 of Part A of the Circular** that the Company does not have any convertible securities as at the LPD.

Based on the above, we are of the view that the overall financial effects of the Proposed Acquisitions are not detrimental to the interest of the non-interested shareholders of Ewein. The non-interested shareholders of Ewein should also note that the actual effects of the Proposed Acquisitions can only be ascertained at the time of completion of the Proposed Acquisitions, and they could be different with the abovementioned proforma effects.

11. INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS OF THE GROUP

The industry overview and outlook of the Malaysian economy, property market in Malaysia and the northern region of Malaysia, labour market, manufacturing sector and prospects of the enlarged Ewein Group are set out in **Section 6 of Part A of the Circular**.

11.1 Overview and outlook of the Malaysian economy

Malaysia's advance GDP estimates expanded in the first quarter of 2024 at 3.9% as compared to 3.0% in the preceding quarter. In terms of quarter-on-quarter performance, Malaysia's economy declined 3.4% from 3.1% growth in the fourth quarter of 2023. The economic performance in this quarter was spearheaded by the services sector, with all main sectors experiencing positive growth.

The services sector experienced an expansion of 4.4% from 4.2% in the fourth quarter of 2023. The favorable performance was attributed to the wholesale & retail trade, transportation & storage, and business services sub-sectors. Furthermore, the finance & insurance sub-sector rebounded in this quarter.

The manufacturing sector rebounded to 1.9% in this quarter after recording a contraction of 0.3% in the fourth quarter of 2023. This growth was backed by non-metallic mineral products, basic metal & fabricated metal products, and transport equipment, another manufacturing & repair. Nonetheless, vegetable and animal oils & fats and food processing contracted in this quarter.

The mining and quarrying sector increased to 4.9% from 3.8% in the fourth quarter of 2023. The better performance of this sector was underpinned by the increased production in the natural gas sub-sector during this quarter.

The agriculture sector rose to 1.3% in the first quarter of 2024 as compared to 1.9% growth in the previous quarter. The performance was contributed by the growth of the oil palm and livestock sub-sectors. Meanwhile, forestry & logging and fishing sub-sectors displayed negative growth in this quarter.

The construction sector registered a strong growth of 9.8% in the first quarter of 2024 as compared to 3.6% in the preceding quarter. The expansion was supported by civil engineering, specialized construction activities, and residential buildings. Nevertheless, non-residential buildings decreased in this quarter.

Malaysia's trade performance continued to record positive growth with a 5.1% (RM244.5 billion) increase in March since January 2024. The better performance was underpinned by the strong growth in imports, which recorded a double-digit growth of 12.5%, or RM115.8 billion. Otherwise, exports lessened by 0.8% to RM128.6 billion. Thus, the trade balance remained to register a surplus of RM12.8 billion with a contraction of 52.0%.

Meanwhile, the Industrial Production Index moderated to 3.1% in February 2024 as compared to 4.3% in the same month of the preceding year. The moderation was influenced by the manufacturing sector which recorded slower growth of 1.2%. However, the mining and electricity sectors expanded by 8.1% and 10.9%, respectively.

Malaysia's manufacturing sales value showed a marginal growth of 0.7% year-on-year ("y-o-y") to record RM146.2 billion in February 2024. The performance was contributed by the better growth in transport equipment & other manufactures (7.3%) and non-metallic mineral products, basic metal & fabricated metal products (5.7%) sub-sectors. Nevertheless, the electrical & electronics products sub-sector has slightly increased by 1.3%, with a share of 34.1% of total sales.

(Source: Malaysian Economic Statistics Review (MESR) Vol. 4/2024, Department of Statistics Malaysia)

11.2 Overview and outlook of the property market in Malaysia

Malaysia's property market is expected to maintain a more stable growth trajectory in 2024, following its recovery post-pandemic. In the report titled "HB Perspective 2024", Henry Butcher Malaysia Sdn Bhd says that, for the first nine months of 2023, the overall volume of transactions was more or less maintained at the same level as 9-month 2022 while the value of transactions saw an increase of 8.8%.

"This indicates that the property market appears to have normalised and, although still growing positively, it no longer accelerates at the pace experienced when recovering from the low base of 2020/21. Nevertheless, the Malaysian property market will grow, but at a more gradual and sustainable pace," the report explains.

The forecast positive economic growth could have a spillover effect on the property market this year, as the government has also expressed its confidence in achieving the growth forecast of between 4% and 5% for the year. The report attributes the expected growth in the country's economy to "cautious yet improving" sentiment among property buyers and favourable government policies.

Although the country's trade performance saw a decline in performance for the first 11 months of 2023, the report says economists are confident that the trade performance will show an improvement this year, owing to the anticipated resurgence of China's economy and the implementation of the National Industrial Master Plan ("NIMP") 2030.

Bank Negara Malaysia has not raised the overnight policy rate ("OPR") and has maintained it at 3% since the last increase in May 2023. The report says, "Economists are projecting that Bank Negara Malaysia will keep the OPR at this level for the whole of 2024. This is positive for businesses and supportive of economic growth and will be beneficial for the property market."

(Source: Henry Butcher Malaysia: Local property market will remain stable and grow at a gradual pace in 2024, 7 March 2024, The Edge Malaysia)

11.3 Overview and outlook of the property market in the northern region of Malaysia

In the first 9 months of 2023, property transaction activities in Penang continued an upward trend with a total of 17,953 properties valued at RM13.21 billion compared to 17,297 properties valued at RM9.51 billion in 2022.

Rising demand is observed for purpose-built workers' dormitories as industrialists strive to comply with Act 446 of the Workers' Minimum Standards of Housing and Amenities Act, as well as align to global goals of Environmental Social and Governance ("ESG"). The development of these dormitories is gaining momentum with several projects being planned.

MY EG Lodging (NC) Sdn Bhd recently entered into a Lease Agreement of 30 years with the Penang Development Corporation (“PDC”) for a parcel of land of approximately 8.39 acres at Batu Kawan Industrial Park 3 (BKIP 3) for a consideration of RM20,403,588.51 (RM55.80 per sqft). The Lease Agreement was entered concerning the tender to set up a workers’ village and related facilities.

The Penang State Government has also approved 2 applications for the construction of foreign workers’ dormitories in the locality of Teluk Kumbar. These two projects involve:

- 27-storey building to be developed by Chong Company Sdn Bhd which consists of 6 units of shops on Level 1, recreational facilities on Level 2 and 3, and 512 units of workers’ dormitories on the remaining 26 levels.
- 30-storey building by Zantalite Enterprise (M) Sdn Bhd.

(Source: Malaysia Real Estate Market Outlook Report 2024, CBRE | WTW)

11.4 Overview and outlook of the labour market in Malaysia

Malaysia’s labour market maintained on an improving trend as unemployment rate kept at post-pandemic low of 3.3% in January 2024. Labour force and employment grew steadily by +1.8% y-o-y and +2.0% y-o-y respectively. The unemployed persons dropped further by -4.8% y-o-y and -0.2% month on month (“m-o-m”) to 567,000 in January 2024, approximately 48,000 higher than average jobless persons 519,000 in 2019. For youth aged 15~24, the unemployment rate stayed at post-pandemic low of 10.6% (2019: 10.4%). By employment type, employee which made up about 75.2% of the employment increased steadily by +1.3% y-o-y while employer (3.5% of employment) and own-account-worker (18.3% of employment) increased by +4.6% y-o-y and +4.7% y-o-y respectively in January 2024. The strengthening and healthier job market in our view will further reinforce consumer consumption and support overall GDP growth for 2024.

Malaysia’s job vacancies registered at 94,100 in December 2023, more than the 3-year low. The moderation was as expected given the surge in job vacancies after economic reopening in post-pandemic era. The monthly average job vacancies dipped below post-pandemic levels at 167,000 in 2023 (2021: 206,700, 2022: 396,100). As comparison, monthly average during 2010-2019 was lower at 114,000. We foresee average job vacancies to hover at 100,000~120,000 per month level for 2024 amid external trade recovery and resilient domestic demand.

The labour market in Malaysia is expected to strengthen further in 2024, backed by encouraging momentum in the domestic economy and recovery in external trade. Malaysia’s average unemployment rate is expected to maintain at 3.4% in 2024. The return of non-citizens workers is expected to boost overall employment and reduce the jobless rate. As of 2023, non-citizens’ employment is -2.4% lower than pre-pandemic levels. The downside risks to Malaysia’s labour market among others is lower-than-expected external trade recovery and nosedived of global commodity prices.

(Source: Economic Review, January 2024 Labour Market, Malaysian Industrial Development Finance Research)

11.5 Overview and outlook of the manufacturing sector in Malaysia

The manufacturing sector, despite a marginal rebound of 0.1% growth in the last quarter of last year (4Q23), faces challenges to continue its momentum into 2024 due to the expected moderation of the export-oriented segments. According to the Department of Statistics Malaysia, while certain sub-sectors such as vegetable and animal oils and fats experienced growth, declines in electrical, electronics and optical products restrained the overall sectoral performance.

Private economists and analysts, however, are more optimistic of 2024's brighter outlook as the 4Q23 economic performance indicated a growth rebound in the manufacturing and mining and quarrying sectors, as well as expansion in agriculture. Kenanga Investment Bank Bhd reported that Malaysia's 4Q23 GDP figures (at 3.4% is a slight increase from the preceding quarter's 3.3%) offers invaluable insights into the country's economic landscape against the backdrop of global certainties and domestic challenges.

The impact of expanding sectors were softened marginally due to the weaker growth in the services and construction sectors. The manufacturing sector individually experienced a slight rebound, growing by 0.1% compared to a marginal contraction in the previous quarter, supported by activities such as manufacturing of vegetable and animal oils and fats, non-metallic mineral products, and basic metal and fabricated metal products. However, the growth momentum was limited by declines in electrical, electronics and optical products, and petroleum, chemical, rubber and plastic products.

The report also states that the performance of growth in 2023 was primarily hindered by a weak manufacturing export-oriented sector, influenced by China's fragile post-pandemic recovery. It was exacerbated by extended global supply chain disruptions resulting from escalating geopolitical tensions, notably the Russia-Ukraine war and the Israel-Gaza conflict. Of which, evidence was seen in the subdued Manufacturing Purchasing Managers' Index ("PMI") in December, which remained in contraction since August 2022.

Additionally, exports experienced a decline throughout the year, with full-year growth contracting by 8%. Despite these challenges, the expectation is that domestic demand will continue to support GDP growth. This is supported by projected improvements in the unemployment rate for 2024 and sustained growth in distributive trade sales due to increased tourist arrivals and spending. Furthermore, the anticipated recovery in the manufacturing sector, potentially driven by an E&E upcycle particularly in the second half of 2024 (2H24), coupled with China's gradual recovery, bodes well for the domestic growth outlook. Consequently, the GDP growth forecast for 2024 is maintained at 4.9%, falling within the Finance Ministry's projection range of 4%-5%.

(Source: Manufacturing sector: Mixed trends, brighter outlook for 2024, Malaysian Investment Development Authority)

11.6 Prospects of the enlarged Ewein Group

In an effort to grow and diversify its earnings base, Ewein Group has identified Workforce Management Services as a key element of its diversification strategy which aims to broaden its existing revenue streams. As part of this strategic shift, the Proposed Land Acquisition and the Proposed Development will facilitate the Group's entry into the Workforce Management Services sector, subsequently enabling the Group to explore new opportunities in this sector through their experience gained from operating the completed Proposed Development project. The growth prospects for the Workforce Management Services sector in Malaysia as disclosed in **Section 4 of Part A of the Circular** as well as the outlook of the labour market in Malaysia as detailed in **Section 6.5 of Part A of the Circular** is positive and appears to align with the Group's strategic objectives. Considering these factors and barring any unforeseen circumstances, the Board believes that the Proposed Diversification will reduce reliance on its Existing Business Operations and potentially contribute positively to Ewein Group's future earnings. Despite the Proposed Diversification, the Group remains committed to enhancing the profitability of its Existing Business Operations. Management has already taken steps to improve operational efficiencies and expand their current business activities vis the Proposed VSS Acquisition.

The Proposed VSS Acquisition is a tactical move by the Group intended to address the lack of business development and growth of the Group's manufacturing segment in its recent financial years. VSS is an established and trusted service provider in the Rackform Business since 2005, specialising in the manufacturing of racking systems (piping and metal joints assembly), board fabrication and assembly, SMT feeder and spare parts, as well as x-ray inspection systems for

PC. The acquisition of VSS will provide Ewein with immediate access to VSS's Rackform Business while simultaneously penetrating a new segment of the manufacturing sector. The integration of VSS into the Ewein Group will expand the Group's product range, reach a wider customer base, extend its operational scale, while leveraging on VSS's expertise to drive growth and development for the enlarged Ewein Group's manufacturing segment. Despite the E&E industry's sluggish growth due to the US-China trade war, Ewein Group remains optimistic about expanding its manufacturing segment, especially its precision engineering business. The Board views that the current challenges are temporary and foresee significant growth opportunities over the next decade, fuelled by growth in Malaysia's E&E sector and the departure of market players from China.

12. RISK FACTORS OF THE PROPOSED ACQUISITIONS

Section 7 of Part A of the Circular sets out the following risk factors of the Proposed Acquisitions:

- (i) Risks relating to the Proposed Land Acquisition such as acquisition risk, completion risk, and compulsory acquisition by the Government; and
- (ii) Risks relating to the Proposed VSS Acquisition such as, acquisition risk, competition risk, completion risk, business and operational risk, and achievability of the Profit Guarantee.

We wish to highlight that although efforts and measures would be taken by the Board and the Management to limit/mitigate the risks associated with the Proposed Acquisitions, no assurance can be given that the abovementioned risk factors will not occur and give rise to material and adverse impact on the operation and business, financial positions and/or prospects of Ewein.

In evaluating the Proposed Acquisitions, you should carefully consider the said risk factors and their mitigating factors prior to voting on the resolutions pertaining to the Proposed Acquisitions at the forthcoming EGM of Ewein. Non-interested shareholders of Ewein should also note that the risk factors mentioned therein are not meant to be exhaustive. Notwithstanding the above risk factors, we believe the rationale and justifications of the Proposed Acquisitions as disclosed in **Sections 5.1 and 5.2 of Part A of the Circular**, outweigh the potential risks highlighted above.

The Profit Guarantee provides some assurance to the future financial performance of VSS and the Proposed VSS Acquisition would contribute positively to the Group's earnings over the Guarantee Period. However, there can be no assurance that the VSS Vendors will pay the shortfall amount in the event the value of the Escrow Shares is insufficient to make up for the shortfall as it is subject to share price fluctuations.

In addition, certain risk factors inherent in the manufacturing and property development sector are risk factors which Ewein is currently subjected to as their Existing Business Operations currently operate in the manufacturing and property development sector. In this regard, save for the Proposed Diversification, the business risk profile of Ewein will not change significantly upon completion of the Proposed Acquisitions.

13. OUR CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Acquisitions and have set out our evaluation in **Sections 7 to 12 of this IAL**. In arriving at our opinion on the fairness and reasonableness of the Proposed Acquisitions, we have taken into consideration the following pertinent factors:

- (i) The rationale and justifications for the Proposed Acquisitions are **reasonable** and **not detrimental** to the non-interested shareholders of Ewein;

- (ii) The basis and justifications in arriving at the Land Purchase Consideration of the Proposed Land Acquisition are **fair and reasonable** and **not detrimental** to the non-interested shareholders of Ewein;
- (iii) The salient terms of the SPA are **reasonable** and **not detrimental** to the non-interested shareholders of Ewein;
- (iv) The basis and justifications in arriving at the VSS Purchase Consideration of the Proposed VSS Acquisition are **fair and reasonable** and **not detrimental** to the non-interested shareholders of Ewein;
- (v) The basis and justification of arriving at the Issue Price are **fair and reasonable** and **not detrimental** to the non-interested shareholders of Ewein;
- (vi) The salient terms of the VSS SSA are **reasonable** and **not detrimental** to the non-interested shareholders of Ewein;
- (vii) The financial effects of the Proposed Acquisitions are **reasonable** and **not detrimental** to the shareholders of Ewein;
- (viii) The prospects of the Proposed Acquisitions towards the enlarged Ewein Group are positive; and
- (ix) Save for the Proposed Diversification, the business risk profile of Ewein will not change significantly upon completion of the Proposed Acquisitions.

Premised on the factors discussed above and our evaluation of the Proposed Acquisitions based on the information made available to us, we are of the view that the Proposed Acquisitions are **fair** and **reasonable** and **not detrimental** to the non-interested shareholders of Ewein.

Accordingly, we recommend that you **vote in favour** of the resolutions in respect of the Proposed Acquisitions to be tabled at the forthcoming EGM.

We have not taken into consideration any specific investment objective, financial situation or particular need of any individual non-interested shareholders of Ewein. We recommend that any non-interested shareholders of Ewein who require specific advice in relation to the Proposed Acquisitions in the context of their individual investment objectives, financial situation, or particular needs, to consult their respective stockbrokers, bank managers, investment advisers, accountants, solicitors, or other professional advisers.

