

SHIN YANG GROUP BERHAD (“SYGROUP” OR THE “COMPANY”)

PROPOSED ACQUISITION OF BOULEVARD JAYA SDN BHD, BOULEVARD MOTOR SDN BHD, BOULEVARD MOTOR (SABAH) SDN BHD AND BOULEVARD MOTOR (LABUAN) SDN BHD

This announcement is dated 11 July 2024 (“**Announcement**”).

1. INTRODUCTION

On behalf of the Board of Directors of SYGROUP (“**Board**”), AmlInvestment Bank Berhad (“**AmlInvestment Bank**”) wishes to announce that the Company had on 11 July 2024 entered into the following:

- (i) a conditional share sale agreement with Shin Yang Holding Sendirian Berhad (“**Shin Yang Holding**”), KTE Motors Sdn. Bhd. (“**KTE Motors**”) and Ling Chiong Sing to acquire 100.00% equity interest in Boulevard Jaya Sdn. Bhd. (“**Boulevard Jaya**”) (“**Boulevard Jaya SSA**”); and
- (ii) a conditional share sale agreement with Dwi Bumijaya Sdn. Bhd. (“**Dwi Bumijaya**”), to acquire 60.00% equity interest in each of the following companies:
 - (a) Boulevard Motor Sdn. Bhd. (“**Boulevard Motor**”);
 - (b) Boulevard Motor (Sabah) Sdn. Bhd. (“**Boulevard Motor (Sabah)**”); and
 - (c) Boulevard Motor (Labuan) Sdn. Bhd. (“**Boulevard Motor (Labuan)**”) (“**Boulevard Motor Group SSA**”),

(Boulevard Motor, Boulevard Motor (Sabah) and Boulevard Motor (Labuan) are collectively referred to as “**Boulevard Motor Group**”)

for a total purchase consideration of RM144,500,000 to be satisfied via a combination of cash and treasury shares held by the Company (“**Treasury Shares**”) (“**Proposed Acquisition**”).

(Boulevard Jaya, Boulevard Motor, Boulevard Motor (Sabah) and Boulevard Motor (Labuan) are collectively referred to as “**Target Companies**” while Shin Yang Holding, KTE Motors, Ling Chiong Sing and Dwi Bumijaya are collectively referred to as “**Vendors**”. Boulevard Jaya SSA and Boulevard Motor Group SSA are collectively referred to as “**SSAs**”)

The Proposed Acquisition is a related party transaction pursuant to Paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”) as detailed in Section 10 of this Announcement. In this respect, the Board has appointed cfSolutions Sdn Bhd (“**cfSolutions**” or “**Independent Adviser**”) to act as the independent adviser for the Proposed Acquisition.

2. DETAILS OF THE PROPOSED ACQUISITION

The Proposed Acquisition entails the acquisition by the Company of the following shares in the Target Companies (“**Sale Shares**”):

Target Company	No. of Sale Shares to be acquired	Equity interest to be acquired (%)	Purchase Consideration (RM)
Boulevard Jaya	15,000,000	100.00	27,500,000
Boulevard Motor	1,500,000	60.00	72,240,000
Boulevard Motor (Sabah)	1,500,000	60.00	39,150,000
Boulevard Motor (Labuan)	1,500,000	60.00	5,610,000
Total			144,500,000

Pursuant to the SSAs, the Vendors have agreed to sell and SYGROUP has agreed to purchase the Sale Shares free from all encumbrances including mortgage, charge, pledge, lien, assignment, security interest, and together with all rights, benefits and entitlements whatsoever attaching thereto as at the completion date subject to the terms and conditions contained in the SSAs. The salient terms of the SSAs are set out in **Appendices I(A) and I(B)** of this Announcement.

The purchase consideration for the Target Companies of RM144.5 million (“**Purchase Consideration**”) will be satisfied via the transfer of 55.0 million Treasury Shares to the Vendors and the balance in cash.

The Treasury Shares will be transferred to the Vendors at the higher of (i) RM0.8514 per Treasury Share, being approximately 5.00% premium to the 5 days volume weighted average price (“**VWAP**”) of ordinary shares in SYGROUP (“**SYGROUP Shares**”) up to and including 5 July 2024, being the latest practicable date prior to the date of the SSAs and this Announcement (“**LPD**”) of RM0.8109 per SYGROUP Share or (ii) the 5 day VWAP of SYGROUP Shares up to and including the date prior to the transfer of the Treasury Shares to the Vendors.

For illustration purposes, based on RM0.8514 per Treasury Share (“**Illustrative Transfer Price**”), the Purchase Consideration is to be satisfied as follows:

Target Company	Cash	Treasury Shares		Total
	RM	RM	No.	RM
Boulevard Jaya	27,500,000	-	-	27,500,000
Boulevard Motor	43,327,333	28,912,667	33,958,970	72,240,000
Boulevard Motor (Sabah)	23,480,962	15,669,038	18,403,850	39,150,000
Boulevard Motor (Labuan)	3,364,705	2,245,295	2,637,180	5,610,000
Total	97,673,000	46,827,000	55,000,000	144,500,000

As at the LPD, the Company holds 70,354,700 treasury shares. Assuming the Company does not undertake any share buyback prior to the completion of the Proposed Acquisition, the number of treasury shares to be held by the Company after the Proposed Acquisition will be 15,354,700 treasury shares. The Treasury Shares to be transferred to the Vendors pursuant to the Proposed Acquisition represent approximately 4.87% of the existing issued ordinary shares of the company (after excluding 70,354,700 treasury shares held) and 4.64% of the issued share capital of the Company post the completion of the Proposed Acquisition (after excluding 15,354,700 treasury shares held).

Upon completion of the Proposed Acquisition, Boulevard Jaya will become a wholly-owned subsidiary of SYGROUP whilst Boulevard Motor, Boulevard Motor (Sabah) and Boulevard Motor (Labuan) will be 60.00% owned subsidiaries of SYGROUP.

2.1 Information on the Target Companies

2.1.1 Boulevard Jaya

Boulevard Jaya was incorporated in Malaysia as a private limited company under the Companies Act 1965 on 9 February 2004 and is deemed registered under the Companies Act 2016 (“Act”). Boulevard Jaya commenced its operations since 2004 and is principally involved in the activities of car dealership and sales of spare parts and after-sales services.

Boulevard Jaya is an authorised dealer of Toyota vehicles in Sarawak and currently has a dealership agreement dated 3 July 2023 with UMW Toyota Motor Sdn Bhd (“**UMW Toyota**”). Currently, Boulevard Jaya sells Toyota vehicles and parts and accessories and provides after sales services and body and paint repair works for Toyota vehicles. Some of the models of Toyota vehicles sold include Toyota Vios, Toyota Yaris, Toyota Fortuner, Toyota Innova, Toyota Hilux and Toyota Corolla Cross.

Boulevard Jaya is also an authorised agent of Lexus vehicles in Sarawak and has an agency agreement dated 5 January 2024 with UMW Toyota. Currently, Boulevard Jaya sells Lexus vehicles on behalf of UMW Toyota and sells parts and accessories and provides after sales services and body and paint repair works for Lexus vehicles. Some of the models of Lexus vehicles sold on behalf of UMW Toyota include Lexus ES, Lexus UX and Lexus NX.

As at the LPD, Boulevard Jaya has the following centres:

No.	Centre	Description	Location
1	Toyota showroom	Sale of Toyota vehicles and parts and accessories	Lot 12648, Block 16, KCLD, Jalan Datuk Tawi Sli, 93250 Kuching, Sarawak
2	Toyota service centre	Servicing of Toyota vehicles	
3	Lexus showroom	Sale of Lexus vehicles and parts and accessories	
4	Lexus service centre	Servicing of Lexus vehicles	
5	Toyota and Lexus body and paint workshop	Body and paint repair work of Toyota and Lexus vehicles	Lot 1411 & 2115, Section 66, KTL D, Jalan Mersawa, Pending Industrial Area, 93450 Kuching, Sarawak

As at the LPD, the issued share capital of Boulevard Jaya is RM35,000,000 comprising 15,000,000 ordinary shares.

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

Shareholders	No. of shares	%
Shin Yang Holding	14,799,999	98.7
KTE Motors	200,000	1.3
Ling Chiong Sing	1	0.0
Total	15,000,000	100.0

Further details on Shin Yang Holding and KTE Motors are set out below in Sections 2.2.1 and 2.2.2, respectively. Ling Chiong Sing is a Malaysian male and the Group Managing Director and indirect substantial shareholder of the Company. He is also a director of Shin Yang Holding, Dwi Bumijaya and the Target Companies.

As at LPD, the directors of Boulevard Jaya are Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing, Ling Chiong Pin, Dennis Ling Lu Jing and Chin Sheng Hung.

Boulevard Jaya recorded an audited consolidated profit after tax (“**PAT**”) of approximately RM4.7 million for the financial year ended (“**FYE**”) 30 June 2023. As at 30 June 2023, Boulevard Jaya has an audited net asset (“**NA**”) of approximately RM33.2 million. Please refer to **Appendix II** of this Announcement for further details on the financial information of Boulevard Jaya.

2.1.2 Boulevard Motor

Boulevard Motor was incorporated in Malaysia as a private limited company under the Act on 17 April 2017. Boulevard Motor commenced its operations since 2017 and is principally involved in the activities of retail of new motor vehicles and servicing and repairing of motor vehicles.

Boulevard Motor is an authorised dealer and agent of Toyota vehicles in Sarawak and has a dealership agreement dated 3 July 2023 and agency agreement dated 18 December 2023 with UMW Toyota. Currently, Boulevard Motor sells Toyota vehicles in Sarawak. Some of the models of Toyota vehicles sold include Toyota Vios, Toyota Yaris, Toyota Fortuner, Toyota Innova, Toyota Hilux and Toyota Corolla Cross. In addition, Boulevard Motor sells certain Toyota vehicles on behalf of UMW Toyota, which includes Toyota Harrier, Toyota Alphard, Toyota Vellfire, Toyota GR Supra and Toyota GR Yaris. Boulevard Motor also sells parts and accessories and provides after sales services and body and paint repair works for Toyota vehicles.