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

Yours faithfully,
MAINSTREET ADVISERS SDN BHD

Lai Swee Sim
Managing Director

Nurul Ain Khirul Ashar
Director

SALIENT TERMS OF THE SPA

The salient terms of the SPA in relation to the Proposed Land Acquisition are set out as follows:-

1. SALE AND PURCHASE

MHSB has agreed to sell and DISB has agreed to purchase the Subject Property at the purchase price of RM25,839,818.34 (equivalent to RM150 per square foot) on an “as is where is” basis and free from all encumbrances with vacant possession but otherwise subject to the existing title conditions endorsed on the issue documents of title to the Subject Property as follows and all other conditions and restrictions implied by the National Land Code upon the terms and conditions hereinafter appearing:-

- (a) Express Condition: Solely for the purpose of use as light industries only.
- (b) Restriction-in-Interests: None
- (c) Category of Land Use: Industry

2. LAND PURCHASE CONSIDERATION AND MANNER OF PAYMENT

The Land Purchase Consideration shall be paid by DISB to MHSB in the following matter:-

- 2.1 Upon execution of the SPA, DISB shall pay to MHSB the deposit sum of RM2,583,981.83 only, a sum equivalent to 10% of the Land Purchase Consideration as part payment towards the Land Purchase Consideration.
- 2.2 The balance purchase price of RM23,255,836.51 (“**Land Balance Purchase Consideration**”) shall be paid in full by DISB to DISB’s Solicitors as stakeholders within 3 months from the Unconditional Date (as defined below) of the SPA (“**Completion Period**”) with an automatic extension of 1 month (“**Extended Completion Period**”) subject to the late payment interests of 6% per annum on the outstanding portion of the Land Balance Purchase Consideration from the expiry of the Completion Period until the date of actual payment (“**Late Payment Interests**”).
- 2.3 The date on which the Land Balance Purchase Consideration is paid shall be referred to as “the Completion Date”.

3. CONDITIONS PRECEDENT

- 3.1 MHSB and DISB have agreed that the sale, purchase and transfer of the Subject Property is conditional upon DISB having obtained, at its own cost and expense, the approval of the shareholders of Ewein at an extraordinary general meeting to be convened (“**Ewein EGM Approval**”) within 3 months from the date of the SPA, or such other period as may be mutually extended in writing by the Parties (“**Conditional Period**”).
- 3.2 In the event that the Ewein EGM Approval cannot be obtained within the Conditional Period, the Parties agree to automatically extend the Conditional Period for a further term of 3 months or such other period to be mutually agreed upon in writing between the Parties from the expiry of the Conditional Period (“**Extended Conditional Period**”) for the purpose of obtaining the Ewein EGM Approval.

SALIENT TERMS OF THE SPA (Cont'd)

- 3.3 In the event that the Ewein EGM Approval cannot be obtained within the Conditional Period or the Extended Conditional Period, as the case may be, DISB shall be entitled by notice in writing to MHSB to terminate the SPA whereupon the SPA shall become null and void and of no further effect and MHSB shall refund the Deposit Sum free of interest within 14 business days from the date of determination of the SPA failing which, the Late Payment Interests calculated at the rate of 6% per annum and shall be due on the amounts of all monies paid by DISB towards the Land Purchase Consideration from the day immediately after the 14 business days period up until the actual date of refund in full to DISB subject to DISB simultaneously return to MHSB the documents related to the sale which have been provided to DISB or DISB's Solicitors with MHSB's interest intact. Thereafter, neither Party hereto shall have any claim against the other save in respect of any antecedent breach of the SPA and MHSB shall be entitled to deal with the Subject Property in any manner that MHSB shall deem fit without any further reference to DISB.
- 3.4 The date on which the last Ewein EGM Approval is obtained shall be referred to as "Unconditional Date".

4. ASSIGNMENT OF PLANNING PERMISSION

- 4.1 Subject to the terms of the SPA and in consideration of DISB taking over and assuming the obligations of MHSB on the existing planning permission to develop the Subject Property ("**Planning Permission**"), MHSB assigns absolutely unto DISB all its rights, interest, benefits, advantages and obligations, under the Planning Permission and building plans and pursuant to the terms of the SPA as from the Completion Date onwards subject to the amendments, substitution and modifications as provided therein. MHSB warrants that the Planning Permission is still valid for DISB's development purposes on the Subject Property.
- 4.2 The Parties agree and confirm with each other that as from the Completion Date onwards, subject only to the express terms, conditions and modifications of the SPA, DISB shall assume the obligations of MHSB and shall be entitled to all whatsoever rights, interests and benefits under the Planning Permission imposed upon or vested in MHSB under or pursuant to the SPA in place of MHSB. MHSB shall take all necessary steps to effect the absolute assignment of the Planning Permission and building plans to DISB.
- 4.3 Prior to the date of the SPA, MHSB had granted the limited power of attorney dated 28 October 2022 in favour of DISB as the attorney of MHSB for the limited purpose of executing and doing all such acts, deeds and things for the submission of and following up of the approvals to the appropriate authorities for the development of the Subject Property ("**Power of Attorney**"). As at the date of the Power of Attorney, DISB was a related company to MHSB whereby the shareholders of MHSB (namely HS Land & Property Sdn. Bhd., Ooi Eng Leong, Poly FHY Properties Sdn. Bhd. and Tah Wah Group Sdn. Bhd.) are also the shareholders of DISB. DISB was subsequently disposed to Ewein Berhad by the said shareholders and on 22 November 2023, DISB became a wholly-owned indirect subsidiary of Ewein Berhad.

SALIENT TERMS OF THE SPA (Cont'd)

5. DEFAULT BY DISB

If DISB fails to pay the Land Balance Purchase Consideration or any part thereof due to no fault or omission on the part of MHSB after the Unconditional Date and within the Completion Period or the Extended Completion Period or such extension as may be mutually agreed upon, MHSB shall be at liberty to terminate the SPA. Whereupon MHSB shall within 7 business days from the date of the notice of termination by MHSB forfeit the Deposit Sum as agreed liquidated damages and not by way of penalty. MHSB shall at such forfeiture forthwith refund to DISB any other moneys paid towards the Land Purchase Consideration free of interest, if any, whereupon the SPA shall become null and void and of no further effect and neither party shall have any claim whatsoever against the other under or in respect of the SPA. Thereafter, MHSB shall have the right to re-sell the Subject Property to such person in such manner at such price and on such terms as MHSB may think fit.

6. DEFAULT BY MHSB

In the event that MHSB fails, neglects or refuses to complete the sale of the Subject Property to DISB in accordance with the provisions of the SPA and/or shall be in breach of any provisions, representations or warranties of the SPA, it is agreed between the Parties that DISB shall be entitled to:-

- (a) take such actions as may be available to DISB at law to enforce specific performance of the SPA against MHSB; and/or
- (b) at DISB's sole discretion in writing to terminate the SPA whereupon MHSB shall within 7 business days from the date of the notice of termination by DISB or DISB's Solicitors, refund to DISB the Deposit Sum and other monies paid towards the Land Purchase Consideration. MHSB shall also pay to DISB a sum equivalent to the Deposit Sum as liquidated damages and not by way of penalty, failing which, the Late Payment Interests shall be due on the outstanding amounts to DISB. After the above refund and payment, DISB shall return all the relevant MHSB's documents to MHSB,

thereafter, the SPA shall become null and void and of no further effect and neither Party shall have any claim whatsoever against the other under or in respect of the SPA and MHSB shall have the right to re-sell the Subject Property to such person in such manner at such price and on such terms as MHSB may think fit.

7. DELIVERY OF VACANT POSSESSION

- (a) MHSB shall deliver vacant possession of the Subject Property to DISB within 14 days from DISB's Solicitors receipt of the Land Purchase Consideration together with the Late Payment Interest, if any, failing which MHSB shall pay to DISB agreed liquidated damages for late delivery at the rate of 6% per annum on the Land Purchase Consideration calculated on a daily basis until vacant possession is actually delivered to DISB.
- (b) For the avoidance of doubt, MHSB shall remove all temporary structure(s) on the Subject Property at their own expense and ensure the Subject Property are empty prior to the date of delivery of vacant possession of the Subject Property to DISB.

SALIENT TERMS OF THE VSS SSA

The salient terms of the VSS SSA in relation to the Proposed VSS Acquisition are set out as follows:-

1. SALE AND PURCHASE

The VSS Vendors agree to sell the Sale Shares and Ewein, relying on (among other things) the representations, warranties and undertakings contained in the VSS SSA, agrees to purchase the Sale Shares free from all encumbrances and together with all rights, benefits, entitlements and advantages attaching to them as at completion.

2. VSS PURCHASE CONSIDERATION AND MANNER OF PAYMENT

Based on the terms and conditions of the VSS SSA as follows:-

VSS Vendors	No. of Sale Shares	VSS Purchase Consideration (RM)	Cash Consideration (RM)	Consideration Shares (RM)
Ooi Eng Leong	187,500	12,000,000	10,999,640	1,000,360
Goh Kiang Teng	187,500	12,000,000	2,999,430	9,000,570
Goh Yin Ze	62,500	4,000,000	1,599,670	2,400,330
Chew Tien Kee	62,500	4,000,000	400,840	3,599,160

The VSS Purchase Consideration for the Sale Shares shall be RM32,000,000 only and shall be satisfied in the manner as described in the VSS SSA. The VSS Purchase Consideration for the Sale Shares is calculated based on the valuation of VSS as at 31 December 2023 at approximately RM64 per share. The payment for the VSS Purchase Consideration shall be as follows:-

- (i) on the execution of the VSS SSA, RM3,200,000 only amounting to 10% of the VSS Purchase Consideration being the deposit ("**Deposit**"), shall be paid to the VSS Vendors; and
- (ii) subject to **Section 4 of this Appendix II** of this Circular, the remaining sum of RM28,800,000 only ("**Balance Purchase Consideration**") only amounting to 90% of the VSS Purchase Consideration in which RM12,799,580 only shall be paid in cash and the remainder of RM16,000,420 only shall be paid on completion date by way of issuance of Consideration Shares of Ewein.

3. CONDITIONS PRECEDENT

The agreement to sell and purchase the Sale Shares is conditional upon (and accordingly beneficial ownership in the Sale Shares will not pass until) the satisfaction of the following conditions within 5 months from the date of VSS SSA ("**Approval Period**"). In which each party shall furnish the other party all evidence of the due fulfilment of the respective conditions forthwith upon available:-

Ewein's obligation to procure:-

- (i) the approval of the Board of Directors and the shareholders of Ewein at a general meeting to be convened, for the purchase of the Sale Shares from the VSS Vendors upon the terms of the VSS SSA;
- (ii) the Bursa Securities approving the listing and quotation of the Consideration Shares; and
- (iii) Ewein being satisfied with the result or outcome of the legal and financial due diligence to be conducted by Ewein or its duly appointed agents and there are no Material Adverse Findings based on the results of the due diligence in respect of VSS.

SALIENT TERMS OF THE VSS SSA (Cont'd)

Material Adverse Findings means any event, change, circumstance, effect or other matters discovered during the due diligence that will or could be reasonably expected to cause a discrepancy or variation equal to or more than RM650,000 or approximate 5% in the audited net tangible asset value (NTA Value) of VSS as at 31 December 2023, whichever is higher, respectively as derived from or shown in the accounts and that as certified by Ewein's appointed agents from the results of the due diligence shall be deemed to be material inaccuracy and the results of the due diligence as prepared by Ewein's appointed agents shall be final and conclusive.

The VSS Vendors' obligation to procure:-

- (i) such other consents or approvals (if any) as may be necessary from any third party, governmental or regulatory body or relevant competent authority having jurisdiction over the transactions contemplated under the VSS SSA; and
- (ii) where the terms of any Material Contract contain any restrictions or prohibition on the change in control of the shareholdings and/or the board of directors of VSS or include any right to terminate exercisable prior to or as a result of the VSS SSA, written confirmation by the counterparties, or the waiver of such restrictions or prohibition in relation to any such change arising from the transactions under the VSS SSA or of any such right to terminate.

Material Contract means contracts to be furnished by the VSS:-

- (a) any banking contract or agreement executed by VSS for the purpose of securing banking facilities;
- (b) any contracts executed by VSS if it may materially affect the business or financial position of VSS or if the consideration exceeds RM650,000; and
- (c) any contracts or documents executed by VSS if it deemed material by the agents of Ewein.

4. PROFIT GUARANTEE

- (i) The VSS Vendors covenant and undertake to Ewein that VSS shall achieve the following minimum of PAT for each of the following financial years:-

FYE	Minimum profit guarantee
FYE 2024	RM2.8 million
FYE 2025	RM3.2 million
FYE 2026	RM3.3 million

RM9.3 million in aggregate ("**Profit Guarantee**") for FYE 2024, FYE 2025 and FYE 2026 (collectively "**Guarantee Period**").

- (ii) The Profit Guarantee shall be partially secured by the deposit of Escrow Shares with the Stakeholder upon the completion date.
- (iii) The VSS Vendors and Ewein agree, undertake and covenant with each other to appoint the Stakeholder and to execute the agreement or letter to be signed by the VSS Vendors, Ewein and the Stakeholder for the appointment of the Stakeholder as stakeholder for the Escrow Shares ("**Escrow Document**") on or before the completion date for the Escrow Shares to be held by the Stakeholder as an escrow agent and stakeholder upon the terms of the VSS SSA and the Escrow Document. The Stakeholder shall be authorised to deal with the Escrow Shares to give effect to the Profit Guarantee for the VSS. The fees and costs payable to the Stakeholder shall be borne by the VSS Vendors.

SALIENT TERMS OF THE VSS SSA (Cont'd)

- (iv) In the event where VSS makes losses or attains some PAT in the FYE 2024 and FYE 2025 but not to the extent of RM2.8 million and RM3.2 million respectively, the VSS Vendors' obligation to meet the remaining shortfall in the PAT for the FYE 2024 and FYE 2025 shall be carried forward to the remaining of the Guarantee Period to be met by the VSS Vendors. Similarly, if VSS' PAT in the FYE 2024 and FYE 2025 shall exceed the guaranteed PAT of RM2.8 million and RM3.2 million respectively, the surplus PAT attained for FYE 2024 and FYE 2025 shall be carried forward to the remaining of the Guarantee Period and shall be computed towards the total computation of attainment of Profit Guarantee for the Guarantee Period.

For the avoidance of doubt, Ewein shall not be entitled, prior to the expiry of the Guarantee Period, to deduct or retain any of the Escrow Shares in the event VSS does not achieve PAT of minimum RM2.8 million and RM3.2 million in the FYE 2024 and FYE 2025 respectively.

Notwithstanding anything in the contrary, if VSS attains PAT of not less than RM2.8 million for the FYE 2024, one-third (1/3) of the Escrow Shares deposited by the VSS Vendors with the Stakeholder shall be released to the VSS Vendors. If VSS attains PAT of not less than RM3.2 million for the FYE 2025, one-third (1/3) of the Escrow Shares deposited by the VSS Vendors with the Stakeholder shall be released to the VSS Vendors.

- (v) In the event that VSS attains aggregate PAT of RM9.3 million during the Guarantee Period, as evidenced by the audited financial statements for the FYE 2024 ("**2024 Audited Accounts**"), FYE 2025 ("**2025 Audited Accounts**") and FYE 2026 ("**2026 Audited Accounts**") signed off by the auditor of VSS and presented to the board of directors of VSS,
- (a) the Profit Guarantee is deemed to be satisfied by the VSS Vendors and Ewein shall not have any more claims against the VSS Vendors in relation to the Profit Guarantee; and
 - (b) the Stakeholder shall release the balance of the Escrow Shares held by the Stakeholder to the VSS Vendors within 5 market days from the date which the Stakeholder is in receipt of Ewein's notification in writing of VSS attaining PAT of not less than RM9.3 million during the Guarantee Period.

For the avoidance of doubt, the VSS Vendors shall not be entitled to any PAT for the Guarantee Period in excess of RM9.3 million.

- (vi) In the event that VSS fails to attain aggregate PAT of RM9.3 million during the Guarantee Period:-
- (a) the VSS Vendors shall pay in cash the PG Shortfall to Ewein within 14 business days from the PG Shortfall Payment Date.

Without prejudice to the aforesaid, the VSS Vendors may elect to make good the PG Shortfall in cash by procuring a third party purchaser to purchase such number of Escrow Shares at such price as shall be agreed between the VSS Vendors and the third party buyer and the proceeds of the sale amounting to the PG Shortfall shall be paid to Ewein within 14 business days. The Stakeholder shall upon receipt of the VSS Vendors' notification in writing nominating the third party purchaser to purchase the Escrow Shares deal with the said shares in accordance with the instructions of the VSS Vendors and release the proceeds of the sale equivalent to the PG Shortfall to Ewein;
 - (b) if the VSS Vendors fail to pay the PG Shortfall on or before the PG Shortfall Payment Date, the VSS Vendors and Ewein agree that Ewein shall be entitled to the PG Shortfall Shares;

SALIENT TERMS OF THE VSS SSA (Cont'd)

- (c) failing the settlement of the PG Shortfall by the VSS Vendors on the expiry of the PG Shortfall Payment Date, the Stakeholder shall within 5 market days from the date which the Stakeholder is in receipt of Ewein's notification in writing that the audited PAT of VSS for the Guarantee Period is less than RM9.3 million together with the 2024 Audited Accounts, 2025 Audited Accounts and 2026 Audited Accounts,
 - a. deal with the PG Shortfall Shares according to the instructions of Ewein; and
 - b. release the remaining Escrow Shares less the PG Shortfall Shares to such designated Central Depository System securities account(s) of the VSS Vendors;
 and;
- (d) for the avoidance of doubt, in the event of a shortfall between the sale proceeds of the Escrow Shares paid to Ewein pursuant to **Section 4(vi)(a) of this Appendix II** of this Circular or the value of the PG Shortfall Shares to which Ewein is entitled pursuant to **Section 4(vi)(b) of this Appendix II** of this Circular and the PG Shortfall, the shortfall amount shall remain an amount owing by the VSS Vendors to Ewein and shall be immediately due and payable to Ewein.
- (vii) In the event of:-
 - (a) any unreasonable intervention in the affairs and business of VSS by Ewein which affects the ordinary course of business of VSS; or
 - (b) termination of employment or service or management agreement by Ewein of any of the VSS Vendors for reasons which is not attributable to any act, omission or default by any of the VSS Vendors;

then the Profit Guarantee undertaken by the VSS Vendors shall automatically be revoked and Ewein shall not have any more claims against the VSS Vendors in relation to the Profit Guarantee. For the avoidance of doubt, the obligations and undertakings of the VSS Vendors for the Profit Guarantee under **Section 4 of this Appendix II** of this Circular shall void automatically.

5. DEFAULT BY EWEIN

The Deposit shall be refunded by the VSS Vendors to Ewein without any deduction and with all interests earned thereon in the event of the following:-

- (i) The VSS SSA is mutually terminated by the Parties prior to completion; or
- (ii) all or any of the conditions precedent are not fulfilled within the Approval Period.

SALIENT TERMS OF THE VSS SSA (Cont'd)

6. RIGHT OF TERMINATE

6.1 Subject to provisions of the VSS SSA, if the obligations on completion and payment of balance VSS Purchase Consideration are not fully complied with by the VSS Vendors or Ewein by or on the date set for completion, Ewein, in the case of non-compliance by the VSS Vendors, or the VSS Vendors, in the case of non-compliance by Ewein, shall be entitled (in addition to and without prejudice to all other rights or remedies available to the terminating party including the right to claim losses and damages) by written notice to the other party/parties served on such date:-

- (i) to elect to terminate the VSS SSA in accordance to the provisions of the VSS SSA without liability on the part of the terminating party;
- (ii) to effect completion so far as practicable having regard to the defaults which have occurred; or
- (iii) to fix a new date for completion (not being more than 60 business days after the agreed date for completion), in which case the obligations on completion and payment of balance VSS Purchase Consideration shall apply to completion as so deferred but provided such deferral may only occur once.

6.2 In the event the VSS SSA terminates pursuant to provisions of the VSS SSA:-

- (i) the VSS Vendors shall refund the Deposit, and the Balance Purchase Consideration to Ewein within 7 days from the date of the notice of termination; and
- (ii) the Parties shall return the documents in accordance to provisions of the VSS SSA.

7. DEFAULT BY VSS VENDORS

If it shall be found that the VSS Vendors:-

- (i) fail to complete the VSS SSA in accordance with its terms by or on completion; or
- (ii) any of the VSS Vendors has committed a material breach of any term of the VSS SSA (including without limitation, any of the VSS Vendors' obligations and undertakings),

Ewein shall be entitled (in addition to and without prejudice to all other rights or remedies available to it including the right to claim losses and damages or to sue for specific performance together with all relief flowing therefrom and/or damages) by notice in writing to the VSS Vendors to terminate the VSS SSA in accordance to the provisions of the VSS SSA but failure to exercise this right shall not constitute a waiver of any other rights of Ewein arising out of such breach.

INFORMATION ON THE VSS VENDORS

1. INFORMATION ON OOI ENG LEONG

Ooi Eng Leong, a Malaysian aged 55, is the co-founder and shareholder of VSS. He is also the substantial shareholder of Ewein. He completed his secondary school education at Han Chiang Independent High School, Pulau Pinang in 1986. In June 1988, he was awarded with the Certificate of Electrical Engineering Technician from City and Guilds of London Institute.

He has more than 34 years of combined working experience in the E&E industry and EMS market in Malaysia.

He started his career in the E&E industry as a technician with Granek Electronic Sdn Bhd (a company involved in providing EMS activities) from 1986 to 1988, where he was skilled in repairing and analysing defects in electronic products. He then spent approximately four years from 1988 until 1992 with Shinca Electronic Sdn Bhd (a company involved in providing EMS activities) as its manufacturing engineer, where he was in-charge of setting up the company's production lines, overseeing manufacturing processes and various other aspects in the engineering of producing electronic products.

In 1992, he joined the auto-insert division of Kenmec Technology (M) Sdn Bhd (a company involved in providing EMS activities) as an assistant manager, where he was in charge of developing and improving its manufacturing processes. He was then promoted to its section manager in 1997, where he was responsible for the overall performance of the department. He then joined Natsteel Electronics (M) Sdn Bhd (later known as Solelectron Technology (M) Sdn Bhd) (a company involved in the design, development and manufacture of printed circuit board assemblies and sub-assemblies for microprocessor applications, computers, computer peripherals and semiconductor equipment) in the same year as a manufacturing manager, where he was responsible for its manufacturing processes under high volume production environment, as well as ensuring delivery and quality commitments to various multinational companies.

In 1999, he co-founded NationGate Holdings Berhad ("**NationGate**") and its subsidiaries' EMS business.

In 2007, he co-founded VSS together with Goh Yin Ze, Goh Kiang Teng and Chew Tien Kee.

He is currently the managing director of NationGate and the director of D Premier Residence Bayan Mutiara Berhad. He is also a director of several private limited companies.

2. INFORMATION ON GOH YIN ZE

Goh Yin Ze, a Malaysian aged 45, is the co-founder and shareholder of VSS. She began her career in 2005 when she joined Tengomas Sdn Bhd as a sales executive, where her responsibilities included sales acquisition. She was subsequently promoted to sales manager in 2019, expanding her role to include managing clients and overseeing equipment and materials procurement.

In 2007, she co-founded VSS together with Ooi Eng Leong, Goh Kiang Teng and Chew Tien Kee.

INFORMATION ON THE VSS VENDORS (Cont'd)

3. INFORMATION ON GOH KIANG TENG

Goh Kiang Teng, a Malaysian aged 52, is the co-founder, shareholder and director of VSS. He is also the Executive Director and Chief Executive Officer of Ewein.

He holds a diploma in Civil Engineering from Federal Institute of Technology College, Kuala Lumpur. Upon graduation, he began his career with Kamso Sdn Bhd in 1995 as a civil engineer responsible for mainly housing development and construction projects.

In 2000, he left and set up his own company, Tengomas Sdn Bhd which deals in SMT machine spare parts. Since then, he has grown the company by expanding into the areas of buying and selling used SMT/Artificial Intelligence machines and peripheral equipment.

In 2007, he co-founded VSS together with Ooi Eng Leong, Goh Yin Ze and Chew Tien Kee.

4. INFORMATION ON CHEW TIEN KEE

Chew Tien Kee, a Malaysian aged 53, is the co-founder, director and shareholder of VSS. He is the general manager of VSS and is responsible for the sales, management, production and project handling of VSS.

He commenced his early education in the Industry Engineering course in Politeknik Jitra (currently known as Politeknik Sultan Abdul Halim Muadzam Shah) in 1991. Prior to pursuing his degree in Mechanical Engineering from the University of Technology Malaysia, he was working as a technician for Komag USA (M) Sdn Bhd, where he was responsible for handling the manufacturing process of hard disks. Upon graduation, he commenced his career at Iomega (M) Sdn Bhd as a procurement engineer tasked with the procurement of incoming indirect materials, parts and quality.

In 1997, he joined Chiptronics (M) Sdn Bhd as a sales engineer, where he was responsible for the advertising and promoting the use of SMT equipment, tools, chemical and all peripheral item related to electronics industry.

In 2004, he joined Koki Singapore Pte Ltd as a sales manager, where he was responsible for the advertising and promoting the use of SMT equipment such as Saki Corporation's latest Automated Optical Inspection (AOI) Systems.

In 2007, he co-founded VSS together with Ooi Eng Leong, Goh Yin Ze and Goh Kiang Teng.

INFORMATION ON VSS

1. HISTORY AND PRINCIPAL ACTIVITIES

VSS is a private limited company duly incorporated in Malaysia under the then Companies Act 1965 on 10 June 2005.

VSS commenced operations on 1 August 2005 and is principally involved in the manufacturing of racking system, machinery and related components as well as the trading of machinery. Its activities include racking system (piping & metal joints assembly), board fabrication and assembly, SMT feeder and spare parts, x-ray inspection system for the PC.

As at the LTD, VSS has 65 employees, its office and factory are located at No. 970 Jalan Perusahaan, Prai Industrial Estate, 13600 Prai, Pulau Pinang. The principal markets for the products manufactured by VSS based on revenue generated is Malaysia only.

VSS does not enter into long term contracts with its customers as its sales are secured based on confirmed purchase orders issued by its customers on an ad-hoc basis. The marketing strategies adopted by VSS in securing customers is mainly through Mr Chew Tien Kee given his experience in this industry and long-standing relationship with the customers. As at the LPD, the total secured purchase order is approximately RM3.00 million. For the past three (3) financial years up to FYE 2023, NationGate Solution (M) Sdn Bhd has been the only customer with revenue contribution of more than 10% for three (3) consecutive financial years.

For information purposes, based on the unaudited 4-months FPE 30 April 2024, VSS' current assets comprise of the following:-

Current assets	(RM'000)
Cash and bank balances	1,057
Current tax asset	305
Deposit and prepayment	87
Receivables	4,590
Investment in an investment management fund*	4,443
Inventories	2,801
Total	13,283

Note:-

* The investment management fund is RHB Asset Management Sdn Bhd with the scheme name RHB cash management fund 2

2. SHARE CAPITAL

As at the LPD, VSS has a total issued share capital of RM500,000 comprising 500,000 ordinary shares.

3. DIRECTORS AND SHAREHOLDERS

As at the LPD, the directors of VSS and their respective shareholdings in VSS are as follows:-

Name	Nationality	Direct		Indirect	
		VSS Shares	⁽ⁱ⁾ (%)	VSS Shares	⁽ⁱ⁾ (%)
Goh Kiang Teng	Malaysian	187,500	37.50	-	-
Chew Tien Kee	Malaysian	62,500	12.50	-	-

Note:-

(i) Based on the existing issued share capital of VSS comprising 500,000 VSS Shares as at the LPD.

INFORMATION ON VSS (Cont'd)

As at the LPD, the shareholders of VSS and their respective shareholdings in VSS are as follows:-

Name	Direct		Indirect	
	VSS Shares	⁽ⁱ⁾ (%)	VSS Shares	⁽ⁱ⁾ (%)
Ooi Eng Leong	187,500	37.50	-	-
Goh Yin Ze	62,500	12.50	-	-
Goh Kiang Teng	187,500	37.50	-	-
Chew Tien Kee	62,500	12.50	-	-

Note:-

(i) Based on the existing issued share capital of VSS comprising 500,000 VSS Shares as at the LPD.

4. SUBSIDIARIES AND ASSOCIATE COMPANIES

As at the LPD, VSS does not have any subsidiaries or associate companies.

5. SUMMARY OF FINANCIAL INFORMATION

A summary of the audited financial information of VSS for the past 3 financial years up to FYE 2023 and the unaudited 4-months FPE 30 April 2024 is as follows:-

	<----- FYE ----->			4- months FPE 30 April
	2021	2022	2023	2024
	(RM '000)	(RM '000)	(RM '000)	(RM '000)
Revenue	13,551	21,032	13,294	6,161
Gross profit ("GP")	3,435	6,501	3,398	2,140
GP margin (%)	25.35	30.91	25.56	34.73
PBT	2,081	5,215	1,404	1,472
PAT	1,577	4,121	1,087	1,118
PAT margin (%)	11.64	19.59	8.18	18.15
Share capital	500	500	500	500
Shareholders' funds/ NA	9,659	12,280	13,367	13,385
Cash and cash equivalents	466	2,058	2,401	1,057
Total borrowings	369	267	213	-
No. of shares in issue ('000)	500	500	500	500
EPS (RM)	3.15	8.24	2.17	2.24
NA per share (RM)	19.32	24.56	26.73	26.77
Gearing ratio (times) ⁽ⁱ⁾	0.04	0.02	0.02	-
Current ratio (times) ⁽ⁱⁱ⁾	5.63	7.41	10.68	10.00

Notes:-

(i) Computed based on total borrowings over shareholders' funds.

(ii) Computed based on current assets over current liabilities.

INFORMATION ON VSS (Cont'd)

During the years under review:-

- i. there were no exceptional and/or extraordinary items in the financial statements of VSS;
- ii. there were no accounting policies adopted by VSS which are peculiar; and
- iii. there have been no audit qualifications to the financial statements of VSS.

Commentary on past performance:-

(i) FYE 2021

In FYE 2021, the revenue of VSS increased by approximately RM0.91 million or 7.20% to approximately RM13.55 million as compared to the preceding financial year (FYE 2020: RM12.64 million). The increase was primarily due to the higher sales of its racking products subsequent to COVID-19 where companies are looking to expand their capacity.

The GP of VSS decreased by approximately RM0.07 million or 1.99% to approximately RM3.44 million as compared to the preceding financial year (FYE 2020: RM3.51 million) whilst the GP margin decreased to 25.35% as compared to the preceding financial year (FYE 2020: 27.78%). The lower GP margin in FYE 2021 was mainly due to higher raw material and operating costs.

VSS' PAT had decreased by approximately RM0.09 million or 5.23% to approximately RM1.58 million as compared to the preceding financial year (FYE 2020: RM1.66 million). The decrease in PAT was in tandem with the lower GP margins during the FYE 2021.

(ii) FYE 2022

In FYE 2022, the revenue of VSS increased by approximately RM7.48 million or 55.20% to approximately RM21.03 million as compared to the preceding financial year (FYE 2021: RM13.55 million). The increase was primarily due to higher demand for VSS' racking products driven by the economy recovery after the pandemic.

The GP of VSS increased by approximately RM3.06 million or 88.95% to approximately RM6.50 million as compared to the preceding financial year (FYE 2021: RM3.44 million) whilst the GP margin increased to 30.91% as compared to the preceding financial year (FYE 2021: 25.35%). The higher GP margin in FYE 2022 was mainly due to the higher cost optimisation within VSSs' business operation resulting to lower operating costs.

VSS' PAT had increased by approximately RM2.54 million or 161.32% to approximately RM4.12 million as compared to the preceding financial year (FYE 2021: RM1.58 million). The increase in PAT was in tandem with the higher GP margins during the FYE 2022.

(iii) FYE 2023

In FYE 2023, the revenue of VSS decreased by approximately RM7.74 million or 36.79% to approximately RM13.29 million as compared to the preceding financial year (FYE 2022: RM21.03 million). The decrease was primarily due to the normalised of demand for racking products in the industry subsequent to a sharp increase in demand in FYE 2022.

The GP of VSS decreased by approximately RM3.10 million or 47.73% to approximately RM3.40 million as compared to the preceding financial year (FYE 2022: RM6.50 million) whilst the GP margin decreased to 25.56% as compared to the preceding financial year (FYE 2022: 30.91%). The lower GP margin in FYE 2023 was mainly due to higher raw material costs.

INFORMATION ON VSS (Cont'd)

VSS' PAT had decreased by approximately RM3.03 million or 73.62% to approximately RM1.09 million as compared to the preceding financial year (FYE 2022: RM4.12 million). The decrease in PAT was in tandem with the lower GP margins during the FYE 2023.

(iv) FPE 30 April 2024

In FPE 30 April 2024, the revenue of VSS was approximately RM4.02 million, the GP of VSS was approximately RM2.14 million and VSS' PAT was approximately RM1.12 million. The PAT recorded was mainly due to more sales order from existing customers and new customers.

6. MATERIAL CONTRACTS

As at the LPD, VSS has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within 2 years preceding the LPD.

7. MATERIAL COMMITMENTS

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

8. CONTINGENT LIABILITIES

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

9. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, VSS is not engaged in any material litigation, claims or arbitration incurred or known to be incurred by VSS which, upon becoming enforceable, may have a material impact on the financial results or position of VSS.

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INFORMATION ON VSS (Cont'd)

10. AUDITED FINANCIAL STATEMENTS OF VSS FOR THE FYE 31 DECEMBER 2023

VS SOLUTION SERVICES SDN. BHD.
Registration No.: 200501017152 (694195-U)
Incorporated in Malaysia

REPORTS AND FINANCIAL STATEMENTS
31 DECEMBER 2023

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

VS SOLUTION SERVICES SDN. BHD.

(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

CONTENTS	PAGE
Corporate information	1
Directors' report	2
Statement of Directors	6
Statutory declaration	6
Independent auditors' report	7
Statements of financial position	10
Statements of comprehensive income	11
Statements of changes in equity	12
Statements of cash flows	13
Notes to the financial statements	15

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

VS SOLUTION SERVICES SDN. BHD.
(Incorporated in Malaysia)

CORPORATE INFORMATION**DIRECTORS**

Goh Kiang Teng
Chew Tien Kee

COMPANY SECRETARIES

Ooi Ark Heng
Ong Ai Leng

AUDITORS

KFF PLT
Chartered Accountants

REGISTERED OFFICE

No. 8, Lorong Pulau Tikus
10350 George Town
Pulau Pinang

PRINCIPAL PLACE OF BUSINESS

No. 970, Jalan Perusahaan Prai
Industrial Estate, 13600
Prai, Penang

PRINCIPAL BANKERS

CIMB Bank Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

VS SOLUTION SERVICES SDN. BHD.

(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in manufacturing of racking system, machinery and related components, and investment holding.

The principal activities of the subsidiary are manufacture and distribute of all kind of metal stamping related products, racking system, machinery and related components.

The details of the subsidiary are described in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year	787,900	1,087,233

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The Director does not recommend the payment of any dividend in respect of the current financial year. On 12 January 2024, the Directors declared an interim single tier dividend of RM2 per share amounting to RM1,000,000 in respect of the financial year ending 31 December 2024, which will be payable on 16 January 2024.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year other than as disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

DIRECTORS IN OFFICE

The Directors of the Company who held office during the financial year up to the date of this report are:

Goh Kiang Teng
Chew Tien Kee

All of the Directors of the Company are also the Directors of the subsidiary.