As at the LPD, Boulevard Motor has the following centres:

No.	Centre	Description	Location
1	Toyota showroom	Sale of Toyota vehicles and parts and accessories	Miri, 4S Lot 186, Block 5
2	Toyota service centre	Servicing of Toyota vehicles	MCLD, Lorong 6, Jalan Krokop, 98000 Miri, Sarawak
3	Toyota body and paint workshop	Body and paint repair work of Toyota vehicles	

No.	Centre	Description	Location
			Lot 3043, Block 5 Miri Concession Land District, 98000 Miri (now known as Lot 799 Miri Concession Land District).
4	Toyota showroom	Sale of Toyota vehicles and parts and accessories	Bintulu 3S Lot 620, BDA Light Industrial Estate Jalan Sultan Iskandar 97000 Bintulu Sarawak
5	Toyota service centre	Servicing of vehicles	
6	Toyota showroom	Sale of Toyota vehicles and parts and accessories	Sibu 1S 16E-F, Lane 4, Jalan Lanang, 96000 Sibu, Sarawak
7	Toyota Service centre	Servicing of Toyota vehicles	Sibu 2S No. 2, Lane 61, Jalan Lanang, 96000 Sibu, Sarawak
8	Toyota showroom	Sale of Toyota vehicles	Ground Floor of Lot 2463, 2464 and 2465, all of Block 5 Miri Concession Land District

As at the LPD, the issued share capital of Boulevard Motor is RM2,500,000 comprising 2,500,000 ordinary shares and is wholly-owned by Dwi Bumijaya.

As at the LPD, the directors of Boulevard Motor are Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing and Dennis Ling Lu Jing.

Boulevard Motor recorded an audited consolidated PAT of approximately RM38.8 million for the FYE 31 December 2023. As at 31 December 2023, Boulevard Motor has an audited NA of approximately RM81.3 million. Please refer to **Appendix II** of this Announcement for further details on the financial information of Boulevard Motor.

2.1.3 Boulevard Motor (Sabah)

Boulevard Motor (Sabah) was incorporated in Malaysia as a private limited company under the Act on 5 October 2017. Boulevard Motor (Sabah) commenced its operations since 2017 and is principally involved in the activities of retailing of passenger and commercial vehicles and repairing and servicing motor vehicles.

Boulevard Motor (Sabah) is an authorised dealer and agent of Toyota vehicles in Sabah and has a dealership agreement dated 3 July 2023 and agency agreement dated 18 December 2023 with UMW Toyota. Currently, Boulevard Motor (Sabah) sells Toyota vehicles in Sabah. Some of the models of Toyota vehicles sold include Toyota Hilux, Toyota Fortuner, Toyota Veloz, Toyota Vios and Toyota Corolla Cross. In addition, Boulevard Motor (Sabah) sells certain Toyota vehicles on behalf of UMW Toyota, which includes Toyota Harrier, Toyota Alphard, Toyota Vellfire, Toyota GR Supra and Toyota GR Yaris. Boulevard Motor (Sabah) also sells parts and accessories and provides after sales services and body and paint repair works for Toyota vehicles.

As at the LPD, Boulevard Motor (Sabah) has the following centres:

No.	Centre	Description	Location
1	Toyota showroom	Sale of Toyota vehicles and parts and accessories	Lahad Datu 1S, Lot 97 MDLD 3982 Fajar Centre 91100 Lahad Datu, Sabah
2	Toyota and Service centre	Servicing of vehicles	Lahad Datu 2S Lot 11 & 12, Kimbell Light Industrial Estate, Mile 3 North Road 91100 Lahad Datu, Sabah
3	Toyota showroom	Sale of Toyota vehicles and parts and accessories	Sandakan 3S and B&P TL077598102, Mile 3 North Road 90000 Sandakan, Sabah
4	Toyota Service centre	Servicing of Toyota vehicles	
5	Toyota body and paint workshop	Body and paint repair work of Toyota vehicles	
6	Toyota showroom	Sale of Toyota vehicles and parts and accessories	Tawau 1S TB 16341, Mile 1/4 Jalan Bahagia 91000 Tawau, Sabah
7	Toyota Service centre	Servicing of Toyota vehicles	Tawau 2S TB 16342, Mile 1/4 Jalan Bahagia 91000 Tawau, Sabah

As at the LPD, the issued share capital of Boulevard Motor (Sabah) is RM2,500,000 comprising 2,500,000 ordinary shares and is wholly-owned by Dwi Bumijaya.

As at the LPD, the directors of Boulevard Motor (Sabah) are Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing, Dennis Ling Lu Jing and Tang Tiong Ing.

Boulevard Motor (Sabah) recorded an audited consolidated PAT of approximately RM22.5 million for the FYE 31 December 2023. As at 31 December 2023, Boulevard Motor (Sabah) has an audited NA of approximately RM46.2 million. Please refer to **Appendix II** of this Announcement for further details on the financial information of Boulevard Motor (Sabah).

2.1.4 Boulevard Motor (Labuan)

Boulevard Motor (Labuan) was incorporated in Malaysia as a private limited company under the Act on 14 November 2017. Boulevard Motor (Labuan) commenced its operations since 2017 and is principally involved in the activities of retailing of passenger and commercial vehicles and repairing and servicing motor vehicles.

Boulevard Motor (Labuan) is an authorised dealer and agent of Toyota vehicles in Labuan and has a dealership agreement dated 3 July 2023 and agency agreement dated 18 December 2023 with UMW Toyota. Currently, Boulevard Motor (Labuan) sells Toyota vehicles in Labuan. Some of the models of Toyota vehicles sold include Toyota Hilux, Toyota Vios, Toyota Veloz, Toyota Yaris and Toyota Corolla Cross. In addition, Boulevard Motor (Labuan) sells certain Toyota vehicles on behalf of UMW Toyota, which includes Toyota Harrier, Toyota Alphard, Toyota Vellfire, Toyota GR Supra and Toyota GR Yaris. Boulevard Motor (Labuan) also sells parts and accessories and provides after sales services and body and paint repair works for Toyota vehicles.

As at the LPD, Boulevard Motor (Labuan) has the following centres:

No.	Centre	Description	Location
1	Toyota showroom	Sale of Toyota vehicles and parts and accessories	Labuan 3S Lot 6, Car Showroom, 1KM
2	Toyota Service centre	Servicing of Toyota vehicles	Kampung Batu Arang 87020 Labuan, Sabah

As at the LPD, the issued share capital of Boulevard Motor (Labuan) is RM2,500,000 comprising 2,500,000 ordinary shares and is wholly-owned by Dwi Bumijaya.

As at the LPD, the directors of Boulevard Motor (Labuan) are Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing and Dennis Ling Lu Jing.

Boulevard Motor (Labuan) recorded an audited consolidated PAT of approximately RM3.4 million for the FYE 31 December 2023. As at 31 December 2023, Boulevard Motor (Labuan) has an audited NA of approximately RM8.1 million. Please refer to **Appendix II** of this Announcement for further details on the financial information of Boulevard Motor (Labuan).

2.2 Information on the Vendors

2.2.1 Shin Yang Holding

Shin Yang Holding was incorporated in Malaysia as a private limited company under the Companies Act 1965 on 19 July 1989 and is deemed registered under the Act. Shin Yang Holding is principally involved in the activities of investment holding and letting of premises.

As at the LPD, the issued share capital of Shin Yang Holding is RM25,000,000 comprising 25,000,000 ordinary shares (21,723,440 ordinary shares in cash and 3,276,560 ordinary shares in otherwise than cash).

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

	<u>No. of shares</u>	<u>%</u>
Tan Sri Datuk Ling Chiong Ho	6,250,000	25.0
Ling Chiong Sing	6,250,000	25.0
Ling Chiong Sieng	6,250,000	25.0
Ling Chiong Pin	6,250,000	25.0
Total	<u>25,000,000</u>	<u>100.0</u>

As at the LPD, the directors of Shin Yang Holding are Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing, Ling Chiong Sieng, Ling Chiong Pin and Datuk Ling Lu Kiong.

2.2.2 KTE Motors

KTE Motors was incorporated in Malaysia as a private limited company under the Companies Act 1965 on 19 February 2002 and is deemed registered under the Act. KTE Motors is principally involved in the activities of car brokerage services and investment holding.

As at the LPD, the issued share capital of KTE Motors is RM500,000 comprising 500,000 ordinary shares.

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

	<u>No. of shares</u>	<u>%</u>
Ling Chiong Sing	250,001	50.0
Mewah Enterprise Sdn Bhd	249,998	50.0
Ling Siu Chuo	1	0.0
Total	<u>500,000</u>	<u>100.0</u>

As at LPD, the directors of KTE Motors are Ling Siu Chuo and Ling Chiong Sing.

2.2.3 Dwi Bumijaya

Dwi Bumijaya was incorporated in Malaysia as a private limited company under the Companies Act 1965 on 6 November 2015 and is deemed registered under the Act. Dwi Bumijaya commenced its operations since 2015 and is principally involved in the activities of investment holdings.

As at the LPD, the issued share capital of Dwi Bumijaya is RM7,500,000 comprising 7,500,000 ordinary shares (5,100,000 ordinary shares in cash and 2,400,000 ordinary shares in otherwise than cash).

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

<u>Shareholders</u>	<u>No. of shares</u>	<u>%</u>
Melana Sinar Sdn Bhd	2,500,000	33.33
Kemena Sinar Sdn Bhd	2,500,000	33.33
Best Megalink Sdn Bhd	2,500,000	33.33
Total	<u>7,500,000</u>	<u>100.0</u>

As at the LPD, the directors of Dwi Bumijaya are Vincent Ling Lu Yew, Dennis Ling Lu Jing, Datuk Ling Lu Kiong, Ling Chiong Sing and Tan Sri Datuk Ling Chiong Ho.

2.3 Basis of and justification at arriving at the Purchase Consideration

The Purchase Consideration was negotiated and arrived at on a “willing-buyer willing-seller” basis after taking into consideration amongst others, the following:

- (i) the Target Companies’ historical audited PAT in proportion to the equity interest to be acquired as follows:

<u>Target Companies</u>	<u>PAT⁽¹⁾</u>
	RM
Boulevard Motor	12,417,947
Boulevard Motor (Sabah)	6,729,979
Boulevard Motor (Labuan)	964,339
Boulevard Motor Group	20,112,265
Boulevard Jaya	4,669,734
Total	24,781,999

Note:

- (1) *The PAT for Boulevard Motor, Boulevard Motor (Sabah) and Boulevard Motor (Labuan) is for the financial year ended 31 December 2022 whilst the PAT for Boulevard Jaya is for the financial year ended 30 June 2023.*

Based on the Purchase Consideration and PAT above, the implied price to earnings ratio (“**PER**”) is 5.8 times.