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

DIRECTORS' REPORT (cont'd)**DIRECTORS IN OFFICE (cont'd)**

The Director of the subsidiary of the Company who held office during the financial period up to the date of this report, not including those Directors listed above is:

Ooi Eng Leong

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of Directors in office at the end of the financial year in shares of the Company and its related corporations were as follows:

Shareholdings in the Company	Number of Ordinary Shares			As at 31.12.2023
	At as 01.01.2022	Bought	Sold	
Goh Kiang Teng	187,500	-	-	187,500
Chew Tien Kee	62,500	-	-	62,500

By virtue of his interest in the shares of the Company, Goh Kiang Teng is deemed to be interested in shares of the subsidiary to the extent the Company has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in Note 24 to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company or a related corporation was a party, whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REMUNERATION

Benefits of the Directors who held office during the financial year ended 31 December 2023 for the Group and the Company is as follows:

	Group/ Company RM
Salaries, allowances and bonuses	138,000
Contribution to defined contribution plan	16,560
Employment Insurance System	119
Social security contribution	1,040
Others	100

Further details are disclosed in Note 21 to the financial statements.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

DIRECTORS' REPORT (cont'd)**OTHER STATUTORY INFORMATION**

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps: (cont'd)

- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year to secure the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors,

- (a) the results of the Group's and the Company's operations during the financial year ended 31 December 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

SUBSEQUENT EVENT

Detail of subsequent event is disclosed in Note 25 to the financial statements.

INDEMNITY AND INSURANCE COSTS

During the financial year, there is no indemnity and insurance cost for Directors, officers or auditors of the Company.

AUDITORS' REMUNERATION

Auditors' remuneration of the Group and the Company for the financial year ended 31 December 2023 amounted to RM16,200 and RM15,000 respectively.

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

DIRECTORS' REPORT (cont'd)

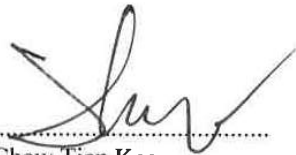
AUDITORS

The auditors, Messrs. KFF PLT, have indicated their willingness to continue in office.

Signed by the Board
in accordance with a resolution of the Directors



Goh Kiang Teng
Director



Chew Tien Kee
Director

George Town, Penang

Dated: 03 APR 2024

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

VS SOLUTION SERVICES SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF DIRECTORS

In the opinion of the Directors, the accompanying financial statements of the Group and of the Company have been drawn up in accordance with Malaysian Private Entities Reporting Standard and the provisions of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,



Goh Kiang Teng
Director



Chew Tien Kee
Director

Penang

Dated: 03 APR 2024

STATUTORY DECLARATION


I, Chew Tien Kee (NRIC No. 711021-02-5217), being the Director primarily responsible for the financial management of VS Solution Services Sdn. Bhd., do solemnly and sincerely declare that the accompanying financial statements are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed at George Town in the State
of Penang on 03 APR 2024

)
)
)
) 
Chew Tien Kee

Before me,


Commissioner for Oaths
115, JALAN HUTTON
10050 GEORGETOWN
PULAU PINANG


PESURUHJAYA SUMPAH
No: P162
Nama: LIEW JUAN LENG
31-12-2024
MALAYSIA

INFORMATION ON VSS (Cont'd)

KFF PLTLLP0022796-LCA & AF001895
Chartered AccountantsNo. 6, Lorong Pulau Tikus
10350 Penang
www.kffca.com.myTel: 604-2263128/268
Fax: 604-2272298
info@kffca.com.my**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF VS SOLUTION SERVICES SDN. BHD.**

(Registration No.: 200501017152 (694195-U))

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements**Opinion**

We have audited the accompanying financial statements of VS Solution Services Sdn. Bhd., which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Private Entities Reporting Standard ("MPERS") and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

INFORMATION ON VSS (Cont'd)

KFF PLT

LLP0022796-LCA & AF001895
Chartered Accountants

INDEPENDENT AUDITORS' REPORT (cont'd)**TO THE MEMBERS OF VS SOLUTION SERVICES SDN. BHD.**

(Registration No.: 200501017152 (694195-U))

(Incorporated in Malaysia)

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MPERS and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

INFORMATION ON VSS (Cont'd)**KFF PLT**

LLP0022796-LCA & AF001895
Chartered Accountants

INDEPENDENT AUDITORS' REPORT (cont'd)
TO THE MEMBERS OF VS SOLUTION SERVICES SDN. BHD.
 (Registration No.: 200501017152 (694195-U))
 (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

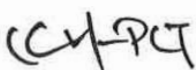
As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (cont'd)

- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

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



KFF PLT
 LLP0022796-LCA & AF001895
 Chartered Accountants



Oh Phaik Choo
 02847/03/2026 J
 Chartered Accountant

Dated: 3 April 2024

George Town, Penang

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

VS SOLUTION SERVICES SDN. BHD.

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION**AS AT 31 DECEMBER 2023**

		Group		Company	
	Note	2023	2022	2023	2022
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	1,255,824	1,243,413	1,270,824	1,240,428
Intangible asset	6	3,747	5,512	3,747	4,816
Investment in subsidiary	7	-	-	100,000	100,000
		<u>1,259,571</u>	<u>1,248,925</u>	<u>1,374,571</u>	<u>1,345,244</u>
Current assets					
Inventories	8	2,430,139	2,391,328	2,430,139	2,391,328
Other investment	9	4,392,943	4,058,808	4,392,943	3,742,277
Receivables	10	3,781,843	4,663,869	3,781,843	4,704,666
Prepayment		18,500	22,200	18,500	22,200
Current tax asset	11	535,694	-	439,105	-
Deposits, cash and bank balances	12	2,448,904	2,108,440	2,400,808	2,058,435
		<u>13,608,023</u>	<u>13,244,645</u>	<u>13,463,338</u>	<u>12,918,906</u>
TOTAL ASSETS		<u>14,867,594</u>	<u>14,493,570</u>	<u>14,837,909</u>	<u>14,264,150</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	13	500,000	500,000	500,000	500,000
Retained earnings	14	12,895,300	12,107,400	12,866,815	11,779,582
TOTAL EQUITY		<u>13,395,300</u>	<u>12,607,400</u>	<u>13,366,815</u>	<u>12,279,582</u>
Non-current liabilities					
Borrowings	15	160,367	209,121	160,367	209,121
Deferred tax liability	16	50,110	32,106	50,110	32,106
		<u>210,477</u>	<u>241,227</u>	<u>210,477</u>	<u>241,227</u>
Current liabilities					
Borrowings	15	53,084	57,630	53,084	57,630
Payables	17	1,208,733	1,445,728	1,207,533	1,449,801
Current tax liability	11	-	141,585	-	235,910
		<u>1,261,817</u>	<u>1,644,943</u>	<u>1,260,617</u>	<u>1,743,341</u>
TOTAL LIABILITIES		<u>1,472,294</u>	<u>1,886,170</u>	<u>1,471,094</u>	<u>1,984,568</u>
TOTAL EQUITY AND LIABILITIES		<u>14,867,594</u>	<u>14,493,570</u>	<u>14,837,909</u>	<u>14,264,150</u>

The attached notes form an integral part of these financial statements.

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

VS SOLUTION SERVICES SDN. BHD.

(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

		Group		Company	
	Note	2023	2022	2023	2022
		RM	RM	RM	RM
Revenue	18	13,293,819	21,233,261	13,293,819	21,031,917
Cost of sales		(9,895,985)	(14,756,338)	(9,895,985)	(14,530,965)
Gross profit		3,397,834	6,476,923	3,397,834	6,500,952
Other income	19	269,749	675,209	559,929	1,145,129
Administrative expenses		(2,009,324)	(1,722,665)	(2,002,662)	(1,700,909)
Distribution expenses		(457,865)	(357,963)	(457,865)	(357,937)
Other expenses		(80,013)	(351,226)	(77,522)	(351,226)
Profit from operations		1,120,381	4,720,278	1,419,714	5,236,009
Finance costs	20	(15,470)	(20,254)	(15,470)	(20,254)
Profit before taxation	21	1,104,911	4,700,024	1,404,244	5,215,755
Taxation	11	(317,011)	(1,094,895)	(317,011)	(1,094,895)
Profit for the financial year representing total comprehensive income		787,900	3,605,129	1,087,233	4,120,860
Profit attributable to:					
- Owners of the Company		787,900	3,605,129	1,087,233	4,120,860

The attached notes form an integral part of these financial statements.

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

VS SOLUTION SERVICES SDN. BHD.
(Incorporated in Malaysia)**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

Group	Note	Attributable to owners of the Company		
		<u>Non-distributable</u> Share capital RM	<u>Distributable</u> Retained earnings RM	Total equity RM
As at 1 January 2022		500,000	10,002,271	10,502,271
Profit for the financial year representing total comprehensive income		-	3,605,129	3,605,129
Transactions with owners - Dividends	22	-	(1,500,000)	(1,500,000)
As at 31 December 2022/1 January 2023		500,000	12,107,400	12,607,400
Profit for the financial year representing total comprehensive income		-	787,900	787,900
As at 31 December 2023		500,000	12,895,300	13,395,300
Company				
As at 1 January 2022		500,000	9,158,722	9,658,722
Profit for the financial year representing total comprehensive income		-	4,120,860	4,120,860
Transactions with owners - Dividends	22	-	(1,500,000)	(1,500,000)
As at 31 December 2022/1 January 2023		500,000	11,779,582	12,279,582
Profit for the financial year representing total comprehensive income		-	1,087,233	1,087,233
As at 31 December 2023		500,000	12,866,815	13,366,815

The attached notes form an integral part of these financial statements.

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

VS SOLUTION SERVICES SDN. BHD.

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

		Group		Company	
	Note	2023	2022	2023	2022
		RM	RM	RM	RM
Cash flows from operating activities					
Profit before taxation		1,104,911	4,700,024	1,404,244	5,215,755
Adjustments for:					
Amortisation of intangible asset		1,403	1,514	1,069	1,180
Bad debts written off		-	351,226	-	351,226
Depreciation of property, plant and equipment		72,460	140,089	71,604	139,233
Fair value adjustment on other investment		(9,820)	(6,801)	-	-
Gain on disposal of property, plant and equipment		(500)	(250,000)	(500)	(250,000)
Impairment loss on receivables		44,600	(20,400)	44,600	-
Interest expenses		15,470	20,254	15,470	20,254
Interest income		(158,575)	(36,779)	(158,575)	(36,754)
Intangible asset written off		362	-	-	-
Property, plant and equipment written off		2,129	-	-	-
Unclaimed credit written off		(32,152)	-	(32,152)	-
Operating profit before changes in working capital		1,040,288	4,899,127	1,345,760	5,440,894
Inventories		(38,811)	611,706	(38,811)	611,706
Other investment		(324,315)	(3,034,158)	(650,666)	(3,034,158)
Receivables		837,426	861,075	878,223	843,285
Prepayments		3,700	(22,200)	3,700	(22,200)
Payables		(204,843)	(301,232)	(202,561)	(286,793)
Cash generated from operations		1,313,445	3,014,318	1,335,645	3,552,734
Interest paid		(15,470)	(20,254)	(15,470)	(20,254)
Interest received		158,575	36,779	158,575	36,754
Tax paid	11	(1,275,795)	(568,000)	(1,273,531)	(560,000)
Tax refunded	11	299,509	-	299,509	-
Net cash from operating activities		480,264	2,462,843	504,728	3,009,234
Cash flows from investing activities					
Acquisition of property, plant and equipment		(87,000)	(25,814)	(102,000)	(25,814)
Proceed from disposals of property, plant and equipment		500	250,000	500	250,000
Net cash (used in)/from investing activities		(86,500)	224,186	(101,500)	224,186
Cash flows from financing activities					
Dividends paid	22	-	(1,500,000)	-	(1,500,000)
Changes in amount due from related parties		-	(64,028)	-	(64,028)
Changes in amount due from subsidiary		-	-	-	17,837
Changes in amount due to subsidiary		-	-	(7,555)	7,555
Repayment of:					
- Hire purchase payables		(5,789)	(22,258)	(5,789)	(22,258)
- Term loans		(47,511)	(45,993)	(47,511)	(45,993)
Net cash used in financing activities		(53,300)	(1,632,279)	(60,855)	(1,606,887)

The attached notes form an integral part of these financial statements.

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

VS SOLUTION SERVICES SDN. BHD.

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Net changes in cash and cash equivalents	340,464	1,054,750	342,373	1,626,533
Cash and cash equivalents brought forward	2,108,440	1,053,690	2,058,435	431,902
Cash and cash equivalents carried forward	<u>2,448,904</u>	<u>2,108,440</u>	<u>2,400,808</u>	<u>2,058,435</u>
Note to statements of cash flows				
Cash and cash equivalents				
Cash and cash equivalents represented by:				
Cash and bank balances	2,448,904	2,028,238	2,400,808	1,978,233
Fixed deposit with licensed bank	-	80,202	-	80,202
	<u>2,448,904</u>	<u>2,108,440</u>	<u>2,400,808</u>	<u>2,058,435</u>

The attached notes form an integral part of these financial statements.

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

VS SOLUTION SERVICES SDN. BHD.

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023**1. GENERAL INFORMATION**

The Company is principally engaged in manufacturing of racking system, machinery and related components, and investment holding.

The principal activities of the subsidiary are manufacture and distribute of all kind of metal stamping related products, racking system, machinery and related components.

The details of the subsidiary are described in Note 7 to the financial statements.

The Company is domiciled and incorporated in Malaysia and the liability of shareholders is limited by share.

The address of the registered office of the Company is at No. 8, Lorong Pulau Tikus, 10350 George Town, Pulau Pinang and principal place of business is located at No. 970, Jalan Perusahaan Prai Industrial Estate, 13600 Prai, Penang.

The consolidated financial statements of the Company for the financial year ended 31 December 2023 comprise the Company and its subsidiary (together referred to as the "Group").

The Board has authorised the issuance of the financial statements on 3 April 2024.

2. BASIS OF PREPARATION

- (a) The financial statements of the Group and of the Company have been prepared in accordance with Malaysia Private Entities Reporting Standard ("MPERS") and the requirements of Companies Act, 2016 in Malaysia.
- (b) The financial statements have been prepared on the historical cost basis other than as disclosed in Note 4.
- (c) These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and Company's functional currency.
- (d) Estimates and judgements are evaluated by the management on an on-going basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are as disclosed in Note 3.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**(a) Changes in estimates**

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates at the end of the reporting period.

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (cont'd)
3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)
(b) Critical judgement made in applying accounting policies

The following is judgement made by management in the process of applying the accounting policies of the Group and of the Company that have the most significant effect on the amounts recognised in the financial statements:

Income taxes

Judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax in the periods in which the outcome is known.

(c) Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(i) Depreciation of plant and machinery

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

(ii) Impairment of receivables

The Group and the Company made impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

(iii) Impairment or write down of inventories

The Group and the Company made assessment to write down its inventories based on their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered. Management specifically analyses sales trend and current economic trends when making this judgement to evaluate the adequacy of the write down. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (cont'd)
4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group and Company, unless otherwise stated.

(a) Basis of consolidation
(i) Subsidiaries

Subsidiaries are entities, including special purpose entity, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for by applying the purchase method from the acquisition date, which is the date on which the Group obtains control of the acquiree. The cost of a business combination is the aggregate of:

- the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree, plus
- any costs directly attributable to the business combination.

If an associate or a jointly controlled entity becomes a subsidiary, the Group remeasures its previously held equity interest to fair value and recognises the resulting gain or loss, if any, in profit or loss. The remeasured carrying amount forms part of the cost of business combination.

When the cost of the business combination is in excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised, the excess is recognised as goodwill. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The non-controlling interest in the acquiree is measured at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

(iii) Acquisitions of non-controlling interests

The Group accounts all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (cont'd)
4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)
(a) Basis of consolidation (cont'd)
(iv) Loss of control

Upon the loss of control of a subsidiary, the Group recognises the difference between the proceeds from the disposal of the subsidiary and its carrying amount as of the date of disposal. If the Group retains any interest in the former subsidiary, that investment is accounted for as a financial asset from the date the entity ceases to be a subsidiary, provided that it does not become an associate or a jointly controlled entity. The carrying amount of the investment at the date that the entity ceases to be a subsidiary is regarded as the cost on initial measurement of the financial asset.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the statement of comprehensive income of the Group as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, including income, expenses and dividends, are eliminated in full in preparing the consolidated financial statements.

Unrealised profits and losses arising from transactions with equity-accounted associates and jointly controlled entities are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated only to the extent that there is evidence of an impairment of the asset transferred.

(b) Foreign currency transactions and balances

Transactions in foreign currencies are translated to the Group's and the Company's functional currencies at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (cont'd)
4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)
(c) Property, plant and equipment
(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Cost also may include transfers from equity of any gain or loss on qualifying hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group and the Company will obtain ownership by the end of the lease term.

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (cont'd)**4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****(c) Property, plant and equipment (cont'd)****(iii) Depreciation (cont'd)**

The estimated useful lives for the current and comparative periods are as follows:

Leasehold land and building	over the lease term of 65 years
Computers	10%
Furniture, fittings and equipment	10%
Renovation	10%
Plant and machinery	10% - 20%
Motor vehicles	20%
Electrical installation	10%

If there is an indication that there has been a significant change since the last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits, the Group would review its present depreciation method and, if current expectations differ, the Group would amend the residual value, depreciation method or useful life to reflect the new pattern.

(d) Intangible assets**(i) Intangible assets**

Intangible assets such as operating system and software, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

An internally generated intangible asset, including research and development expenditure, is expensed to profit or loss unless it forms part of the cost of another asset.