The implied PER represents a discount of 31.4% to the PER of Bermaz Auto Berhad (“**Bermaz**”), the identified comparable company, of 8.46 times based on its market capitalisation of RM2,968.8 million as at the LPD and unaudited profit after tax and non-controlling interest (“**PATANCI**”) for the FYE 30 April 2024 of RM351.0 million.

Bermaz was selected as the principal activities of Bermaz are generally comparable to the business of the Target Companies, being the automotive business. Please take note that there is no one comparable company that may be identical to the Target Companies in terms of composition of business, scale of operations, geographical spread of activities, track record, asset base, risk profile, future prospects and other criteria.

- (ii) the aggregated audited net assets of the Target Companies of RM114.6 million in proportion to the equity interest to be acquired based on the latest audited consolidated financial statements of the Target Companies (i.e. FYE 30 June 2023 for Boulevard Jaya and FYE 31 December 2023 for the remaining Target Companies).

Nonetheless, we wish to highlight that based on the audited net assets of Boulevard Jaya for the financial year ended 30 June 2024, Boulevard Jaya may declare dividends prior to the completion of the Proposed Acquisition subject to maintaining net assets of at least RM27.5 million, being the purchase consideration for Boulevard Jaya, and Boulevard Jaya having cash available to pay the dividend prior to completion of the Proposed Acquisition.

- (iii) rationale and benefits of the Proposed Acquisition as set out in Section 3 of this Announcement; and
- (iv) the industry outlook for the automotive business in Malaysia and prospects of the Target Companies as set out in Section 4 of this Announcement.

2.4 Basis of pricing of the Treasury Shares

The Treasury Shares will be transferred to the Vendors at the higher of RM0.8514 per Treasury Share, being approximately 5.00% premium to the 5 days VWAP of ordinary shares in SYGROUP Shares up to and including the LPD of RM0.8109 per Treasury Share or the 5 day VWAP of SYGROUP Shares up to and including the date prior to the transfer of the Treasury Shares to the Vendors.

2.5 Source of funding

The cash consideration for the Proposed Acquisition will be funded via the Company's internally generated funds.

2.6 Liabilities to be assumed by SYGROUP

There are no other liabilities, including contingent liabilities and/or guarantees to be assumed by SYGROUP arising from the Proposed Acquisition.

2.7 Additional financial commitment

SYGROUP does not expect to incur additional financial commitments to put the Target Companies on-stream as the Target Companies are already in operation.

2.8 Original costs and dates of investment

The original dates and costs of investment made by the Vendors for all their equity interest in the Target Companies are as follows:

<u>Target Company</u>	<u>Vendor</u>	<u>Date of investment</u>	<u>Cost of investment</u>
			<u>RM</u>
Boulevard Jaya	KTE Motors	9 November 2004	200,000
	Shin Yang Holding	9 November 2004	800,000
	Shin Yang Holding	10 December 2015	4,000,000
	Shin Yang Holding	15 June 2019	15,000,000
	Shin Yang Holding	22 June 2021	15,000,000
			<u>35,000,000</u>
Boulevard Motor	Dwi Bumijaya	7 November 2017	1,000,000
	Dwi Bumijaya	15 November 2017	500,000
	Dwi Bumijaya	27 December 2017	1,000,000
			<u>2,500,000</u>
Boulevard Motor (Sabah)	Dwi Bumijaya	7 November 2017	1,000,000
	Dwi Bumijaya	15 November 2017	500,000
	Dwi Bumijaya	27 December 2017	1,000,000
			<u>2,500,000</u>

<u>Target Company</u>	<u>Vendor</u>	<u>Date of investment</u>	<u>Cost of investment</u>
Boulevard Motor (Labuan)	Dwi Bumijaya	7 November 2017	1,000,000
	Dwi Bumijaya	15 November 2017	500,000
	Dwi Bumijaya	27 December 2017	1,000,000
Total			2,500,000

3. RATIONALE OF AND BENEFITS FOR THE PROPOSED ACQUISITION

The Company, through its wholly-owned subsidiaries provides critical services within the shipping industry such as domestic and regional shipping, shipbuilding and ship repair, ship repowering and refitting and fabrication of metal structures. Other activities include forwarding and shipping agency, door to door, port to port and third-party logistic transport providers, maintenance and management of barrages and shiplocks and manufacturing & distribution of industrial gases.

The performance of the Company is largely dependent on the volatility of the world's fuel market price, the standard of skills and experience of ship crews, domestic and regional demand for transportation of dry bulk and general cargoes, movement of the Malaysian Ringgit and the world economic situation, all of which may significantly disrupt business operations and margins.

While the prospects for the shipping industry continue to remain challenging with the slight hike in crude oil price, SYGROUP and its subsidiaries ("**Group**") is prepared to weather this challenge with selective market driven routes based on fleet load utilization. The continuous improvement in operational costs management, fleet efficiency and routes enhancement would be an important priority in the next few quarters.

Other factors contributing to the prospects of the shipbuilding and ship repair operations include the price movements of marine mild steel plates, other heavy equipment, machinery and the global trend of demand for newly constructed vessels especially from the niche market segments in the oil and gas industry. In order to improve performance and manage the operating expenditures of the shipbuilding sector, the Group is taking initiatives such as focusing on improving the Group's ship repair operations to meet the requirements of the niche market segments in the oil and gas industry. With the gradual recovery of charter rates in the offshore vessels (OSV) segment and the current gap in new building orders for different OSV over the past few years, and recycling of ageing OSV as well, the Group foresees a steady and healthy increase in orders for replenishment of OSV for next few years to come.

As part of the Company's continuous effort to improve shareholders' value, the Proposed Acquisition entails the acquisition of companies with established businesses in the automotive industry and financial track record which will provide an immediate boost to the earnings of the Group. The Proposed Acquisition is also expected to enable the Group to:

- (i) to diversify and bolster its revenue and income stream as the Proposed Acquisition is expected to contribute positively to the future earnings of the enlarged Group and further strengthen the Group's future financial performance;
- (ii) expand and diversify the Group's product offerings and reduce the Group's dependency on its current business;

- (iii) leverage on the Target Companies' networks and client bases to cross-sell the Group's shipping services such as containerized freight transportation from Peninsular to East Malaysia, port to port freight services, port to doors haulage services, custom clearing, import and export documentation and port related services under a unified "SYGROUP" franchise; and
- (iv) vertically integrate the Target Companies' automotive's maintenance and repair services into the Group's under its own workshops and stores and achieve operational cost savings.

The Board is of the view that the Proposed Acquisition is expected to contribute positively to the future earnings of the enlarged SYGROUP Group and further strengthen the Company's future financial performance.

4. INDUSTRY OVERVIEW AND PROSPECTS

4.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 3% in the fourth quarter ("Q4") of 2023, mainly supported by continued expansion in household spending from continued improvements in employment and wages, stronger growth of inbound tourism and higher investment growth.

On the demand side, higher domestic demand continued to support the growth of the economy for the Q4 2023. Private consumption increased by 4.2% from continued household spending. Private investment increased by 4% supported by capacity expansion by firms and further progress in ongoing projects. Public consumption increased by 7.3% supported by higher supplies and services spending by the Government. Public investment increased by 11.3% from higher capital expenditure by Government and public corporations. On the external front, net exports decreased by 35.6% as higher imports outpaced exports.

On the supply side, the services, construction, mining and agriculture sectors remained supportive of growth. The services sector grew by 4.2% underpinned by the ongoing recovery of tourism activities albeit weighted by contraction in finance and insurance subsector. The construction sector grew by 3.6% mainly attributable to further expansion in civil engineering subsector albeit weighed by weak non-residential activities. The mining sector grew by 3.8% mainly driven by improvement in natural gas and oil production. The agriculture sector grew by 1.9% mainly due to expansion in oil palm production amid improved labour supply. Meanwhile, the manufacturing sector recorded a contraction of 0.3% given the continued weakness in demand for electrical and electronic products amid technology downcycle, offsetting resilient growth in domestic-oriented cluster.

Overall, the Malaysian economic growth normalised to 3.7% in 2023, following a stronger growth registered in the previous year of 8.7%.

For 2024, growth of the Malaysian economy is expected to trend higher, lifted by the recovery in exports and resilient domestic expenditure. Household spending will be supported by continued growth in employment and wages. Tourist arrivals and spending are expected to improve further. Moreover, investment activity would be supported by continued progress of multi-year projects in both the private and public sectors, and the implementation of catalytic initiatives under national master plans.

Budget 2024 measures will also provide additional support to economic activity. The growth outlook remains subject to downside risks from weaker-than-expected external demand and declines in commodity production. Meanwhile, upside risks to domestic growth emanate from greater spillover from the tech upcycle, stronger-than-expected tourism activity and faster implementation of both existing and new projects.

(Source: Bank Negara Malaysia Quarterly Bulletin Fourth Quarter 2023)

4.2 Overview and outlook of the automotive industry in Malaysia

Market review for 2023 Malaysian automotive industry

Sales of new motor vehicles in 2023 rose 11% to a new all-time high, propelled mainly by passenger cars sub-segment, amid a resilient domestic economy and a very much stable socio-political environment.

Total Industry Volume (“**TIV**”) or vehicle registrations increased to 799,731 units during the year under review, surpassing the previous highest sales result of 721,177 units achieved in 2022, the Malaysian Automotive Association (“**MAA**”).

The industry’s sales growth last year marked the second annual gain since the downturn in 2020-2021 caused by the Covid-19 pandemic crisis. It was also the second consecutive year the TIV exceeded the 700,000 units mark.

The stellar performance in 2023 can be attributed to a number of factors, namely:

- (i) Fulfilment of tax-free cars booking received, a majority of which were registered before 31 March 2023, plus a fair number of these bookings were also carried over and registered after 31 March 2023;
- (ii) A much more stable socio-political environment following the formation of a Unity Government post GE-15;
- (iii) Resilient domestic economy;
- (iv) Many new model launches including electric vehicles with very competitive prices helped to spur sales; and
- (v) Much improved industry supply chain environment.

Outlook for 2024 Malaysian automotive industry

MAA have taken the following economic and environmental factors into account in their forecast for the Total Industry Volume in 2024 which forecasted 740,000 vehicles will be registered in 2024:

- (i) At this moment, the global economy outlook remains largely uncertain. The uncertainty has been exacerbated by the on-going wars between Israel-Hamas and Ukraine-Russia, and other geopolitical tensions;
- (ii) The International Monetary Fund had forecasted that global economic growth would slow from 3% in 2023 to 2.9% in 2024;
- (iii) The Malaysian economy is expected to expand at 4-5% this year, driven by the continued expansion of its domestic consumption;
- (iv) A much-improved supply chains plus on-going new models launches including many new Electrified Vehicles at affordable and competitive prices, will entice and sustain buying interest among consumers;
- (v) Bank Negara Malaysia (“**BNM**”)’s decision at its Monetary Policy Committee meeting on 2 November 2023 to keep the benchmark Overnight Policy Rate at 3 percent, bode well for the industry as loan borrowing cost remains unchanged; and
- (vi) Consumer spending may slow down due to concerns over targeted subsidy rationalisation, high cost of living, implementation of proposed High Value Goods Tax, and higher service tax rate for some services including motor vehicles repair and maintenance.

(Source: MAA Market Review for 2023 dated 16 January 2024)

4.3 Prospects of the Target Companies

The Target Companies are principally involved in car dealership, sales of spare parts, after-sales services, servicing and repairing of Toyota vehicles. According to the Malaysian Automotive Association, Toyota cars have been among the best-selling cars in Malaysia. For each of the calendar years from 2020 to 2022, Toyota cars sales commanded more than 10.00% market share in Malaysia. Toyota cars were also the number one best-selling non-national cars in Malaysia for years 2020 to 2022 respectively.

The new Toyota models launched in late 2023 (such as Toyota Alphard, Toyota Vellfire and Toyota Corolla) and Toyota focus on introducing more models in 2024, particularly with an emphasis on XEV technologies, coupled with its strong brand reputation and broad appeal to the mass market, would bode well in attracting sales for Toyota. Being a Toyota dealership and agent, these positive traits support the positive outlook that the Target Companies could offer to SYGROUP such as improving its financial performance.

In addition to the recent reports by reputable international financial news agency regarding the support from the Japanese government to Toyota of up to 117.8 billion yen (approximately USD841 million) in subsidies for its investment in EV battery production, Toyota also aims to introduce 10 additional EV models by 2026, with a target to achieve annual sales of 1.5 million units in 2026 and 3.5 million units in 2030.

Moreover, according to BNM, demand for household loans remained forthcoming, especially loans for the purchase of housing and cars. This is evidenced by the higher growth in outstanding loans to households which increase by 6.2% compared to 5.7% in quarter four of 2023. This resilient household spending is supported by continued employment and wage growth. On 1 May 2024, the Malaysian Prime Minister announced that civil servants' remuneration will be increased by more than 13 per cent effectively 1st December 2024.

In view of the above as well as the rationale for and benefits of the Proposed Acquisition as set out in Section 3 of this Announcement, the Board (save for the Interested Directors) is of the opinion that the Proposed Acquisition should contribute positively to the future financial performance of SYGROUP.

(Source: Toyota Malaysia's website, NST article dated 1 May 2024, Reuters article dated 16 Jun 2023, Bernama article dated 20 May 2024, Bank Negara Malaysia Quarterly Bulletin Fourth Quarter 2023)

5. RISK FACTORS IN RELATION TO THE PROPOSED ACQUISITION

5.1 Completion risk

The completion of the Proposed Acquisition is conditional upon the conditions precedent of the SSAs ("**Conditions Precedent**") as set out in Appendices I(A) and I(B) of this Announcement being fulfilled and/or waived. There can be no assurance that all the Conditions Precedent can be fulfilled on or before the Stop Date (as defined in Appendices I(A) and I(B) of this Announcement) to the satisfaction of SYGROUP and/or the Vendors. In the event that any or all the Conditions Precedent are not fulfilled and/or waived and extension of time to fulfil the Conditions Precedent cannot be mutually agreed upon between SYGROUP and the Vendors and/or the parties are unable to perform their obligations in accordance with the terms and conditions of the SSA, the Proposed Acquisition will not be able to be completed.

The Company will monitor the status and progress of the Proposed Acquisition and endeavours, to the extent possible, to fulfil all the terms and conditions of the SSAs which is within its control.

5.2 Acquisition risk

There can be no assurance that the anticipated benefits of the Proposed Acquisition will be realised or that the Company will be able to generate sufficient returns from the Proposed Acquisition to offset the associated acquisition costs incurred. These include changes in the cash flow profile arising from the potential capital or operational expenditure to be committed to the Target Companies' business in the future.

5.3 Renewal of dealership agreements risk

The business of the Target Companies is dependent on their dealership agreements with UMW Toyota. Based on the Target Companies' current and past dealership agreements, the duration of the dealership agreements are typically short term in nature, being one (1) year save for their most recent dealerships agreements which are for two (2) years and are typically renewed by UMW Toyota only after the expiry of the dealership agreements. Nonetheless, the Target Companies continued to operate as usual pending the renewal of the dealership agreements by UMW Toyota.

As at the date of this announcement, the Target Companies' dealership agreements are expiring on 31 December 2024. The Target Companies will renew the dealership agreements with UMW Toyota of which UMW Toyota may only renew after the completion of the Proposed Acquisition based on past experiences of the Target Companies.

Upon signing of the SSAs, the Company will pay 10.00% of the Purchase Consideration in the form of cash, being approximately RM14.5 million to the Vendors. If the dealership agreements are renewed prior to the completion of the Proposed Acquisition, the balance of the Purchase Consideration will be satisfied upon the completion of the Proposed Acquisition in accordance with the terms of the SSAs.

If the dealership agreements are renewed after completion of the Proposed Acquisition, the balance of the cash consideration of approximately RM83.2 million based on the Illustrative Transfer Price will be paid to the Vendors upon completion of the Proposed Acquisition in accordance with the terms of the SSAs whilst the Treasury Shares will only be transferred after the renewal of the dealership agreements in accordance with the terms of the SSAs.

In the event the dealership agreements are not renewed by 30 June 2025 or such other time as may be agreed between the Company and the Vendors, the Company has the right to sell the Target Companies back to the Vendors at the Purchase Consideration and the net assets of the Target Companies upon the sale to the Vendors shall be at least equivalent to the audited net assets of Boulevard Motor Group as at 31 December 2023 and Boulevard Jaya as at 30 June 2024 (subject to adjustments for any dividends declared prior to completion of the Proposed Acquisition or impairment of net assets upon completion, if applicable) (“**Put Option**”). In addition, Shin Yang Holding, being one of the vendors of Boulevard Jaya and a company with consolidated net assets in excess of RM5.0 billion based on its audited consolidated financial statements for the financial year ended 30 June 2023, and Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing and Ling Chiong Pin, being directors and shareholders of Shin Yang Holding (“**Undertaking Individuals**”) have jointly and severally, undertake and guarantee that they will pay the Company any amount which are owing or remaining unpaid in the event the vendor of Boulevard Motor Group (i.e. Dwi Bumijaya) does not fulfill its obligation to repay the purchase consideration under the Boulevard Motor Group SSA. The Undertaking Individuals have also jointly and severally, undertake and guarantee that they will pay the Company any amount which are owing or remaining unpaid in the event the vendors of Boulevard Jaya (i.e. Shin Yang Holding, KTE Motors and Ling Chiong Sing) do not fulfill their obligation to repay the purchase consideration under the Boulevard Jaya SSA.

There can be no guarantee on the renewal of the Target Companies’ dealership agreements in the future. Further, if there are any changes within the automotive industry including the selling models of car manufacturers, the dealership model may be affected. In the event the Target Companies’ dealership agreements are not renewed in the future or not renewed in its equivalent form, there can be no assurance that the business and financial performance of the Group will not be materially affected.

5.4 Integration risk

The enlarged SYGROUP’s business operations and financial position could be materially affected if the existing businesses of the Company and Target Companies are not integrated effectively or in a timely manner. This may result in the lower realisation of benefits arising from the Proposed Acquisition where failure to achieve the expected benefits may impact the enlarged SYGROUP’s future financial performance.

Potential factors that may adversely affect a successful integration exercise include:

- (i) disruption to business continuity and ongoing operations which could affect the enlarged Group’s ability to deliver its products and services to its customers, timeliness in responding to competition and ability to maintain its market position;
- (ii) higher than anticipated integration complexities and costs, for example related to integration of information technology platforms and systems;

- (iii) unintended loss of key personnel or skilled or technical personnel or reduced employee effectiveness and productivity due to uncertainties during the integration phase; and
- (iv) unexpected challenges or issues that may lead to integration execution taking longer time or costing more than anticipated.

5.5 Business risk

The Proposed Acquisition will expose SYGROUP to new business risks inherent in the automotive business that could have a material adverse effect on its financial performance, including but not limited to the following:

- (i) highly competitive market from other dealers, car brands and online sales platform which may affect the sales and margins of the Target Companies;
- (ii) inability to fulfil customer demand due to shortage of car supplies from the dealer;
- (iii) reputational and brand damage from non-satisfactory customer services, product recalls or negative publicity;
- (iv) failure to renew the dealership and agency agreements of the Target Companies;
- (v) failure to renew leases for business premises;
- (vi) failure to obtain the necessary operating permits, licences, certificates and/or regulatory approvals;
- (vii) changes in the regulatory framework in the automotive industry; and
- (viii) changes in general economic and business conditions

Nevertheless, SYGROUP will seek to mitigate these risks through, amongst others, leveraging on the experience, network and expertise of the key management personnel of the Target Companies. In addition, the Company will constantly monitor the performance of the automotive business and implement strategies to increase sales, reduce cost, enhance operational efficiency and strengthen the performance of the automotive business.

However, there can be no assurance the aforementioned risks will be adequately addressed and any changes to the operating conditions of the Company may have an adverse effect on the Company's financial performance.