(ii) Amortisation

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful life for the current and comparative periods is as follows:

	Number of years
Software	10

If there is an indication that there has been a change in the residual value or useful life of an intangible asset since the last annual reporting date, the Group would review its previous estimates and, if current expectations differ, the Group would amend the residual value, amortisation method or useful life.

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell.

The cost of inventories is calculated using first-in first-out basis method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

At each reporting date, the Group and the Company assess whether any inventories are impaired by comparing the carrying amount of each item of inventory or group of similar items with its selling price less costs to complete and sell. If an item of inventory or group of similar items is impaired, the Group and the Company reduce the carrying amount of the inventory or the group of similar items to its selling price less costs to complete and sell. That reduction is an impairment loss and it is recognised immediately in profit or loss.

If it is impracticable to determine the selling price less costs to complete and sell for inventories item by item, items of inventory relating to the same product line that have similar purposes or end uses and are produced and marketed in the same geographical area are grouped together for the purpose of assessing impairment of the inventory.

(f) Financial instruments

(i) Initial recognition and measurement

A financial asset or financial liability is recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

A financial instrument is recognised initially at the transaction price (including transaction costs except in the initial measurement of a financial asset or financial liability that is measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction. If the arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

(ii) Subsequent measurement

Debt instruments that meet the following conditions are measured at amortised cost using the effective interest method:

- returns to the holder are determinable, e.g. a fixed amount and/or variable rate of return benchmark against a quoted or observable interest rate;
- there is no contractual provision that could result in the holder losing the principal amount or any interest attributable to the current or prior periods; and
- prepayment option, if any, is not contingent on future events.

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (cont'd)
4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)
(f) Financial instruments (cont'd)
(ii) Subsequent measurement (cont'd)

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

Investments in non-puttable ordinary shares, and investments in non-convertible and non-puttable preference shares are measured at cost less impairment, unless the shares are publicly traded or their fair value can otherwise be measured reliably, in which case the investments are measured at fair value with changes in fair value recognised in profit or loss.

All other financial assets or financial liabilities not measured at amortised cost or cost less impairment are measured at fair value with changes recognised in profit or loss.

All financial assets (except for financial assets measured at fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment. An impairment loss is measured as follows:

- For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.
- For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or are settled, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset derecognised and the consideration received, including any newly created rights and obligations, is recognised in profit or loss.

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (cont'd)**4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****(g) Leased assets****(i) Finance lease**

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are recognised as expenses in the profit or loss in the periods in which they are incurred.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statements of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease, except for lease arrangement where the operating lease payments are structured to increase in line with expected general inflation. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(h) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity, net of any related income tax benefit.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(i) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (cont'd)
4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)
(j) Revenue and other income
(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(k) Borrowing costs

Borrowing costs are recognised as expenses in profit or loss in the period in which they are incurred by using the effective interest method.

(l) Employee benefits
(i) Short-term employee benefits

Short-term employee benefits obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's and the Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Termination benefits

Termination benefits are recognised as liabilities and expenses only when the Group is demonstrably committed to terminate the employment of an employee or group of employees before the normal retirement date or to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (cont'd)**4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****(m) Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(n) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or cash-generating units. For the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(n) Impairment of non-financial assets**

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(o) Contingencies**(i) Contingent liabilities**

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statement of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(p) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less and are used by the Group and the Company in the management of their short-term commitments. These also include bank overdrafts that form an integral part of the Group's and the Company's cash management.

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (cont'd)**5. PROPERTY, PLANT AND EQUIPMENT**

Group	Leasehold land RM	Leasehold buildings RM	Computers RM	Furniture, fittings and equipment RM	Renovation RM	Plant and machinery RM	Motor vehicles RM	Electrical installation RM	Total RM
Cost									
As at 1 January 2022	520,000	885,557	178,748	254,012	191,821	2,844,930	519,068	211,533	5,605,669
Additions	-	-	24,114	-	-	1,700	-	-	25,814
Disposal	-	-	-	-	-	(681,084)	-	-	(681,084)
Written off	-	-	-	-	-	(156,000)	-	-	(156,000)
As at 31 December 2022/ 1 January 2023	520,000	885,557	202,862	254,012	191,821	2,009,546	519,068	211,533	4,794,399
Additions	-	-	29,809	33,202	-	24,339	14,650	-	102,000
Disposal	-	-	-	-	-	(15,000)	(24,000)	-	(39,000)
Written off	-	-	-	(8,556)	-	(71,580)	-	-	(80,136)
As at 31 December 2023	520,000	885,557	232,671	278,658	191,821	1,947,305	509,718	211,533	4,777,263
Accumulated depreciation									
As at 1 January 2022	117,333	198,029	139,928	226,879	191,821	2,671,851	490,607	211,533	4,247,981
Additions	8,000	13,678	8,371	6,858	-	80,608	22,574	-	140,089
Disposal	-	-	-	-	-	(681,084)	-	-	(681,084)
Written off	-	-	-	-	-	(156,000)	-	-	(156,000)
As at 31 December 2022/ 1 January 2023	125,333	211,707	148,299	233,737	191,821	1,915,375	513,181	211,533	3,550,986
Additions	8,000	13,678	11,467	7,518	-	25,322	6,475	-	72,460
Disposal	-	-	-	-	-	-	(24,000)	-	(24,000)
Written off	-	-	-	(6,427)	-	(71,580)	-	-	(78,007)
As at 31 December 2023	133,333	225,385	159,766	234,828	191,821	1,869,117	495,656	211,533	3,521,439
Carrying amounts									
As at 31 December 2022	394,667	673,850	54,563	20,275	-	94,171	5,887	-	1,243,413
As at 31 December 2023	386,667	660,172	72,905	43,830	-	78,188	14,062	-	1,255,824

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (cont'd)**5. PROPERTY, PLANT AND EQUIPMENT (cont'd)**

Company	Leasehold land RM	Leasehold buildings RM	Computers RM	Furniture, fittings and equipment RM	Renovation RM	Plant and machinery RM	Motor vehicles RM	Electrical installation RM	Total RM
Cost									
As at 1 January 2022	520,000	885,557	178,748	245,456	191,821	2,705,350	519,068	211,533	5,457,533
Additions	-	-	24,114	-	-	1,700	-	-	25,814
Disposal	-	-	-	-	-	(681,084)	-	-	(681,084)
Written off	-	-	-	-	-	(156,000)	-	-	(156,000)
As at 31 December 2022/ 1 January 2023	520,000	885,557	202,862	245,456	191,821	1,869,966	519,068	211,533	4,646,263
Additions	-	-	29,809	33,202	-	24,339	14,650	-	102,000
Disposal	-	-	-	-	-	-	(24,000)	-	(24,000)
As at 31 December 2023	520,000	885,557	232,671	278,658	191,821	1,894,305	509,718	211,533	4,724,263
Accumulated depreciation									
As at 1 January 2022	117,333	198,029	139,928	222,164	191,821	2,532,271	490,607	211,533	4,103,686
Additions	8,000	13,678	8,371	6,002	-	80,608	22,574	-	139,233
Disposal	-	-	-	-	-	(681,084)	-	-	(681,084)
Written off	-	-	-	-	-	(156,000)	-	-	(156,000)
As at 31 December 2022/ 1 January 2023	125,333	211,707	148,299	228,166	191,821	1,775,795	513,181	211,533	3,405,835
Additions	8,000	13,678	11,467	6,662	-	25,322	6,475	-	71,604
Disposal	-	-	-	-	-	-	(24,000)	-	(24,000)
As at 31 December 2023	133,333	225,385	159,766	234,828	191,821	1,801,117	495,656	211,533	3,453,439
Carrying amounts									
As at 31 December 2022	394,667	673,850	54,563	17,290	-	94,171	5,887	-	1,240,428
As at 31 December 2023	386,667	660,172	72,905	43,830	-	93,188	14,062	-	1,270,824

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (cont'd)**5. PROPERTY, PLANT AND EQUIPMENT (cont'd)**

Included in carrying amounts of property, plant and equipment are:

- (i) Assets pledged as securities for banking facilities as disclosed in Note 15:

	Group/Company	
	2023	2022
	RM	RM
Leasehold land and building	1,046,839	1,068,517

- (ii) Carrying amount of assets held under hire purchase plans as disclosed in Note 15:

	Group/Company	
	2023	2022
	RM	RM
Motor vehicles	-	3,611

6. INTANGIBLE ASSET

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Software				
Cost				
As at 31 December	38,415	38,415	35,077	35,077
Written off	(3,338)	-	-	-
As at 31 December	35,077	38,415	35,077	35,077
Accumulated amortisation				
As at 1 January	32,903	31,389	30,261	29,081
Additions	1,403	1,514	1,069	1,180
Written off	(2,976)	-	-	-
As at 31 December	31,330	32,903	31,330	30,261
Carrying amounts	3,747	5,512	3,747	4,816

7. INVESTMENT IN SUBSIDIARY

	Company	
	2023	2022
	RM	RM
At cost		
Unquoted shares	100,000	100,000

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (cont'd)**7. INVESTMENT IN SUBSIDIARY (cont'd)**

Details of subsidiary which is incorporated in Malaysia are as follows:

Name of subsidiary	Effective ownership		Financial year end	Principal activity
	2023 %	2022 %		
VS Precision Sdn. Bhd.	100	100	31 December	Manufacture and distribute of all kind of metal stamping related products, racking system, machinery and related components

8. INVENTORIES

	Group/Company	
	2023 RM	2022 RM
At cost		
Raw materials	2,430,139	2,391,328
Recognised in profit or loss:		
- Inventories recognised as cost of sales	7,946,542	12,325,564

9. OTHER INVESTMENT

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At fair value through profit or loss:				
- Investment management fund	4,392,943	4,058,808	4,392,943	3,742,277

10. RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade				
- Third party	3,032,957	3,838,305	2,978,566	3,783,914
- Related parties	663,822	497,935	663,822	497,935
- Subsidiary	-	-	-	40,877
	3,696,779	4,336,240	3,642,388	4,322,726
Less: Accumulated impairment losses				
As at 1 January	(121,468)	(141,868)	(67,077)	(67,077)
(Additions)/Reversal	-	20,400	-	-
As at 31 December	(121,468)	(121,468)	(67,077)	(67,077)
	3,575,311	4,214,772	3,575,311	4,255,649

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (cont'd)**10. RECEIVABLES (cont'd)**

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Non-trade				
Amount due from related parties	66,600	66,600	66,600	66,600
Less: Accumulated impairment losses				
As at 1 January	-	-	-	-
(Additions)/Reversal	(44,600)	-	(44,600)	-
As at 31 December	(44,600)	-	(44,600)	-
	22,000	66,600	22,000	66,600
Other receivables	140,832	337,897	140,832	337,897
Deposits	43,700	44,600	43,700	44,520
	206,532	449,097	206,532	449,017
	3,781,843	4,663,869	3,781,843	4,704,666

- (a) Amount due from related parties is unsecured, interest free and repayable on demand.
- (b) Included in other receivables is an amount of RM107,141 (2022: RM302,386) being advance payment to suppliers.

11. TAXATION

- (a) Movements of taxation in statements of financial position are:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Current tax liability/(asset) as at				
1 January	141,585	(382,437)	235,910	(296,112)
Malaysian income tax				
- Current year	208,895	1,095,419	208,895	1,095,419
- Under/(Over)provision in prior year	90,112	(3,397)	90,112	(3,397)
Tax paid	(1,275,795)	(568,000)	(1,273,531)	(560,000)
Tax refunded	299,509	-	299,509	-
Current tax (asset)/liability as at				
31 December	(535,694)	141,585	(439,105)	235,910

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (cont'd)

11. TAXATION (cont'd)

(b) Taxation expenses comprise:

	Group/Company	
	2023	2022
	RM	RM
Statements of comprehensive income		
Malaysian income tax		
- Current year	208,895	1,095,419
- Under/(Over)provision in prior year	90,112	(3,397)
	299,007	1,092,022
Deferred taxation (Note 16)		
- Origination and reversal of temporary differences	21,810	2,889
- Overprovision in prior year	(3,806)	(16)
	18,004	2,873
	317,011	1,094,895

(c) Reconciliation of tax expense with accounting profit:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Profit before taxation	1,104,911	4,700,024	1,404,244	5,215,755
Tax at statutory income tax rate of 24%	265,179	1,128,006	337,019	1,251,781
Tax effects of:				
- Lower tax rate for different level of taxable income	(45,000)	(42,000)	(45,000)	(42,000)
- Non-allowable expenses	14,472	68,419	9,885	68,162
- Non taxable income	-	(64,902)	(72,000)	(180,000)
- Deemed interest	801	365	801	365
- Others	(4,747)	8,420	-	-
	230,705	1,098,308	230,705	1,098,308
(Over)/Underprovision of income tax in prior year				
- Deferred tax	(3,806)	(16)	(3,806)	(16)
- Income tax	90,112	(3,397)	90,112	(3,397)
Income tax recognised in profit or loss	317,011	1,094,895	317,011	1,094,895

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (cont'd)

12. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cash and bank balances	2,448,904	2,028,238	2,400,808	1,978,233
Fixed deposits with a licensed bank	-	80,202	-	80,202
	<u>2,448,904</u>	<u>2,108,440</u>	<u>2,400,808</u>	<u>2,058,435</u>

13. SHARE CAPITAL

	2023	2022	2023	2022
	No. of shares	No. of shares	RM	RM
Issued and fully paid				
Ordinary shares	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>

The holders of the ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

The ordinary shares have no par value.

14. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings under the single tier dividend system that are exempted from tax.

15. BORROWINGS

	Group/Company	
	2023	2022
	RM	RM
Non-current		
Secured		
Term loans	<u>160,367</u>	<u>209,121</u>
Current		
Secured		
Term loans	53,084	51,841
Hire purchase payable	<u>-</u>	<u>5,789</u>
	<u>53,084</u>	<u>57,630</u>
Total	<u>213,451</u>	<u>266,751</u>

(a) Term loans

Term loans bear interest at 5.67% (2022: 5.67%) per annum. The term loans are repayable on a monthly basis and mature between 2024 to 2027.

The term loans are secured over land and buildings (Note 5), joint and severally guarantee by the Directors of the Company.

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (cont'd)

15. BORROWINGS (cont'd)

(b) Hire purchase payables

The Group entered into hire purchase agreements in respect of motor vehicles for a period of five (5) years.

The implicit interest rate of the hire purchase obligations is 6.36% (2022: 6.36%) per annum.

	Group/Company	
	2023	2022
	RM	RM
Future minimum lease payments		
Not later than 1 year	-	5,850
Less: Future finance charges	-	(61)
Present value of hire purchase	-	5,789
Repayable as follows:		
Current liability		
Not later than 1 year	-	5,789

16. DEFERRED TAX LIABILITY

(a) Movements in temporary differences during the financial year:

	At 01.01.2022	Recognised in profit/loss (Note 11)	At 31.12.2022/ 01.01.2023	Recognised in profit/loss (Note 11)	At 31.12.2023
Group/Company	RM	RM	RM	RM	RM
Property, plant and equipment and intangible asset	29,233	2,873	32,106	18,004	50,110

(b) Recognised deferred tax asset and liability is attributable to the following:

	Asset		Liability		Net	
Group	2023	2022	2023	2022	2023	2022
	RM	RM	RM	RM	RM	RM
Property, plant and equipment and intangible asset	-	-	(50,110)	(32,590)	(50,110)	(32,590)
Unused capital allowances		484	-	-	-	484
	-	484	(50,110)	(32,590)	(50,110)	(32,106)
Offset of tax		(484)	-	484	-	-
	-	-	(50,110)	(32,106)	(50,110)	(32,106)

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (cont'd)

16. DEFERRED TAX LIABILITY (cont'd)

(b) Recognised deferred tax asset and liability is attributable to the following (cont'd):

Company	Asset		Liability		Net	
	2023 RM	2022 RM	2023 RM	2022 RM	2023 RM	2022 RM
Property, plant and equipment and intangible asset	-	-	(50,110)	(32,106)	(50,110)	(32,106)

(c) Amount of estimated deferred tax assets stated at gross which is not recognised in the financial statements is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unused capital allowances	-	14,930	-	-
Unused tax losses expiring in:				
- Year of assessment 2030	91,692	91,692	-	-
- Year of assessment 2031	54,412	54,412	-	-
- Year of assessment 2032	37,575	33,896	-	-
	183,679	180,000	-	-
	183,679	194,930	-	-

The subsidiary has not recognised the above deferred tax assets as it is not probable that sufficient future taxable profits will be available to offset against the unrecognised deferred tax assets.

17. PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade				
- Third parties	778,039	1,005,074	778,039	1,005,074
- Related parties	-	1,220	-	1,220
- Subsidiary	-	-	-	458
	778,039	1,006,294	778,039	1,006,752
Non-trade				
Amount due to subsidiary	-	-	-	7,555
Other payables	36,790	82,997	36,790	82,057
Accrued expenses	393,904	356,437	392,704	353,437
	430,694	439,434	429,494	443,049
	1,208,733	1,445,728	1,207,533	1,449,801

Amount due to subsidiary is unsecured, interest free and repayable on demand.