5.6 Dependency on key management personnel risk

The business growth and success in the automotive business is largely attributable to the skill, experience, competency and continued efforts of Target Companies' key management personnel as well as the SYGROUP's ability to attract more qualified personnel who have the relevant experience in the automotive business. The loss of any key management personnel without timely replacement or SYGROUP's inability to attract and/or retain qualified personnel may adversely affect the automotive business which would in turn negatively impact the financial performance of the Group.

As such, SYGROUP will strive to adopt appropriate measures to retain the Target Companies' key management personnel and attract qualified personnel, including providing attractive remuneration, requisite training, career advancement opportunities and other employment benefits. SYGROUP may also reduce its reliance on any key management personnel by regularly reviewing its staff strength and policies (including succession planning) to ensure that it will be able to effectively address human resource risks.

Notwithstanding, there can be no assurance that these measures will enable SYGROUP to retain its key management personnel or address the loss of its key management personnel effectively or that a smooth transition will occur during any staff replacement exercise.

5.7 Goodwill and impairment risk

According to the Malaysian Financial Reporting Standards 3 Business Combinations issued by the Malaysian Accounting Standards Board, the enlarged Group is expected to recognise goodwill arising from the Proposed Acquisition. Goodwill represents the excess of the consideration over the Group's share of the fair value of the identifiable net assets acquired.

Goodwill is tested for impairment annually or if events or changes in circumstances indicate that it might be impaired. For the purpose of impairment testing, goodwill is allocated to each of the cash generating units, or groups of cash generating units, that are expected to benefit from the Proposed Acquisition. The goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Whilst the management expects the goodwill to be supported by the post-acquisition performance of the Target Companies, any material changes or events arising that will adversely affect the business prospects and/or assets of the Target Companies, may result in an impairment of the goodwill. In the event the goodwill is impaired, the profitability of the enlarged Group will be adversely affected and that will have a corresponding effect on shareholders' funds.

6. EFFECTS OF THE PROPOSED ACQUISITION

For illustrative purposes only, based on the Illustrative Transfer Price of RM0.8514 per Treasury Share and RM97,673,000 to be paid in cash, the effects of the Proposed Acquisition on the financials of the Company are set out below:-

6.1 Share capital

The pro forma effects of the Proposed Acquisition on the share capital of SYGROUP are as follows:-

	No. of SYGROUP Shares	RM
Issue share capital as at LPD ⁽¹⁾	1,129,645,300	1,188,172,480
Treasury Shares transferred pursuant to the Proposed Acquisition	55,000,000	46,827,000 ⁽²⁾
Enlarged issued share capital	1,184,645,300	1,234,999,480

Notes:-

(1) Excluding 70,354,700 treasury shares held as at the LPD.

(2) Based on the Illustrative Transfer Price of RM0.8514 per Treasury Share.

6.2 Earnings and earnings per share ("EPS")

Upon completion of the Proposed Acquisition, the Company will consolidate 100.00% of the earnings of Boulevard Jaya and 60.00% of the earnings of Boulevard Motor, Boulevard Motor (Sabah) and Boulevard Motor (Labuan). The Proposed Acquisition is expected to contribute positively to the future earnings of the SYGROUP from the consolidation of the results of the Target Companies.

For illustration purposes, the pro forma effects of the Proposed Acquisition on SYGROUP's earnings and EPS based on its audited consolidated financial statements for the FYE 30 June 2023, assuming the Proposed Acquisition was effected on 1 July 2022, being the beginning of the FYE 30 June 2023 are as follows:-

	As at 30 June 2023	After the Proposed Acquisition
	RM	RM
PATANCI ⁽¹⁾	180,922,574	180,922,574
Add: PAT of the Target Companies pursuant to the Proposed Acquisition ⁽²⁾	-	43,519,402
Less: Estimated expenses pursuant to the Proposed Acquisition ⁽³⁾	-	(430,000)
Adjusted profit attributable to owners of the Company	<u>180,922,574</u>	<u>224,011,976</u>
Number of SYGROUP Shares in issue	1,135,830,300 ⁽⁴⁾	1,184,645,300 ⁽⁵⁾
EPS (sen)	15.93	18.91

Notes:-

- (1) Based on the consolidated audited financial statements of SYGROUP for the FYE 30 June 2023.
- (2) Based on the aggregated audited PAT of Boulevard Jaya for the FYE 30 June 2023 and Boulevard Motor, Boulevard Motor (Sabah) and Boulevard Motor (Labuan) for the FYE 31 December 2023 in proportion to the equity interest to be acquired.
- (3) The estimated expense comprises mainly professional fees and expenses for printing and despatch of circular and Extraordinary General Meeting (“EGM”) to be held.
- (4) Computed based on 1,200,000,000 SYGROUP Shares less 64,169,700 treasury shares held as at 30 June 2023.
- (5) Computed based on 1,200,000,000 SYGROUP Shares in issue as at the LPD less 15,354,700 treasury shares held after the transfer of 55.0 million Treasury Shares pursuant to the Proposed Acquisition.

6.3 NA and gearing

Based on the audited consolidated financial statements of SYGROUP for the FYE 30 June 2023, the proforma effects of the Proposed Acquisition on the consolidated NA and gearing position of SYGROUP, assuming the Proposed Acquisition was effected on 30 June 2023, being the end of the FYE 30 June 2023 are set out below:-

	As at 30 June 2023	(I) After the Proposed Acquisition
	RM	RM
Share capital	1,216,972,062	1,216,972,062
Treasury shares	(24,775,956)	(2,261,796)
Retained profits	326,592,091	326,162,091 ⁽¹⁾
Other reserves	(297,861,069)	(273,548,229) ⁽⁵⁾
NA attributable to owners of the Company	<u>1,220,927,128</u>	<u>1,267,324,128</u>
No. of SYGROUP Shares	1,135,830,300 ⁽²⁾	1,184,645,300 ⁽³⁾
NA per SYGROUP Share ⁽⁴⁾	1.07	1.07
Borrowings	139,039,905	207,448,622
Gearing (times)	0.11	0.16

Notes:-

- (1) *After deducting the estimated expenses of approximately RM0.43 million pursuant to the Proposed Acquisition.*
- (2) *Computed based on 1,200,000,000 SYGROUP Shares less 64,169,700 treasury shares held as at 30 June 2023.*
- (3) *Computed based on 1,200,000,000 SYGROUP Shares in issue as at the LPD less 15,354,700 treasury shares held after the transfer of 55.0 million Treasury Shares pursuant to the Proposed Acquisition.*
- (4) *Calculated based on NA attributable to owners of the Company over the number of SYGROUP shares in issue.*
- (5) *The gain from the transfer of the Treasury Shares is credited under Other Reserves.*

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6.4 Substantial shareholders' shareholdings

	As at LPD				After the Proposed Acquisition			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Shin Yang Holding	660,412,796	58.46	-	-	660,412,796	55.75	-	-
Tan Sri Datuk Ling Chiong Ho	34,802,669	3.08	660,412,796 ⁽¹⁾	58.46	34,802,669	2.94	660,412,796 ⁽¹⁾	55.75
Ling Chiong Sing	34,802,669	3.08	660,412,796 ⁽¹⁾	58.46	34,802,669	2.94	660,412,796 ⁽¹⁾	55.75
Ling Chiong Pin	34,802,668	3.08	660,412,796 ⁽¹⁾	58.46	34,802,668	2.94	660,412,796 ⁽¹⁾	55.75
Ling Chiong Sieng	2,936,968	0.26	660,412,796 ⁽¹⁾	58.46	2,936,968	0.25	660,412,796 ⁽¹⁾	55.75

Note:-

(1) Deemed interest by virtue of his shareholdings in Shin Yang Holding pursuant to Section 8 of the Act.

6.5 Convertible securities

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

7. PERCENTAGE RATIO

Pursuant to Paragraph 10.02(g) of the Listing Requirements, the highest percentage ratio applicable to the Proposed Acquisition is approximately 24.05%, based on the aggregated audited PAT of Boulevard Jaya for the FYE 30 June 2023 and Boulevard Motor, Boulevard Motor (Sabah) and Boulevard Motor (Labuan) for the FYE 31 December 2023 in proportion to the equity interest to be acquired divided by the audited PATANCI of SYGROUP for the FYE 30 June 2023.

8. APPROVALS REQUIRED

The Proposed Acquisition is subject to approvals from the following:-

- (i) the non-interested shareholders of SYGROUP at the forthcoming EGM to be convened for the Proposed Acquisition;
- (ii) any other relevant regulatory authorities and/or parties, if required.

9. CONDITIONALITY OF THE PROPOSED ACQUISITION

The Proposed Acquisition is not conditional upon any other corporate proposals undertaken or to be undertaken by SYGROUP.

10. INTEREST OF DIRECTORS, MAJOR SHAREHOLDER, CHIEF EXECUTIVE AND PERSONS CONNECTED

Save as disclosed below, none of the Directors, major shareholder, chief executive of SYGROUP and/or persons connected to them have any interest, direct and/or indirect, in the Proposed Acquisition:

- (i) Tan Sri Datuk Ling Chiong Ho, the Group Executive Chairman and indirect substantial shareholder of the Company, is a director and a major shareholder of Shin Yang Holding and director of Dwi Bumijaya and the Target Companies. He is also a brother to Ling Chiong Sing, Ling Chiong Pin, Ling Siu Chuo and Ling Chiong Sieng.
- (ii) Ling Chiong Sing, the Group Managing Director and indirect substantial shareholder of the Company, is a Director and a major shareholder of Shin Yang Holding and director of Dwi Bumijaya and the Target Companies. He is also a brother to Tan Sri Datuk Ling Chiong Ho, Ling Chiong Pin, Ling Siu Chuo and Ling Chiong Sieng.

- (iii) Ling Chiong Pin, an Executive Director and indirect substantial shareholder of the Company, is a director and a major shareholder in Shin Yang Holding and brother to Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing, Ling Siu Chuo and Ling Chiong Sieng. He is also a director of Boulevard Jaya;
- (iv) Ling Siu Chuo, a Non-Independent Non-Executive Director of the Company, is the sister to Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing, Ling Chiong Pin and Ling Chiong Sieng;
- (v) Ling Chiong Sieng is a major shareholder of Shin Yang Holding and brother to Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing, Ling Chiong Pin and Ling Siu Chuo (“**Person Connected**”);
- (vi) Datuk Ling Lu Kiong, the Group Executive Vice Chairman of the Company is a director of Dwi Bumijaya and a director and major shareholder of Best Megalink Sdn Bhd. Best Megalink Sdn Bhd owns 33.00% equity interest in Dwi Bumijaya which in turns wholly owns three (3) of the Target Companies. He is also the son of Tan Sri Datuk Ling Chiong Ho and nephew of Ling Chiong Sing, Ling Chiong Pin, Ling Siu Chuo and Ling Chiong Sieng;
- (vii) Vincent Ling Lu Yew, the General Manager of the Shipbuilding Division of the Company is also a director of Dwi Bumijaya and a director and major shareholder of Melena Sinar Sdn Bhd. Melena Sinar Sdn Bhd owns 33.00% equity interest in Dwi Bumijaya which in turns wholly owns three of the Target Companies. He is also the son of Ling Chiong Pin and nephew of Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing, Ling Siu Chuo and Ling Chiong Sieng;
- (viii) Dennis Ling Lu Jing, a director of Shin Yang Shipyard Sdn Bhd, a subsidiary of the Company is also a director and major shareholder of Kemena Sinar Sdn Bhd. Kemena Sinar Sdn Bhd owns 33.00% equity interest in Dwi Bumijaya which in turns wholly owns three of the Target Companies. He is also the son of Ling Chiong Sing and nephew of Tan Sri Datuk Ling Chiong Ho, Ling Chiong Pin, Ling Siu Chuo and Ling Chiong Sieng. He is also a director of the Target Companies;
- (ix) Shin Yang Holding, a major shareholder of the Company, is also a major shareholder of Boulevard Jaya.

(Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing, Ling Chiong Pin, Ling Siu Chuo Datuk Ling Lu Kiong, Vincent Ling Lu Yew and Dennis Ling Lu Jing are collectively referred to as “**Interested Directors**”, while Shin Yang Holding is referred to as “**Interested Major Shareholder**”).

As at the LPD, the direct and/or indirect shareholdings of the Interested Directors, Person Connected and Interested Major Shareholder in SYGROUP are as follows:-

	Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
<u>Interested Directors</u>				
Tan Sri Datuk Ling Chiong Ho	34,802,669	3.08	660,412,796	58.46 ⁽²⁾
Ling Chiong Sing	34,802,669	3.08	660,412,796	58.46 ⁽²⁾
Ling Chiong Pin	34,802,668	3.08	660,412,796	58.46 ⁽²⁾
Ling Siu Chuo	36,000,009	3.19	-	-
Datuk Ling Lu Kiong	100,000	0.01	-	-
Vincent Ling Lu Yew	100,000	0.01	-	-
Dennis Ling Lu Jing	100,000	0.01	-	-

	Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
<u>Person Connected</u>				
Ling Chiong Sieng	2,936,968	0.26	660,412,796	58.46 ⁽²⁾
<u>Interested Major Shareholder</u>				
Shin Yang Holding	660,412,796	58.46	-	-

Notes:-

- (1) Calculated based on 1,129,645,300 ordinary shares of SYGROUP in issue (excluding 70,354,700 treasury shares) as at the LPD.
- (2) Deemed interest by virtue of his shareholdings in Shin Yang Holding pursuant to Section 8 of the Act.

The Proposed Acquisition is a related party transaction under Paragraph 10.08 of the Listing Requirements in view of the interests of the Interested Directors and Interested Major Shareholder of SYGROUP.

Accordingly, the Interested Directors have abstained and will continue to abstain from all deliberations and voting in respect of the Proposed Acquisition at the relevant Board meetings of the Company. The Interested Directors and Interested Major Shareholder will also abstain from voting and have undertaken to ensure that any persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings (if any) in SYGROUP on the resolutions pertaining to the Proposed Acquisition at an EGM of the Company to be convened.

11. TRANSACTION WITH THE SAME RELATED PARTY FOR THE PRECEDING 12 MONTHS

Save for the Proposed Acquisition and the recurrent related party transactions disclosed by SYGROUP on Bursa Securities, there were no transactions entered into between SYGROUP and/or the Interested Directors and/or Interested Major Shareholder as well as persons connected to them for the preceding 12 months from the date of this Announcement.

12. ADVISERS

AmlInvestment Bank has been appointed as the Principal Adviser for the Proposed Acquisition.

By virtue of the Interested Directors and Interested Major Shareholder as detailed in Section 10 of this Announcement, the Proposed Acquisition is a related party transaction under the Listing Requirements. In compliance with paragraph 10.08 of Chapter 10 of the Listing Requirements, cfSolutions Sdn Bhd has been appointed as the Independent Adviser to advise the non-interested Directors and shareholders of SYGROUP on the fairness and reasonableness of the Proposed Acquisition and whether the Proposed Acquisition is to the detriment of the minority shareholders of SYGROUP.

13. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of the Company, after having considered all relevant aspects of the Proposed Acquisition (including but not limited to the terms, basis of the Purchase Consideration, rationale, risk factors and financial effects) as well as the preliminary notations of the Independent Adviser on the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of the Company, fair, reasonable and on normal commercial terms, and not detrimental to the interest of the non-interested shareholders of the Company.

14. DIRECTORS' STATEMENT

The Board (save for the Interested Directors) after having considered all relevant aspects of the Proposed Acquisition (including but not limited to the terms, basis of the Purchase Consideration, rationale, risk factors and financial effects) as well as the preliminary notations of the Independent Adviser on the Proposed Acquisition, is of the opinion that the Proposed Acquisition is fair, reasonable, on normal commercial terms, not detrimental to the interest of the non-interested shareholders and is in the best interest of the Company.

15. ESTIMATED TIMEFRAME FOR THE COMPLETION OF THE PROPOSED ACQUISITION

Barring any unforeseen circumstances and subject to all requisite approvals being obtained, the Proposed Acquisition is expected to be completed by the third quarter of 2024.

16. DOCUMENTS AVAILABLE FOR INSPECTION

A copy each of the SSAs for the Proposed Acquisition will be made available for inspection by the shareholders of the Company at the Registered Office of the Company at Sublot 153 (Parent Lot 70), Jalan Kuala Baram, Miri, 98100 Sarawak during normal business hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this Announcement.

APPENDIX I(A): SALIENT TERMS OF THE BOULEVARD JAYA SSA

The salient terms of the Boulevard Jaya SSA (“**SSA 1**”) are as follows:-

1. Sale and transfer of the sale shares

Subject to the terms and conditions of the SSA 1, Shin Yang Holding, KTE Motors and Ling Chiong Sing (collectively “**the SSA 1 Vendors**”) shall sell and transfer to the Company (also known as the “**Purchaser**”) and the Purchaser shall purchase and accept, the sale shares (“**SSA 1 Sale Shares**”), being 100% of the total issued and paid-up capital in Boulevard Jaya (also known as the “**SSA 1 Target Company**”), free from all encumbrances and together with all rights, benefits and entitlements whatsoever attaching thereto as at the SSA 1 Completion Date (which is a date **two (2) month** after the SSA 1 Condition Precedents in Paragraph 3 below have been fulfilled or waived; or such extended date as may be mutually agreed in writing by the Purchaser and the SSA 1 Vendors.

2. Purchase consideration, payment and adjustment

2.1 The total consideration for the sale, purchase and transfer of the SSA 1 Sale Shares shall be as follows: (“**SSA 1 Purchase Consideration**”):

SSA 1 Vendors	Purchase Consideration (RM)
Shin Yang Holding	27,133,331
KTE Motors	366,667
Ling Chiong Sing	2
Total Purchase Consideration:	27,500,000

2.2 The SSA 1 Purchase Consideration shall be paid by the Purchaser in the manner as follows:

2.2.1 Subject to Paragraph 2.2.2 below and provided that the SSA 1 Vendors procure the renewal of the dealership agreement dated 3 July 2023 entered by the SSA 1 Target Company with UMW Toyota (also referred to as the “**Principal**”) (“**SSA 1 Dealership Agreement**”) from the Principal in substantially the same or equivalent terms and ensure that the new Dealership Agreement between the Target Company and the Principal after the expiry date on **31st December 2024** (“**the Renewed SSA 1 Dealership Agreement**”), the SSA 1 Purchase Consideration shall be paid by the Purchaser in the following manner:

- (a) simultaneously upon the signing of the SSA 1, the Purchaser shall pay in cash to the SSA 1 Vendors into an account identified in writing by the SSA 1 Vendors an aggregate sum of RM2,750,000.00, representing ten percent (10%) of the SSA 1 Purchase Consideration as deposit and earnest money (“**SSA 1 Deposit**”); and
- (b) the balance of the SSA 1 Purchase Consideration amounting to RM24,750,000.00 (representing ninety percent (90%) of the SSA 1 Purchase Consideration) (“**SSA 1 Balance Sum**”), shall be paid in cash to the SSA 1 Vendors into an account identified in writing by the Vendor **within seven (7) days from the SSA 1 Completion Date**.