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (cont'd)**18. REVENUE**

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Sales of goods	13,293,819	21,233,261	13,293,819	21,031,917

19. OTHER INCOME

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Dividend income	-	-	300,000	500,000
Fair value adjustment on other investment	9,820	6,801	-	-
Foreign exchange gain				
- Realised	-	242,419	-	242,419
Gain on disposal of property, plant and equipment	500	250,000	500	250,000
Interest income	158,575	36,779	158,575	36,754
Other income	17,510	1,140	17,510	65,619
Rental income	750	-	750	-
Reversal of impairment loss on receivables	-	20,400	-	-
Sales of scrap	50,442	117,670	50,442	50,337
Unclaimed credit written off	32,152	-	32,152	-
	269,749	675,209	559,929	1,145,129

20. FINANCE COSTS

	Group/Company	
	2023	2022
	RM	RM
Interest expenses of financial liabilities that are not measured at fair value through profit or loss:		
- Bank overdraft	203	5
- Bankers' acceptance	-	3,292
- Hire purchase	61	1,142
- Term loans	15,206	15,815
	15,470	20,254

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (cont'd)**21. PROFIT BEFORE TAXATION**

- (a) The following items, other than employee benefits, have been charged in arriving at profit before taxation:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Amortisation of intangible asset	1,403	1,514	1,069	1,180
Auditors' remuneration	16,200	15,500	15,000	12,500
Bad debts written off	-	351,226	-	351,226
Depreciation of property, plant and equipment	72,460	140,089	71,604	139,233
Impairment loss on receivable	44,600	-	44,600	-
Intangible asset written off	362	-	-	-
Property, plant and equipment written off	2,129	-	-	-
Rental expenses	59,301	32,630	59,301	32,630
Rental hostel	-	10,600	-	-

- (b) Employee benefits

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Key management personnel (Directors)				
- Salaries, allowances and bonuses	138,000	120,000	138,000	120,000
- Contribution to defined contribution plan	16,560	14,400	16,560	14,400
- Employment Insurance System	119	103	119	103
- Social security contribution	1,040	899	1,040	899
- Others	100	-	100	-
Others				
- Wages, salaries and bonuses	2,341,507	2,008,507	2,341,507	1,825,840
- Contribution to defined contribution plan	189,762	159,868	189,762	155,331
- Employment Insurance System	2,596	2,198	2,596	2,129
- Social security contribution	32,004	27,304	32,004	24,946
- Others	547,726	473,909	547,726	444,536

Key management personnel, including Directors, are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (cont'd)

22. DIVIDENDS

	Group/Company	
	2023	2022
	RM	RM
Recognised during the reporting period		
Dividend on ordinary shares:		
- Interim single tier dividend for Nil (2022 - RM1.00)	-	500,000
- Interim single tier dividend for Nil (2022 - RM2.00)	-	1,000,000
	-	1,500,000

23. FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as follows:

- (i) Financial assets and financial liabilities measured at fair value through profit or loss ("FVTPL");
- (ii) Financial assets and financial liabilities measured at amortised cost ("AC"); and
- (iii) Financial assets that are equity instruments measured at cost less impairment ("CLI").

Group	Note	Carrying amount RM	FVTPL RM	AC RM	CLI RM
2023					
Financial assets					
Other investment	9	4,392,943	4,392,943	-	-
Receivables	10	3,781,843	-	3,781,843	-
Deposit, cash and bank balances	12	2,448,904	-	2,448,904	-
		10,623,690	4,392,943	6,230,747	-
Financial liabilities					
Borrowings	15	213,451	-	213,451	-
Payables	17	1,208,733	-	1,208,733	-
		1,422,184	-	1,422,184	-
2022					
Financial assets					
Other investment	9	4,058,808	4,058,808	-	-
Receivables	10	4,663,869	-	4,663,869	-
Deposit, cash and bank balances	12	2,108,440	-	2,108,440	-
		10,831,117	4,058,808	6,772,309	-
Financial liabilities					
Borrowings	15	266,751	-	266,751	-
Payables	17	1,445,728	-	1,445,728	-
		1,712,479	-	1,712,479	-

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (cont'd)

23. FINANCIAL INSTRUMENTS (cont'd)

Company	Note	Carrying amount RM	FVTPL RM	AC RM	CLI RM
2023					
Financial assets					
Other investment	9	4,392,943	4,392,943	-	-
Receivables	10	3,781,843	-	3,781,843	-
Deposit, cash and bank balances	12	2,400,808	-	2,400,808	-
		10,575,594	4,392,943	6,182,651	-
Financial liabilities					
Borrowings	15	213,451	-	213,451	-
Payables	17	1,207,533	-	1,207,533	-
		1,420,984	-	1,420,984	-
2022					
Financial assets					
Other investment	9	3,742,277	3,742,277	-	-
Receivables	10	4,704,666	-	4,704,666	-
Deposit, cash and bank balances	12	2,058,435	-	2,058,435	-
		10,505,378	3,742,277	6,763,101	-
Financial liabilities					
Borrowings	15	266,751	-	266,751	-
Payables	17	1,449,801	-	1,449,801	-
		1,716,552	-	1,716,552	-

The fair value of the other investment is determined with reference to the quoted market price in an active market.

24. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operation decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

The Group has related party relationship with its subsidiary and key management personnel.

INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (cont'd)**24. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)**

- (b) In addition to information disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company were shown below.

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Subsidiary				
- Sales of goods	-	-	-	7,520
- Exam staff	-	-	-	16,000
- Rental of forklift	-	-	-	2,400
- Rental of lorry	-	-	-	3,600
- Rental of premises	-	-	-	42,478
- Share of staff cost	-	-	-	231,735
- Share of other expenses	-	-	-	14,635
- Others	-	-	-	458
- Acquisition of plant, property and equipment	-	-	15,000	-
Entities in which Director has interest				
Sales of goods	1,923,293	3,351,811	1,923,293	3,351,811
Purchase of goods	3,660	3,074	3,660	3,074
Rental of premises	15,000	-	15,000	-
Impairment loss on receivable	44,600	-	44,600	-
Director				
Rental of hostel	16,800	4,200	16,800	4,200

Information regarding outstanding balances which are unsecured is disclosed in Notes 10 and 17.

25. SUBSEQUENT EVENT

Subsequent to the financial year, the Company has purchased one motor vehicle for a total consideration of approximately RM93,793.

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INFORMATION ON VSS (Cont'd)

Registration No.: 200501017152 (694195-U)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (cont'd)**26. COMPARATIVE FIGURES**

The following comparative figures on the face of the financial statements have been reclassified for better presentation:

	As previously report RM	As restated RM
Group		
Statements of cash flows		
Operating profit before changes in working capital		
- Receivables	776,647	861,075
Cash flow from financing activities		
- Amount due from subsidiary	-	(64,028)
	<hr/>	<hr/>
Company		
Statements of cash flows		
Operating profit before changes in working capital		
- Receivables	797,094	843,285
- Payables	(279,238)	(286,793)
Cash flow from financing activities		
- Change in amount due from related parties	-	(64,028)
- Change in amount due from subsidiary	-	17,837
- Change in amount due to subsidiary	-	7,555
	<hr/>	<hr/>

These reclassifications have no impact on the profit or loss attributable to shareholders.

VALUATION CERTIFICATE OF THE SUBJECT PROPERTY



CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)
(formerly known as C. H. Williams Talhar & Wong Sdn Bhd)

Our Ref: WTW/03/V/002691/23/PEH/kkb

3 April 2024

THE BOARD OF DIRECTORS

EWEIN BERHAD

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&

DELIGHT ISLAND SDN BHD

No. 7298, Wisma Tah Wah
Jalan Kampung Gajah
12200 Butterworth
Pulau Pinang

Dear Sirs,

CERTIFICATE OF VALUATION

LOT NOS. PT 788 TO PT 799, PT 813 AND PT 814

(RESURVEYED LOT NOS. 20567 TO 20578, 20592 AND 20593), ALL WITHIN SECTION 4,

TOWN OF BUTTERWORTH, DISTRICT OF SEBERANG PERAI UTARA, PENANG

(hereinafter referred to as the Subject Property)

(A parcel of vacant industrial land formed by 14 contiguous lots, located along the south-western side of Jalan Limbungan, within the locality of Butterworth, Seberang Perai, Penang)

We thank you for your instructions to carry out a formal valuation and providing our opinion on the market value of the abovementioned Subject Property for the purpose of submission to Bursa Malaysia Securities Berhad ("Bursa Securities") by Ewein Berhad in relation to the proposed acquisition of the Subject Property by Delight Island Sdn Bhd, a wholly-owned indirect subsidiary company of Ewein Berhad, from a related party for a cash consideration of RM25,839,818.34 ("Proposed Land Acquisition").

This Certificate of Valuation has been prepared for inclusion in the circular to shareholders of Ewein Berhad in relation to the Proposed Land Acquisition.

Having inspected the Subject Property and investigated available data related and relevant to the matter, we are pleased to report that in our opinion, the market value of the Subject Property, as at the date of inspection on 15 March 2024, with vacant possession and free from all encumbrances, is **RM26,000,000/- (Ringgit Malaysia: Twenty Six Million Only)**.

The valuation has been prepared in accordance with the requirements as set out in the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia, and with the necessary professional responsibility and due diligence.

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

VALUATION CERTIFICATE OF THE SUBJECT PROPERTY (Cont'd)



CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)

Page 2

Our Ref: WTW/03/V/002691/23/PEH/kkb

SUBJECT PROPERTY IDENTIFICATION

Subject Property : A parcel of vacant industrial land formed by 14 contiguous lots, with the benefit of planning permission (Kebenaran Merancang) bearing Reference No. MBSP/70/30-24/7 B.1(AP) dated 17 October 2023, granted for the development of a block of 16-storey workers' dormitory ("Planning Permission").

Location : Along the south-western side of Jalan Limbungan, and off the southern side of Jalan Chain Ferry, within the locality of Butterworth, Seberang Perai, Penang

Title Nos. / Lot Nos. /
Resurveyed Lot Nos. /
Section / Town /
District / State /
Titular & Resurveyed
Land Area

Title No.	Lot No.	Resurveyed Lot No.	Titular & Resurveyed Land Area (square metres)
HSD 40787	PT 788	20567	1,080.00
HSD 40788	PT 789	20568	1,296.00
HSD 40789	PT 790	20569	1,127.00
HSD 40790	PT 791	20570	1,201.00
HSD 40791	PT 792	20571	1,243.00
HSD 40792	PT 793	20572	1,283.00
HSD 40793	PT 794	20573	1,320.00
HSD 40794	PT 795	20574	859.00
HSD 40795	PT 796	20575	859.00
HSD 40796	PT 797	20576	859.00
HSD 40797	PT 798	20577	859.00
HSD 40798	PT 799	20578	881.00
HSD 40812	PT 813	20592	1,728.00
HSD 40813	PT 814	20593	1,409.00
Total			16,004.00 (172,265 square feet) (3.955 acres)

All within Section 4, Town of Butterworth, District of Seberang Perai Utara, Penang.

Note:

According to the Certified Plan Nos. PA116913 and PA116914, the subject PT numbers as stated in the title documents have been resurveyed and allocated with new lot numbers as shown in the table below.

No.	Lot Nos.	Resurveyed Lot Nos.
1	PT 788 to PT 799	20567 to 20578
2	PT 813	20592
3	PT 814	20593

VALUATION CERTIFICATE OF THE SUBJECT PROPERTY (Cont'd)

CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)

Page 3

Our Ref: WTW/03/V/002691/23/PEH/kkb

SUBJECT PROPERTY IDENTIFICATION (Cont'd)

Tenure (all lots) : Term in perpetuity (Freehold)

Registered Owner (all lots) : Magnum Heritage Sdn Bhd – full share

Category of Land Use (all lots) : Perusahaan / Perindustrian

Express Conditions (all lots) : Tanah yang diberimilik ini hendaklah digunakan untuk tujuan perindustrian (industri ringan) sahaja.

Restriction in Interest (all lots) : Nil

Encumbrance (all lots) : Nil

Other Endorsement (all lots) : Nil

Date of Valuation : 15 March 2024



VALUATION CERTIFICATE OF THE SUBJECT PROPERTY (Cont'd)

CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)

Page 4

Our Ref: WTW/03/V/002691/23/PEH/kkb

SUBJECT PROPERTY IDENTIFICATION (Cont'd)**GENERAL DESCRIPTION**

The Subject Property is almost trapezoidal in shape.

Currently the only access road to the Subject Property is via the road reserve, which is accessible from the Butterworth Ferry Terminal and Railway Station via Jalan Metcher, the main trunk road (Federal Route 1), and Jalan Limbungan.

It has a frontage of about 218.756 metres (approximately 718 feet) along its northern boundary onto the road reserve, a splay corner of about 12.932 metres (approximately 42 feet) along its north-eastern boundary, and a length of about 79.971 metres (approximately 262 feet) along its eastern boundary which mainly fronts onto another road reserve.

The land is generally flat in terrain and lies at about the same level as the road reserve and surrounding lands.

The boundaries of the Subject Property are not demarcated by any form of fencing.

During our site inspection, we noticed that part of the Subject Property was undergoing site clearance, while the remaining area of the Subject Property was sparsely overgrown with grass and bushes.

We also noted that part of the Subject Property at its south-eastern portion were erected with temporary structures being used as construction workers' temporary facility area for, amongst others, storage and resting area by Magnum Heritage Sdn Bhd (the "Vendor").

VALUATION CERTIFICATE OF THE SUBJECT PROPERTY (Cont'd)

CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)

Page 5

Our Ref: WTW/03/V/002691/23/PEH/kkb

OCCUPATION

At the time of our inspection, the Subject Property was unoccupied save for the temporary structures erected at its south-eastern portion. According to the Sale and Purchase Agreement (SPA) made between Magnum Heritage Sdn Bhd and Delight Island Sdn Bhd (the "Purchaser") dated 26 March 2024 which was furnished to us, it is stated that the temporary structures will be removed by the Vendor at their own expense to render the Subject Property empty prior to the date of delivery vacant possession of the Subject Property to the Purchaser.

PLANNING PROVISION

Our enquiries with the Jabatan Perancang Bandar, Majlis Bandaraya Seberang Perai revealed that the Subject Property is zoned as Priority Development Area 1 (Kawasan Keutamaan Pembangunan 1) according to the Penang State Structure Plan 2030.

According to the Planning Permission letter bearing reference No. MBSP/70/30-24/7 B.1(AP) dated 17 October 2023 issued by Jabatan Perancang Bandar, Majlis Bandaraya Seberang Perai as well as its corresponding approved layout plan ("Approved Layout Plan") which were furnished to us, the permission for the development of the following components has been granted, subject to compliance and fulfilment of the required conditions:

- A) 1 block of 16-storey workers' dormitory
 - 420 units of workers' dormitory (1st to 15th floor) accommodating a total capacity of 5,000 persons
 - management office, community hall, surau and canteen (ground floor)
 - guard house and other facilities
- B) 2 units of TNB Substations

Regarding the Assignment of the abovementioned Planning Permission, the aforementioned Sale and Purchase Agreement states that the Vendor shall take all necessary steps to effect the absolute assignment of the Planning Permission and building plans to the Purchaser.

METHOD OF VALUATION

The Subject Property is valued using the Comparison Approach as the primary approach and Income Approach (Residual Method) as the secondary approach for cross check.

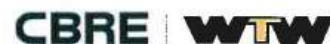
(A) Comparison Approach

Recent transactions of similar properties in the locality are analysed for comparison purposes with adjustments made for differences in time, location – general, location – immediate surroundings, location - accessibility/visibility, size, planning permission, title – surrender and re-alienation as well as other relevant characteristics, if any, to arrive at the market value.

(B) Income Approach (Residual Method)

Under the Income Approach (Residual Method), consideration is given to the gross development value (being the estimated gross proceeds obtainable from the completed development) of the project and deducting from it the estimated costs of development including preliminaries, contribution to authorities, earthwork & site clearance, construction costs, infrastructure work costs, fixtures and fitting costs, financing charges, marketing and legal fees, administration and project management costs, professional fees, contingencies and developer's profit. The resultant answer is then deferred over a period of time required for the completion of the project to arrive at the market value.