APPENDIX I(A): SALIENT TERMS OF THE BOULEVARD JAYA SSA

- 2.2.2 In the event the SSA 1 Vendors are unable to deliver the SSA 1 Renewed Dealership Agreement to the Purchaser by the SSA 1 Completion Date, the Purchaser and the SSA 1 Vendors (collectively referred to as the “**SSA 1 Parties**”) will proceed to complete the sale and purchase of the SSA 1 Sale Shares on the SSA 1 Completion Date and the payment of the SSA 1 Balance Sum prescribed under Paragraph 2.2.1(b) above shall be paid by the Purchaser to the SSA 1 Vendors, on the condition that:
- (a) Shin Yang Holding and Tan Sri Datuk Ling Chiong Ho and Ling Chiong Sing and Ling Chiong Pin (collectively “**Undertaking Party 1**”) have, upon execution of the SSA 1, executed an irrevocable and unconditional letter of undertaking in favour of the Purchaser, that the SSA 1 Undertaking Party 1 irrevocably and unconditionally, jointly and severally, undertake to procure, Dwi Bumijaya, the vendor of Boulevard Motor Group (“**SSA 2 Vendor**”) and guarantee that SSA 2 Vendor shall among others, refund all money paid by the Purchaser to the SSA 2 Vendor under the Boulevard Motor Group SSA together with the interest accrued upon occurrence of events under Paragraphs 2.2.5 and 2.2.6 of the salient terms of the Boulevard Motor Group SSA set out in Appendix I(B) below, failing which, the Undertaking Party 1 shall forthwith pay all such sums together with the interest accrued to the Purchaser and keep the Purchaser fully indemnified of the same; and
 - (b) Tan Sri Datuk Ling Chiong Ho and Ling Chiong Sing and Ling Chiong Pin (“**Undertaking Party 2**”) have, upon execution of the SSA 1, executed an irrevocable and unconditional letter of undertaking in favour of the Purchaser, that the Undertaking Party 2 irrevocably and unconditionally, jointly and severally, undertake to procure, the SSA 1 Vendors shall among others, refund all money paid by the Purchaser to the SSA1 Vendors under the SSA 1 together with the interest accrued upon occurrence of events under Paragraph 2.2.3 and 2.2.4 below, failing which, the Undertaking Party 2 shall forthwith pay all such sums together with the interest accrued to the Purchaser and keep the Purchaser fully indemnified of the same.
- 2.2.3 In the event the SSA 1 Dealership Agreement is not renewed by **30th June 2025** or such other date as the Parties may agree in writing, or in the event the SSA 1 Target Company is made to stop any of the activities covered under any of the SSA Dealership Agreement by the Principal at any time after the SSA 1 Completion Date but before the SSA 1 Renewed Dealership Agreement is delivered to the Purchaser (“**the SSA 1 Trigger Event**”), the SSA 1 Vendors unconditionally and irrevocably grant an option to the Purchaser (“**SSA 1 Put Option**”) which may be exercised by the Purchaser by way of notice in writing (“**SSA 1 Put Notice**”) issued to the SSA 1 Vendors requiring the SSA 1 Vendors to purchase back all the SSA 1 Sale Shares from the Purchaser within thirty (30) days from the SSA 1 Put Notice at the same SSA 1 Purchase Consideration provided the net assets of the SSA 1 Target Company upon the sale to the SSA 1 Vendors shall be at least equivalent to the audited net assets of the Target Company as at 30th June 2024 subject only to adjustment for any dividends declared prior to completion and for any addition/impairment to the net assets of the SSA 1 Target Company upon completion. The SSA 1 Put Option must be exercised by the Purchaser within a period of three (3) months from the date of any of the SSA 1 Trigger Events, whichever is the later).

APPENDIX I(A): SALIENT TERMS OF THE BOULEVARD JAYA SSA

- 2.2.4 In the event of Paragraph 2.2.3 above and the Purchaser has exercised the SSA 1 Put Option, the SSA 1 Parties agree as to the following:-
- (i) the SSA 1 Vendors shall refund all the money paid by the Purchaser to the SSA 1 Vendors under the SSA 1 (including all the SSA 1 Deposit and the SSA 2 Balance Sum) to the Purchaser, with interests at the rate of three point five percent (3.5%) per annum, within seven (7) days from the receipt of the SSA 1 Put Notice;
 - (ii) the Purchaser shall, solely at the costs and expenses of the SSA 1 Vendors, transfer the SSA 1 Sale Shares back to the SSA 1 Vendors within **seven (7) days** after receipt of the refund of all the money paid by the Purchaser to the SSA 1 Vendors under the SSA 1 (including all the SSA 1 Deposit and the SSA1 Balance Sum) and interests as provided in sub-clause (i) above; and
 - (iii) save as otherwise provided in the SSA 1, neither party shall have any claim against the other whatsoever.
- 2.2.6 Notwithstanding any provisions in the SSA 1, in the event the SSA 1 Dealership Agreement has been renewed ("**SSA 1 Initial Renewal**"), the SSA 1 Vendors further irrevocably warrants that the SSA 1 Dealership Agreement will be further renewed until 31st December 2028 and during the period from the SSA 1 Initial Renewal up to 31st December 2028, if the SSA 1 Dealership Agreement is terminated or not renewed in substantially the same or equivalent terms, which is to be determined solely at the Purchaser's discretion, the SSA 1 Vendors shall compensate the Purchaser a cash amount of **RM5,700,000.00 a year** commencing from the date of termination of the SSA 1 Dealership Agreement or on the date of expiry of the SSA 1 Initial Renewal of the SSA 1 Dealership Agreement up to **31st December 2028**.
- 2.2.7 The SSA 1 Vendors irrevocably undertakes and warrants that they will procure the SSA 1 Target Company to obtain the consent from the Principal to operate the centre at Lot 1411 & 2115, Section 66, KTL D, Jalan Mersawa, Pending Industrial Area, 93450 Kuching, Sarawak and to include the same in the SSA 1 Dealership Agreement and/or the SSA 1 Renewed Dealership Agreement. The SSA 1 Vendors also irrevocably undertakes and warrants that no event has occurred and/or subsisting or is reasonably expected to occur nor is there any dispute or issue and/or potential dispute or issue which will prohibit or restrict the granting of such consent from the Principal. The SSA 1 Vendors further irrevocably undertakes and warrants that while pending such consent from the Principal, there is no likelihood of any termination of the SSA 1 Dealership Agreement and agency agreement and/or the granting of the renewal and/or extension of the SSA 1 Dealership Agreement and agency agreements for all the other centres

3. Conditions precedent

The sale and purchase of the SSA 1 Sale Shares and the completion thereof are conditional upon all of the following conditions being fulfilled or waived ("**SSA 1 Conditions Precedent**"), at the option of the Purchaser by written notice to the SSA 1 Vendors, at or prior to the SSA 1 Stop Date (which is the date falling three (3) months after the date of the SSA 1 or such extended date as may be mutually agreed in writing by the Purchaser and the SSA 1 Vendors:

- (a) satisfactory legal and financial due diligence by the Purchaser on the SSA 1 Target Company;
- (b) the SSA 1 Vendors have obtained and furnish to the Solicitors its Board's approval and Shareholders' Approval for entering into the SSA 1;
- (c) consent for change of shareholders and directors from the Principal under the SSA 1 Dealership Agreement and agency agreement;

APPENDIX I(A): SALIENT TERMS OF THE BOULEVARD JAYA SSA

- (d) the Purchaser shall have obtained board's Approval and shareholders' approval for the SSA 1 and the SSA 2 and the transfer of the consideration treasury shares under SSA 2;
- (e) the SSA 1 Vendors shall have procured the SSA 1 Target Company to obtain all relevant approvals, consents and notifications with regard to the change of shareholders/shareholding and directors contemplated in the SSA 1 from the SSA 1 Target Company' bankers or financiers as required;
- (f) SSA 1 has been executed concurrently with the SSA 2; and
- (g) other approvals (if any).

The SSA 1 Vendors and the Purchaser shall upon a SSA 1 Condition Precedent being satisfied or being incapable of being satisfied (as the case may be), notify the other SSA 1 Party and the Solicitors in writing. The date when all the SSA 1 Conditions Precedent have been fulfilled or are satisfied or which is waived by the Purchaser, shall be deemed as the SSA 1 Unconditional Date. Where the Purchaser elects to rescind the SSA 1 in accordance with any of the provisions hereof, none of the SSA 1 Parties shall have any further claims against the others save and except for any antecedent breach.

Where the Purchaser elects to rescind the SSA 1 in accordance with any of the provisions therein, the SSA 1 Vendors shall forthwith refund all the SSA 1 Deposit to the Purchaser and upon receipt of the SSA 1 Deposit by the Purchaser, none of the SSA 1 Parties shall have any further claims against the others save and except for any antecedent breach.

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4.0 Termination

- 4.1 Termination by the Purchaser:** On the occurrence of any of the events which include breach of the SSA 1 or termination of SSA 2, insolvency, winding up or receiver is appointed over any of the assets or undertaking of the SSA 1 Vendors or the SSA 1 Target Company or entry of arrangement or composition with the creditors by the SSA 1 Vendors or the SSA 1 Target Company, cessation of business by the SSA 1 Vendors or the SSA 1 Target Company, the Purchaser shall be entitled to give notice in writing to the SSA 1 Vendors specifying the default or breach requiring the SSA 1 Vendors to remedy the said default or breach within fourteen (14) days of the receipt of such notice, failing which, the SSA 1 may be terminated forthwith by notice in writing from the Purchaser. Without limiting any right or remedy available to the Purchaser at law or in equity (which includes the right to claim damages and to specific performance), the SSA 1 Vendors shall refund all monies paid by the Purchaser including the SSA 1 Deposit; and the SSA 1 Vendors shall indemnify the Purchaser for all damages, costs, charges and expenses incurred by it in connection with the negotiation and preparation, breach of or non-compliance with the SSA 1 and termination or rescission of the SSA 1 and all matters which are connected therewith provided that the total of such amounts shall not exceed the sum equivalent to the SSA 1 Deposit.
- 4.2 Termination by the SSA 1 Vendors:** On the occurrence of any of the events which include breach of the SSA 1 or termination of SSA 2, insolvency, winding up or receiver is appointed over any of the assets or undertaking of the Purchaser or entry of arrangement or composition with the creditors by the Purchaser, cessation of business by the Purchaser, the SSA 1 Vendors shall be entitled to give notice in writing to the SSA 1 Vendors specifying the default or breach requiring the Purchaser to remedy the said default or breach within fourteen (14) days of the receipt of such notice, failing which, the SSA 1 may be terminated forthwith by notice in writing from the SSA 1 Vendors. Without limiting any right or remedy available to the SSA 1 Vendors at law or in equity (which includes the right to claim damages and to specific performance), the SSA 1 Vendors shall refund all monies paid by the Purchaser including the SSA 1 Deposit; and the Purchaser shall indemnify the SSA 1 Vendors for all damages, costs, charges and expenses incurred by it in connection with the negotiation and preparation, breach of or non-compliance with the SSA 1 and termination or rescission of the SSA 1 and all matters which are connected therewith provided that the total of such amounts shall not exceed the sum equivalent to the SSA 1 Deposit.