VALUATION CERTIFICATE OF THE SUBJECT PROPERTY (Cont'd)



CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)

Page 6

Our Ref: WTW/03/V/002691/23/PEH/kkb

VALUE CONSIDERATION**(A) Comparison Approach**

The adjustments of comparables for the Subject Property are as follows :-

Details	Comparable 1	Comparable 2	Comparable 3
Source	Valuation and Property Services Department (JPPH)		
Location	Butterworth	Perai	Butterworth
Address	Along Jalan Siram, Butterworth	Along Lorong Nagasari 9 and Lorong Nagasari 11, Perai	Along the eastern side of Jalan Sungai Nyior and northern side of Lorong Sungai Nyior Indah, Butterworth, Seberang Perai
Title No.	Geran 173889	GM 2533	Geran 115320
Lot No.	20176	10048	6264
Section / Town / Mukim	Section 4, Town of Butterworth	6	Section 3, Town of Butterworth
District	Seberang Perai Utara	Seberang Perai Tengah	Seberang Perai Utara
State	Penang	Penang	Penang
Tenure	Term in perpetuity (Freehold)	Term in perpetuity (Freehold)	Term in perpetuity (Freehold)
Land Area	958.00 square metres (Approximately 10,312 square feet / 0.237 acre)	39,306.00 square metres (Approximately 423,086 square feet / 9.713 acres)	1,547.00 square metres (Approximately 16,652 square feet / 0.382 acre)
Type	Development land	Development land	Development land
Title – Category of Land Use	Nil (First Grade)	Nil (First Grade)	Nil (First Grade)
Zoning (Penang State Structure Plan 2030)	Priority Development Area 1 (Kawasan Keutamaan Pembangunan 1)		
Date	21/07/2023	18/09/2023	11/11/2022
Vendor	Guaranteed Acceptance Sdn Bhd	Tan Hong Soon and Tan Kean Hock	Praicon Corporation Sdn Bhd
Purchaser	OFA Ventures Sdn Bhd	Skydorm Sdn Bhd	Eik Seng Machinery Sdn Bhd
Consideration	RM1,400,000/-	RM39,770,208/-	RM2,993,736/-
Analysis	RM135.77 per square foot	RM94.00 per square foot	RM179.79 per square foot
Adjustments	Adjustments have been made on Time, Location – General, Location – Immediate Surroundings, Location – Accessibility / Visibility, Size, Planning Permission, Title to Surrender & Re-alienation, Net/Gross Land Development Area, and Negative Factor due to traversing electric transmission line.		
Adjusted Value	RM149.60 per square foot	RM131.37 per square foot	RM173.94 per square foot

VALUATION CERTIFICATE OF THE SUBJECT PROPERTY (Cont'd)



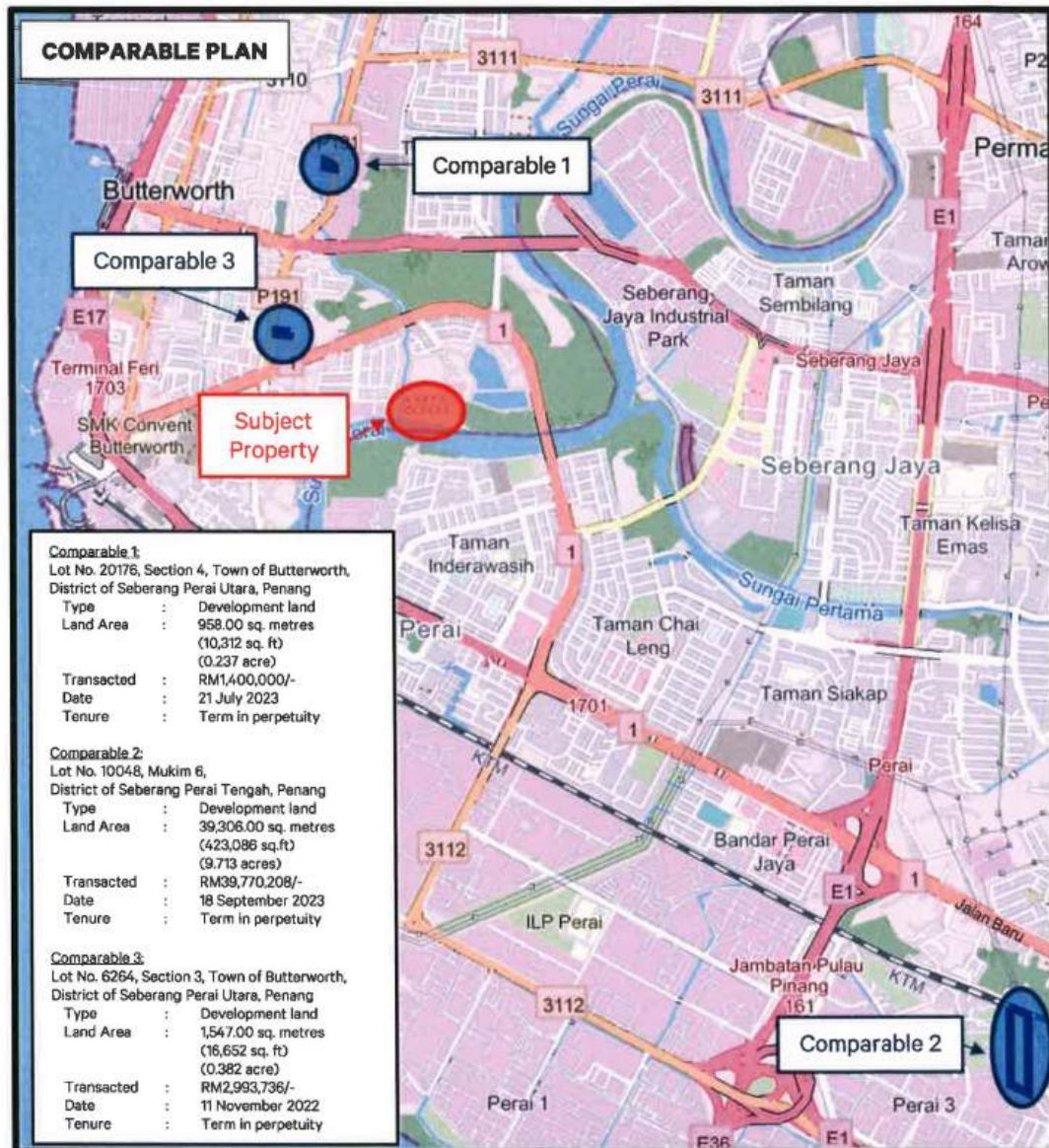
CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)

Page 7

Our Ref: WTW/03/V/002691/23/PEH/kkb

VALUE CONSIDERATION (Cont'd)**(A) Comparison Approach** (Cont'd)

The comparables are demarcated in the circles coloured in BLUE whilst Subject Property is demarcated in the circle coloured in RED on the comparable plan below.



VALUATION CERTIFICATE OF THE SUBJECT PROPERTY (Cont'd)

CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)

Page 8

Our Ref: WTW/03/V/002691/23/PEH/kkb

VALUE CONSIDERATION (Cont'd)

(A) Comparison Approach (Cont'd)

From the afore analysis and adjustments, the adjusted land values range from RM131.37 per square foot to RM173.94 per square foot.

The average adjusted land value for all 3 comparables is RM151.64 per square foot.

Having regard to the foregoing, we have adopted Comparable 1 as the best comparable as it is one of the recent transactions, with the least adjustments made, located within the same locality of Section 4, Town of Butterworth as of the Subject Property, and with similar accessibility.

The adjusted land value of Comparable 1 is RM149.60 per square foot.

Thus, we have adopted the land value for the Subject Property at the rounded up of RM150.00 per square foot, arriving at RM25,839,818/-, say **RM26,000,000/-**.

(B) Income Approach (Residual Method)

Consideration is given to the gross development value (being the estimated gross proceeds obtainable from the completed development) of the project and deducting from it the estimated costs of development including preliminaries, contribution to authorities, earthwork & site clearance, construction costs, infrastructure work costs, fixtures and fitting costs, financing charges, marketing and legal fees, administration and project management costs, professional fees, contingencies and developer's profit. The resultant answer is then deferred over a period of time required for the completion of the project to arrive at the market value.

i) Gross Development Value ("GDV")

The GDV refers to the potential sales proceeds achievable from the proposed development. An analysis is carried out on the transactions of comparable workers' dormitories. Adjustments are then made for differences in time, location - general, location - immediate surroundings, bed capacity, building condition/age, and other relevant characteristics, if any.

There is a dearth of transactions for workers' dormitory within the Penang state. Therefore, we have relied on a transaction in Penang State and 4 other transactions in Johor.

Based on the Planning Permission's Approved Layout Plan, it is stated that the subject proposed workers' dormitory shall accommodate a total capacity of 5,000 persons.

Hence for the Subject Property, we have adopted a total capacity of 5,000 persons with the value of RM28,500 per bed, to derive the GDV at RM142,500,000/-.

Pursuant to the Planning Permission letter issued by Jabatan Perancang Bandar, Majlis Bandaraya Seberang Perai, the development of the subject proposed workers' dormitory is subject to the requirement of 30% Bumiputera quota and 5% Bumiputera discount ("Bumiputera Requirement"), should the saleable components exceed 4 units, for any housing, commercial or industrial scheme ("Sale Criteria").

VALUATION CERTIFICATE OF THE SUBJECT PROPERTY (Cont'd)



CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)

Page 9

Our Ref: WTW/03/V/002691/23/PEH/kkb

VALUE CONSIDERATION (Cont'd)**(B) Income Approach (Residual Method)** (Cont'd)**i) Gross Development Value ("GDV")** (Cont'd)

Notwithstanding the above, it is hence pertinent to note that this subject proposed workers' dormitory does not need to comply with Bumiputera Requirement on the premised that: -

- (a) the subject proposed workers' dormitory is specifically designated for dormitory "Penginapan" purposes only; and
- (b) the development is solely designated to be owned by a single entity only. The development of subject proposed workers' dormitory does not involve any issuance of strata titles to enable the units within the subject proposed workers' dormitory to be sold to multiple purchasers. As such, there is no breach of the Sale Criteria.

We have also sought confirmation on the above view with Jabatan Perancang Bandar, Majlis Bandaraya Seberang Perai and they concur on the above.

ii) Gross Development Cost ("GDC")

The GDC include preliminaries, contribution to relevant authorities, i.e. Indah Water Konsortium (IWK), Tenaga Nasional Berhad (TNB), Perbadanan Bekalan Air Pulau Pinang (PBA), and Department of Irrigation and Drainage (DID), surrender & re-alienation and making good the title, layout plan fees, building plan fees, earthwork plan fees, earthwork and site clearance, building construction costs, infrastructure work costs, fixtures and fitting costs, finance costs, marketing and legal fees, administration and project management, professional fees, contingencies and developer's profit.

Item	Estimated Cost Rate Adopted	Total Sum	Remarks
Preliminaries			The costs are in accordance to industry practice.
Site office, site holdings, insurance, temporary utilities & etc	The preliminaries works are estimated at approximately 1.5% of the total construction cost (i.e. Earthwork and site clearance, Building construction cost and Infrastructure works)	RM919,193	
Statutory Contributions			The costs are in accordance to industry practice.
Indah Water Konsortium (IWK)	1.0% of GDV	RM1,425,000	
Tenaga Nasional Berhad (TNB)	RM1,000 per unit	RM420,000	
Perbadanan Bekalan Air Pulau Pinang (PBA)	RM500 per unit	RM210,000	
Department of Irrigation and Drainage (DID)	RM50,000 per acre	RM197,734	
Surrender & re-alienation and making good the title	5% of the land value under propose use	RM1,291,991	
Layout Plan Fees	RM100 per unit	RM100	
Building Plan Fees	RM125 per unit	RM125	
Earthwork Plan Fees	RM1,500 per acre	RM5,932	

VALUATION CERTIFICATE OF THE SUBJECT PROPERTY (Cont'd)



CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)

Page 10

Our Ref: WTW/03/V/002691/23/PEH/kkb

VALUE CONSIDERATION (Cont'd)**(B) Income Approach (Residual Method)** (Cont'd)**ii) Gross Development Cost ("GDC")** (Cont'd)

Item	Estimated Cost		Remarks
	Rate Adopted	Total Sum	
Earthwork and Site Clearance			The costs are in accordance to industry practice.
Earthwork and site clearance	RM200,000 per acre	RM790,934	
Building Cost			The cost is adopted by referring to our analysis of estimated construction cost new during our previous valuation and from our research as well as JUBM Group Construction Cost Handbook Malaysia 2023.
A block of 16-storey workers' dormitory	RM110 per square foot	RM59,121,828	
TNB Substations and ancillary buildings	RM80 per square foot to RM100 per square foot	RM180,351	
Infrastructure			The costs are in accordance to industry practice.
Infrastructure	RM300,000 per acre	RM1,186,401	
Fixtures and Fitting Cost	RM15,000 per unit	RM6,300,000	Estimated cost to provide the relevant fixtures and fittings.
Financing Cost	7.5% per annum on 60% of total construction cost to be incurred for the period of 2.5 years	RM6,893,945	The finance cost of 7.5% per annum is based on our enquiries with financial institutions.
Marketing and Legal Fees	1% of GDV	RM1,425,000	The cost is in line with the industry practice.
Administration and Project Management	3% of the total construction cost	RM1,838,385	The cost is provision for administration and project management fees.
Professional Fees	5% of the total construction cost	RM3,063,976	This is the fee to be expended for the services of professionals involved in the development including mainly the architect, engineers, land surveyor, quantity surveyor, and other relevant consultants.
Contingencies	5% of all cost	RM4,263,545	'Contingencies' allowance is to cover the costs of unexpected items, such as escalation in development costs as a result of change of design, increase in cost of materials, weather disruption, variation orders, etc.

VALUATION CERTIFICATE OF THE SUBJECT PROPERTY (Cont'd)



CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)

Page 11

Our Ref: WTW/03/V/002691/23/PEH/kkb

VALUE CONSIDERATION (Cont'd)**(B) Income Approach (Residual Method)** (Cont'd)**ii) Gross Development Cost ("GDC")** (Cont'd)

Item	Estimated Cost		Remarks
	Rate Adopted	Total Sum	
Developer's Profit and Risk	15% of GDV	RM21,375,000	<p>Like any other enterprises, a developer undertaking a development will seek to make profit. The target levels of profit will depend on the nature of the development and allied risks, market condition, size, development mix, competition for similar development schemes in the market and period of development. The profit has to be adequately attractive to induce the developer.</p> <p>Our surveys and enquiries with developers revealed that the rate of return of about 10% to 20% of GDV is required for a developer to commit to a similar project development.</p> <p>We have adopted developer's profit of 15% on the GDV (which is the average of the rate of return as stated above) to be reasonable for the subject development.</p>

Based on the abovementioned items, the GDC is calculated at RM110,909,440/-.

Development Period and Discount Rate

Based on our surveys and enquiries with 2 local property developers in Pulau Pinang (who are undertaking development of dormitory), we have been made to understand that the estimated development period for such similar development is to be completed within a period of 3.5 years (which includes an approximate period of 1 year to obtain the planning permission to develop).

Therefore, we have adopted a development period of 2.5 years for the construction and completion of the subject proposed workers' dormitory as the Planning Permission for the subject proposed workers' dormitory has been obtained.

VALUATION CERTIFICATE OF THE SUBJECT PROPERTY (Cont'd)

CBRE WTW VALUATION & ADVISORY SDN BHD {197401001098}

Page 12

Our Ref: WTW/03/V/002691/23/PEH/kkb

VALUE CONSIDERATION (Cont'd)**(B) Income Approach (Residual Method) (Cont'd)****Development Period and Discount Rate (Cont'd)**

The Residual Value is derived by deducting the GDC from the GDV.

The Residual Value is deferred at an appropriate discount rate of 7.5% (which is the finance cost based on our enquiries with financial institutions) to reflect the time value of money over the development period of 2.5 years to arrive at the Market Value of the Subject Property.

The summary is as follows:-

GDV	RM142,500,000/-
GDC	RM110,909,440/-
Residual Value	RM31,590,560/-
Present Value for 2.5 years @ 7.50%	0.83460
Market Value	RM26,365,509/-
SAY	RM26,500,000/-

RECONCILIATION OF VALUE

The market value for the Subject Property derived from both Comparison Approach and Income Approach (Residual Method) are shown as follows:-

Comparison Approach - **RM26,000,000/-**

Income Approach
(Residual Method) - **RM26,500,000/-**

We have adopted the market value derived from Comparison Approach as a fair representation of the market value of the Subject Property in view that the Subject Property is a parcel of vacant land which has yet to be developed as well as the availability of adequate and reliable transaction data in recent time and within the vicinity.

On the other hand, the market value derived from the Income Approach (Residual Method) as the secondary approach serves as a cross check to the valuation. The market value derived from the Income Approach (Residual Method) is expected not to be as accurate as the market value derived from the Comparison Approach as it has its limitation of relying on some parameters that require projection or forecasting into the future. Factors that can affect accuracy and reliability of the Income Approach (Residual Method) are such as the variation in the future in terms of market supply and demand, unpredicted new competition and regulation, unforeseen delays, complications, and inflations, etc.

VALUATION CERTIFICATE OF THE SUBJECT PROPERTY (Cont'd)



CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)

Page 13

Our Ref: WTW/03/V/002691/23/PEH/kkb

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the Subject Property as at the date of inspection on 15 March 2024, with vacant possession and free from all encumbrances, at **RM26,000,000/- (Ringgit Malaysia : Twenty Six Million Only).**

Yours faithfully
for and on behalf of

CBRE WTW Valuation & Advisory Sdn Bhd

(formerly known as C H Williams Talhar & Wong Sdn Bhd)

Sr PEH SENG YEE

MBA, B. Surv (Hons) Prop. Mgt., MRICS, FRISM, MPEPS, MMIPFM
Chartered Surveyor, Registered Valuer (V-527)



DIRECTORS' REPORT ON VSS
VS Solution Services Sdn.Bhd.
(Co.No.694195-U)

No.970, Jalan Perusahaan, Prai Industrial Estate, 13600 Prai, Pulau Pinang, Malaysia.

 Tel: +604-399 8661 / 7662 Fax: +604-399 6551 Website: www.vs-solution.net
Registered Office:-

 No. 8, Lorong Pulau Tikus
 10350 George Town
 Pulau Pinang

Date: 13 June 2024

 The Board of Directors of
VS Solution Services Sdn Bhd

Dear Sir/ Madam,

On behalf of the Board of VS Solution Services Sdn Bhd ("**VSS**" or the "**Company**") ("**Board**"), I wish to report that after due inquiries in relation to the Company during the period between 31 December 2023, being the date to which the latest audited financial statements of the Company had been made up, and up to the date of this letter, being a date not earlier than 14 days before the date of the circular to the shareholders of Ewein Berhad in relation to the Proposed VSS Acquisition (as defined therein), that:-

- i. in the opinion of our Board, the business of VSS has been satisfactorily maintained;
- ii. in the opinion of our Board, no circumstances have arisen since the latest audited consolidated financial statements of VSS which have adversely affected the trading or the value of the assets of VSS, save for the disposal of VS Precision Sdn Bhd, a wholly-owned subsidiary of VSS which does not form part of the Proposed VSS Acquisition;
- iii. the current assets of VSS appear in the books at values which are believed to be realisable in the ordinary course of business;
- iv. there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by VSS;
- v. there has been no default or any known event that could give rise to a default situation in respect of payment of either interest and/ or principal sums in relation to any borrowings in VSS since the latest audited consolidated financial statements of VSS; and
- vi. there have been no material changes in the published reserves or any unusual factors affecting the profits of VSS since the latest audited financial statements of VSS.

 Yours faithfully,
 For and on behalf of the Board
VS Solution Services Sdn Bhd


Chew Tien Kee
 Director

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

All statements and information in relation to Ewein, MHSB and VSS contained in the Circular were obtained from and confirmed by Ewein, MHSB, and VSS and/or their directors and management. The sole responsibility of the Directors is limited to ensuring that such information is accurately reproduced in this Circular.

2. CONSENTS AND CONFLICT OF INTERESTS**2.1 UOBKH**

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

UOBKH has given its written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Principal Adviser to Ewein for the Proposals.

2.2 MainStreet

MainStreet, being the Independent Adviser for the Proposed Land Acquisition and the Proposed VSS Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the independent advice letter and all references thereto in the form and context in which they appear in this Circular.

MainStreet has given its written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Independent Adviser to Ewein for the Proposed Land Acquisition and the Proposed VSS Acquisition.

2.3 CBRE

CBRE, being the Valuer for the Proposed Land Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, Valuation Certificate and all references thereto in the form and context in which they appear in this Circular.

CBRE has given its written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Valuer for the Subject Property.

FURTHER INFORMATION (Cont'd)

3. MATERIAL CONTRACTS

Save for the SPA and VSS SSA and as disclosed below, our Group has not entered into any material contracts, not being contracts in the ordinary course of business during the two (2) years preceding the date of this Circular.

3.1 On 7 November 2023, Ewein has announced that ELSB, a wholly-owned subsidiary of the Company had entered into the following tenancy agreements:-

(i) Tenancy Agreement with Midas Eagle Sdn Bhd ("**MESB**")

ELSB to rent 2 blocks of 5-storey foreign worker hostel which shall comprise Block 1 & Block 2 to be erected on part of land known as No. Lot 11361 (Lot Lama 764), Seksyen 39, Bandar Kulim, Daerah Kulim, Kedah held under Geran Mukim No. 529 ("**Premises**") from MESB for a monthly rental of RM790,000 for a period of three (3) years from the commencement date.

(ii) Tenancy Agreement with Kujaya Dormitories Sdn Bhd ("**KDSB**")

ELSB to sublet the Premises to KDSB for a monthly rental of RM1,055,000 for a period of three (3) years from the commencement date.

3.2 Pursuant to the sale and purchase agreement dated 10 November 2023 between Rex Canning Co. Sdn. Bhd. as the vendor and SkyDorm Industries Sdn. Bhd. as the purchaser wherein SkyDorm Industries Sdn. Bhd. has agreed to purchase and Rex Canning Co. Sdn. Bhd. has agreed to sell the properties as disclosed in Clause 4 (ii) below under the material commitments.

3.3 Pursuant to the sale and purchase agreement dated 18 September 2023 between Tan Hong Soon and Tan Kean Hock as the vendors and SkyDorm Sdn. Bhd. as the purchaser wherein the vendors have agreed to sell and SkyDorm Sdn. Bhd. has agreed to purchase the property as disclosed in Clause 4 (i) below under the material commitments.

4. MATERIAL COMMITMENTS

As at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by our Group that has not been provided for which, upon becoming enforceable, may have a material impact on the profits or net asset position of our Group, save for the following acquisitions:-

(i) acquisition of a land by SkyDorm Sdn Bhd, the wholly-owned subsidiary of ELSB announced on 18 September 2023 which entails the acquisition of all that piece of freehold land and hereditament known as Lot 10048, Mukim 06, Daerah Seberang Perai Tengah, Pulau Pinang held under GM 2533 with land area measuring approximately 3.9306 hectares for a total cash consideration of RM39,770,208.00; and

(ii) acquisition of properties by SkyDorm Industries Sdn Bhd, the wholly-owned subsidiary of ELSB announced on 10 November 2023 which entails the acquisition of the following properties:-

(a) all that piece of land and hereditaments measuring 24,377 sq m held under No. Hakmilik PN 6849, Lot 3826, Mukim 13, Daerah Seberang Perai Tengah, Negeri Pulau Pinang together with the factory aged 20 years old with the built up area of 194,056 sq ft erected thereon bearing assessment address Plot 125, Jln Perindustrian Bukit Minyak 5, Tmn Perindustrian Bukit Minyak, 14100 Simpang Ampat, Seberang Perai, Pulau Pinang ("**Property 1**"); and

FURTHER INFORMATION (Cont'd)

- (b) all that piece of land and hereditaments measuring 7,051 sq m held under No. Hakmilik PN 10414, Lot 7067, Mukim 13, Daerah Seberang Perai Tengah, Negeri Pulau Pinang together with the warehouse aged 10 years old with the built up area of 27,759 sq ft erected thereon bearing address for correspondence Plot 126, Jln Perindustrian Bukit Minyak 5, Tmn Perindustrian Bukit Minyak, 14100 Simpang Ampat, Seberang Perai, Pulau Pinang ("**Property 2**"),

for a total cash consideration of RM41,800,000.00, made up as follows:-

- (a) Property 1 – RM32,421,999.49; and
- (b) Property 2 – RM9,378,000.51.

5. 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 profits or net asset position of our Group.

6. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD. Our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and does not have any knowledge of any proceedings pending or threatened against our Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of our Group save for the following:-

CRCC Malaysia Berhad. vs Ewein City of Dreams Sdn. Bhd. (ADM-1034-2021)

On 31 January 2022, the adjudicator delivered his decision in relation to CRCC Malaysia Berhad's ("**CRCC**") claims on Ewein City of Dreams Sdn. Bhd. ("**ECOD**"), a subsidiary of Ewein Berhad. ECOD decided to comply with the adjudication decision and paid CRCC a sum of RM6.3 million where the said amount has been recognised in the financial year ended 2021. In December 2021, ECOD commenced the arbitration proceedings at the Asian International Arbitration Centre claiming CRCC on the following:

- (i) the sum of RM6.3 million paid by ECOD to CRCC pursuant to the adjudication decision;
- (ii) the sum of RM19.0 million being the Liquidated Ascertained Damages ("**LAD**") for the late completion of the works;
- (iii) in the alternative, general damages for the amount of LAD that ECOD is liable to pay to the purchasers of City of Dreams Project (the "**Project**");
- (iv) damages for the amount incurred to rectify the defects;
- (v) interest at 5% per annum on the sum claimed from date of claim until date of full realisation; and
- (vi) costs incurred by ECOD.

CRCC has disputed on ECOD's claim and counter claimed as follows:

- (i) CRCC is entitled to the extension of time of 344 days;
- (ii) ECOD is not entitled to LAD;
- (iii) a declaration that ECOD is not entitled to any of its set off;

FURTHER INFORMATION (Cont'd)

- (iv) RM4.2 million which was set-off pursuant to the Adjudication decision;
- (v) RM19.0 million being the uncertified variation works, loss and expenses incurred and moiety of retention sum;
- (vi) interest on the set-off pursuant to the adjudication decision, uncertified variation works;
- (vii) late payment interest for non-payment of interim certificates;
- (viii) interest for uncertified variation works; and
- (ix) cost associated with the arbitration proceedings.

In response to CRCC's counterclaim, ECOD's disputed the whole counterclaim on the following grounds:

- (i) ECOD is entitled to back charge the amounts paid to third party contractors for expediting some of CRCC's works; and
- (ii) CRCC's claim for variation orders/additional works are capped at RM10,700,000 as stated in the supplemental agreement previously entered into between ECOD and CRCC.

Pursuant to the preliminary meeting with the arbitrator on 27 April 2023, both parties had filed the necessary pleadings and bundles of documents and subsequently, ECOD has filed an application to amend the Statement of Claim which was allowed by the learned arbitrator. Currently, ECOD and CRCC have exchanged written witness statements and expert reports. The tentative deadline for both parties to file and exchange their respective rebuttal witness statement is on or before 20 June 2024 and the hearing of arbitration proceeding is expected to commence in July 2024.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company at 51-8-A Menara BHL, Jalan Sultan Ahmad Shah, 10050 George Town, Pulau Pinang, during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:-

- (i) the constitution of Ewein and VSS;
- (ii) the SPA and VSS SSA;
- (iii) the Valuation Report and Valuation Certificate referred to in **Appendix V** of this Circular pertaining to the valuation of the Subject Property issued by CBRE;
- (iv) the letters of consent and declaration of conflict of interest referred to in **Section 2 of this Appendix VII** of this Circular;
- (v) the audited consolidated financial statements of our Group for the past 4 financial years up to FYE 2023 and the latest unaudited quarterly results of our Group for the 3-month financial period ended 31 March 2024;
- (vi) the audited financial statements of VSS for the past 2 financial years up to FYE 2023;
- (vii) the Directors' report on VSS as referred to **Appendix VI** of this Circular;
- (viii) the material contracts referred to in **Section 3 of this Appendix VII** of this Circular; and
- (ix) the material cause papers in respect of the material litigations referred to in **Section 6 of this Appendix VII** of this Circular.



WEIN BERHAD

(Registration No. 200601023136 (742890-W))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Extraordinary General Meeting (“**EGM**”) of Ewein Berhad (“**Ewein**” or the “**Company**”) will be conducted on a fully virtual basis via the online meeting platform at Meeting Room, Suite 1-01-02, Menara IJM Land, No. 1, Lebuh Tunku Kudin 3, 11700 Gelugor, Pulau Pinang on Friday, 28 June 2024 at 11.00 a.m. or immediately following the conclusion or adjournment of the 18th Annual General Meeting of our Company which will be conducted through the same online meeting platform and on the same date at 10.00 a.m., whichever is later, or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications, the following resolutions:-

ORDINARY RESOLUTION 1

PROPOSED ACQUISITION BY DELIGHT ISLAND SDN BHD (“DISB”), A WHOLLY-OWNED INDIRECT SUBSIDIARY OF WEIN, OF A PARCEL OF VACANT INDUSTRIAL LAND FORMED BY 14 CONTIGUOUS LOTS LOCATED IN SEBERANG PERAI UTARA, PULAU PINANG FROM MAGNUM HERITAGE SDN BHD (“MHSB”), A RELATED PARTY, FOR A TOTAL CASH CONSIDERATION OF APPROXIMATELY RM25.84 MILLION (“PROPOSED LAND ACQUISITION”)

“**THAT** subject to the fulfilment of conditions precedent as stipulated in the conditional sale and purchase agreement dated 26 March 2024 entered into between DISB and MHSB for the Proposed Land Acquisition and the approvals of the relevant authorities being obtained, where required, approval is hereby given for Ewein to undertake the Proposed Land Acquisition.

AND THAT the Board of Directors of the Company (“**Board**”) be and is hereby authorised to act, for and on behalf of the Company, and to take all such steps and do all such acts, matters and things as the Board deems fit or may consider necessary, desirable, appropriate or expedient to implement, finalise and give full effect to the Proposed Land Acquisition and all agreements entered into pursuant to the Proposed Land Acquisition with full power to give all or any notices, directions, consents and authorisations in respect of any matter arising under or in connection with the Proposed Land Acquisition, and to assent to any condition, modification, variation and/or amendment relating to the Proposed Land Acquisition as may be approved/required by the relevant regulatory authorities and/or as the Board deems fit.”

ORDINARY RESOLUTION 2

PROPOSED ACQUISITION BY WEIN OF THE ENTIRE EQUITY INTEREST OF VS SOLUTION SERVICES SDN BHD (“VSS”) FROM OOI ENG LEONG, GOH KIANG TENG, GOH YIN ZE AND CHEW TIEN KEE (COLLECTIVELY REFERRED TO AS THE “VSS VENDORS”) FOR A TOTAL PURCHASE CONSIDERATION OF RM32,000,000, TO BE SATISFIED VIA A COMBINATION OF CASH CONSIDERATION OF RM15,999,580 AND THE ALLOTMENT AND ISSUANCE OF 17,978,000 NEW ORDINARY SHARES IN WEIN (“CONSIDERATION SHARE(S)”) AT AN ISSUANCE PRICE OF RM0.89 PER CONSIDERATION SHARE, AMOUNTING TO RM16,000,420 (“PROPOSED VSS ACQUISITION”)

“THAT subject to approvals of all relevant authorities in respect of the listing and quotation for 17,978,000 Consideration Shares on the Main Market of Bursa Malaysia Securities Berhad, and/ or parties being obtained, approval be and is hereby given to the Company to acquire 500,000 ordinary shares of VSS, representing 100% of the entire equity interest in VSS from the VSS Vendors for a total purchase consideration of RM32,000,000 to be satisfied via a combination of RM15,999,580 in cash and RM16,000,420 via the allotment and issuance of the Consideration Shares to the VSS Vendors, in accordance with the terms and conditions of the share sale agreement dated 15 May 2024 entered into between Ewein and the VSS Vendors pursuant to the Proposed VSS Acquisition.

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

AND THAT the Board be and is hereby authorised to act, for and on behalf of the Company, and to take all such steps and do all such acts, matters and things as the Board deems fit or may consider necessary, desirable, appropriate or expedient to implement, finalise and give full effect to the Proposed VSS Acquisition with full power to give all or any notices, directions, consents and authorisations in respect of any matter arising under or in connection with the Proposed VSS Acquisition, and to assent to any condition, modification, variation and/ or amendment relating to the Proposed VSS Acquisition as may be approved/required by the relevant regulatory authorities and/or as the Board deems fit.”

ORDINARY RESOLUTION 3

PROPOSED DIVERSIFICATION INTO THE PROVISION OF WORKERS’ DORMITORY ACCOMMODATION AND MANPOWER MANAGEMENT RELATED SERVICES (“PROPOSED DIVERSIFICATION”)

“THAT subject always to the relevant approvals being obtained, approval be and is hereby given to the Board to diversify the Group’s existing business operations to include the provision of workers’ dormitory accommodation and manpower management related services;

AND THAT the Board be and is hereby authorised to act, for and on behalf of the Company, and to take all such steps and do all such acts, matters and things as the Board deems fit or may consider necessary, desirable, appropriate or expedient to implement, finalise and give full effect to the Proposed Diversification, with full powers to give all or any notices, directions, consents and authorisations in respect of any matter arising under or in connection with the Proposed Diversification, and to assent to any condition, modification, variation and/ or amendment relating to the Proposed Diversification as may be approved/required by the relevant regulatory authorities and/or as the Board deems fit.”

By Order of the Board,
EWEIN BERHAD

WONG YEE LIN (MIA15898)
SSM Practicing No: 201908001793
HING POE PYNG (MAICSA 7053526)
SSM Practicing No: 202008001322
Joint Company Secretaries

13 June 2024

Notes:

- (i) A member entitled to attend and vote is entitled to appoint at least one (1) proxy but not more than two (2) proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

- (ii) A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the members to speak at the meeting. A member shall not appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two proxies, to attend and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.
- (iii) Where a member of the Company is an exempt authorised as defined under the Central Depositories Act which hold ordinary shares in the Company for multiple beneficial owner in one securities account ("**Omnibus Account**"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- (iv) The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
- (v) The instrument appointing a proxy must be deposited at the Registered Office, 51-8-A, Menara BHL, Jalan Sultan Ahmad Shah, 10050 Georgetown, Pulau Pinang not less than 24 hours before the time for holding the Meeting or any adjournments thereof PROVIDED that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Meeting as his/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s).
- (vi) For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to the Article 69(2) of the Company's Constitution and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("**ROD**") as at 19 June 2024 and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.
- (vii) All resolutions as set out in this Notice of EGM are to be voted by poll.

PERSONAL DATA POLICY

By submitting the duly executed Form of Proxy, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the EGM, and any adjournment thereof.

Proxy Form



EWEIN BERHAD (200601023136 (742890-W))
(Incorporated in Malaysia)

No. of Shares held	CDS Account No.

	Shareholder	Proxy 1	Proxy 2
Name			
NRIC/Passport/Company No.			
Phone No.			
Email Address			
Address			
Proportion of shareholdings (%)			

Or failing him, the Chairman of the Meeting as * my / our proxy to vote for * me / us on * my / our behalf at the Extraordinary General Meeting of the Company to be held on a fully virtual basis via the online meeting platform at Meeting Room, Suite 1-01-02, Menara IJM Land, No. 1, Lebu Tunku Kudin 3, 11700 Gelugor, Pulau Pinang, on Friday, 28 June 2024 at 11.00 a.m. or immediately following the conclusion or adjournment of the 18th Annual General Meeting which will be conducted through the same online meeting platform and on the same date at 10.00 a.m. and any adjournment thereof.

NO.	RESOLUTIONS	For	Against
Ordinary Resolution 1	Proposed Land Acquisition		
Ordinary Resolution 2	Proposed VSS Acquisition		
Ordinary Resolution 3	Proposed Diversification		

Please indicate with an “x” in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction for voting is given, the proxy may vote as he thinks fit.

Signed this.....day of....., 2024.

.....
Signature of Member(s)/Common Seal

Notes:

1. A member entitled to attend and vote is entitled to appoint at least one (1) proxy but not more than two (2) proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the members to speak at the meeting. A member shall not appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two proxies, to attend and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**Omnibus Account**”), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
4. The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the Registered Office, 51-8-A, Menara BHL, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang not less than 24 hours before the time for holding the Meeting or any adjournments thereof PROVIDED that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Meeting as his/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s).
6. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to the Article 69(2) of the Company’s Constitution and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors (“**ROD**”) as at 19 June 2024 and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.
7. All resolutions as set out in this notice of Extraordinary General Meeting are to be voted by poll.

PERSONAL DATA POLICY

By submitting the duly executed Form of Proxy, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the Extraordinary General Meeting, and any adjournment thereof.

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STAMP

The Company Secretaries
EWEIN BERHAD (200601023136 (742890-W))
Registered Office
51-8-A Menara BHL
Jalan Sultan Ahmad Shah
10050 George Town
Pulau Pinang
Malaysia

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