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APPENDIX I(B): SALIENT TERMS OF THE BOULEVARD MOTOR GROUP SSA

The salient terms of the Boulevard Motor Group SSA (“**SSA 2**”) are as follows:-

1. Sale and transfer of the sale shares

Subject to the terms and conditions of the SSA 2, Dwi Bumijaya (also referred to as the “**SSA 2 Vendor**”) shall sell and transfer to the Purchaser and the Purchaser shall purchase and accept, the sale shares (“**SSA 2 Sale Shares**”), which is 1,500,000 shares and being 60% of the total issued and paid-up capital in each of Boulevard Motor, Boulevard Motor (Sabah) and Boulevard Motor (Labuan) (also collectively referred to as “**the SSA 2 Target Companies**”), as described below free from all encumbrances (as defined in the SSA 2) and together with all rights, benefits and entitlements whatsoever attaching thereto as at the SSA 2 Completion Date (which is a date **two (2) month** after the Condition Precedents in Paragraph 3 below have been fulfilled or waived; or such extended date as may be mutually agreed in writing by the Purchaser and the SSA 2 Vendor).

2. Purchase consideration, payment and adjustment

2.1 The total consideration for the sale, purchase and transfer of the SSA 2 Sale Shares shall be as below (“**SSA 2 Purchase Consideration**”):

SSA 2 Target Companies	Purchase Consideration (RM)
Boulevard Motor	72,240,000
Boulevard Motor (Sabah)	39,150,000
Boulevard Motor (Labuan)	5,610,000
Total	<u>117,000,000</u>

2.2 The SSA 2 Purchase Consideration shall be paid by the Purchaser in the manner as follows:

2.2.1 Subject to **Paragraph 2.2.2** below and provided that the SSA 2 Vendor procure the renewal of the dealership agreements entered by each of the SSA 2 Target Companies with the Principal dated 3 July 2023 (“**SSA 2 Dealership Agreements**”) in substantially the same or equivalent terms and ensure that the new SSA 2 Dealership Agreements between each of the SSA 2 Target Companies and the Principal after the expiry date on **31st December 2024** (“**the SSA 2 Renewed Dealership Agreements**”), the SSA 2 Purchase Consideration shall be paid by the Purchaser in the following manner:

- (a) simultaneously upon the signing of the SSA 2, the Purchaser shall pay in cash to the SSA 2 Vendor into an account identified in writing by the SSA 2 Vendor an aggregate sum of RM11,700,000.00, representing 10% of the SSA 2 Purchase Consideration as deposit and earnest money (“**SSA 2 Deposit**”); and
- (b) the balance of the SSA 2 Purchase Consideration amounting to RM105,300,000.00 (representing ninety percent (90%) of the SSA 2 Purchase Consideration) (“**SSA 2 Balance Sum**”), shall be paid in the following manner:
 - (i) **55,000,000** Treasury Shares (“**the Consideration Treasury Shares**”) to be transferred to the SSA 2 Vendor within **seven (7) days** from the SSA 2 Completion Date, which will shall be deemed to be equivalent to an amount based on the higher of the following:
 - (aa) RM0.8514 per Treasury Share, being a 5.00% premium to the 5-days VWAP of the ordinary shares in the Purchaser up to and including 5 July 2024, being the latest practicable day prior to the date of the SSA 2; or

APPENDIX I(B): SALIENT TERMS OF THE BOULEVARD MOTOR GROUP SSA

- (bb) the 5-days VWAP of the ordinary shares in the Purchaser up to and including the date prior to the transfer of the Treasury Shares to the SSA 2 Vendor; and
 - (ii) the remaining SSA 2 Balance Sum will be in cash within **seven (7) days** from the Completion Date and after Paragraph 2.2.1(b)(i) to the SSA 2 Vendor.
- 2.2.2 In the event the SSA 2 Vendor is unable to deliver the SSA 2 Renewed Dealership Agreement to the Purchaser by the Completion Date, the Purchaser and the SSA 2 Vendor (collectively referred to as the **"SSA 2 Parties"**) will proceed to complete the sale and purchase of the SSA 2 Sale Shares on the SSA 2 Completion Date and the payment of the SSA 2 Balance Sum shall be paid by the Purchaser to the SSA 2 Vendor in the following manner:
 - (a) a sum of RM58,473,000.00 only (**"SSA 2 Cash Balance Sum"**), shall be paid in cash to the Vendor into an account identified in writing by the SSA 2 Vendor **within seven (7) days** from the SSA 2 Completion Date; and
 - (b) the Consideration Treasury Shares shall only be transferred to the SSA 2 Vendor within a period of **seven (7) days** from the date the Purchaser shall have received the SSA 2 Renewed Dealership Agreements from the Vendor (**"SSA 2 Deferred Payment Date"**);

and on the condition that Shin Yang Holding and Tan Sri Datuk Ling Chiong Ho and Ling Chiong Sing and Ling Chiong Pin (collectively **"Undertaking Party"**) have, upon execution of the SSA 2, executed an irrevocable and unconditional letter of undertaking in favour of the Purchaser, that the Undertaking Party irrevocably and unconditionally, jointly and severally, undertake to procure the SSA 2 Vendor and guarantee that SSA 2 Vendor shall among others, refund all money paid by the Purchaser to the SSA 2 Vendor under the SSA 2 together with the interest accrued upon occurrence of events under Paragraphs 2.2.5 and 2.2.6 below, failing which, the Undertaking Party shall forthwith pay all such sums together with the interest accrued to the Purchaser and keep the Purchaser fully indemnified of the same; and

2.2.3 Upon the SSA 2 Deferred Payment Date:

- (a) the Consideration Treasury Shares shall be transferred to the SSA 2 Vendor and the value of the Consideration Treasury Shares (**"Actual Value of Treasury Share"**) shall be determined based on the higher of the following:
 - (i) RM0.8514 per Treasury Share, being approximately 5.00% premium to the 5-days VWAP of ordinary shares in the Purchaser up to and including 5th July 2024, being the LPD; or
 - (ii) the 5-days VWAP of the Purchaser's shares up to and including the date prior to the transfer of the Treasury Shares to the SSA 2 Vendor; and
- (b) in the event the SSA 2 Balance Sum is less than the sum which have been paid to the SSA 2 Vendor (namely the SSA 2 Cash Balance Sum and the Actual Value of Treasury Share), the SSA 2 Vendor shall pay and refund the differential sum to the Purchaser in cash within three (3) days from the transfer of the Consideration Treasury Shares.

APPENDIX I(B): SALIENT TERMS OF THE BOULEVARD MOTOR GROUP SSA

- 2.2.4 In the event of Paragraph 2.2.2 and in consideration of the deferment of the Consideration Treasury Shares to the SSA 2 Vendors, the SSA 2 Parties agree that should there be any declaration of dividend made by the Purchaser for its ordinary shareholders at any time between the SSA 2 Completion Date and the date of transfer of the Consideration Treasury Shares to the SSA 2 Vendor, the Purchaser shall pay to the SSA 2 Vendor an additional amount equivalent to the amount of dividend which would otherwise have been payable to the SSA 2 Vendor had the Consideration Treasury Shares been transferred to the SSA 2 Vendor on the SSA 2 Completion Date.
- 2.2.5 In the event any of the SSA 2 Dealership Agreements is not renewed by 30th June 2025 or such other date as the Parties may agree in writing, or in the event any of the SSA 2 Target Companies is made to stop any of the activities covered under any of the SSA 2 Dealership Agreements by the Principal at any time after the SSA 2 Completion Date but before the SSA 2 Renewed Dealership Agreements are delivered to the Purchaser (“**the SSA 2 Trigger Event**”), the SSA 2 Vendor unconditionally and irrevocably grant an option to the Purchaser (“**SSA 2 Put Option**”) which may be exercised by the Purchaser by way of notice in writing (“**SSA 2 Put Notice**”) issued to the SSA 2 Vendor requiring the SSA 2 Vendor to purchase back all the Sale Shares from the Purchaser within thirty (30) days from the SSA 2 Put Notice at the same SSA 2 Purchase Consideration provided the net assets of each of the SSA 2 Target Companies upon the sale to the SSA 2 Vendor shall be at least equivalent to the audited net assets of each of the SSA 2 Target Companies as at 31st December 2023 subject only to adjustment for any addition/impairment to the net assets of each of the SSA 2 Target Companies upon Completion. The SSA 2 Put Option must be exercised by the Purchaser within a period of three (3) months from the date of any of the SSA 2 Trigger Events, whichever is the later).
- 2.2.6 In the event of Paragraph 2.2.5 above and the Purchaser has exercised the SSA 2 Put Option, the SSA 2 Parties agree as to the following:-
- (i) the SSA 2 Vendor shall refund all the money paid by the Purchaser to the SSA 2 Vendor under this SSA 2 (including all the SSA 2 Deposit and the SSA 2 Cash Balance Sum) to the Purchaser, with interests at the rate of three point five percent (3.5%) per annum, within seven (7) days from the receipt of the SSA 2 Put Notice;
 - (ii) the Purchaser shall be released and fully discharged from any further obligation to make the Consideration Treasury Shares to the SSA 2 Vendor;
 - (iii) the Purchaser shall, solely at the costs and expenses of the SSA 2 Vendor, transfer the SSA 2 Sale Shares back to the SSA 2 Vendor within **seven (7) days** after receipt of the refund of all the money paid by the Purchaser to the SSA 2 Vendor under this SSA 2 (including all the SSA 2 Deposit and the SSA 2 Cash Balance Sum under Paragraph 2.2.2) and interests as provided in sub-clause (i) above; and
 - (iv) save as otherwise provided herein, neither shall have any claim against the other whatsoever.
- 2.2.7 Notwithstanding any provisions in the SSA 2, in the event the SSA 2 Dealership Agreements have been renewed (“**SSA 2 Initial Renewal**”), the SSA 2 Vendor further irrevocably warrants that the SSA 2 Dealership Agreements will be further renewed until 31st December 2028 and during the period from the SSA 2 Initial Renewal up to 31st December 2028, if the SSA 2 Dealership Agreements are terminated or not renewed in substantially the same or equivalent terms, which is to be determined solely at the Purchaser’s discretion, the SSA 2 Vendor shall compensate the Purchaser a cash amount of RM24,300,000.00 a year commencing from the date of termination of the SSA 2 Dealership Agreements or on the date of expiry of the SSA 2 Initial Renewal of the SSA 2 Dealership Agreements up to **31st December 2028**.

- 2.2.8 The SSA 2 Vendor irrevocably undertakes and warrants that they will procure Boulevard Motor to obtain the consent from the Principal to operate the centre Miri 2S Lot 3043 Block 5 Miri Concession Land District, 98000 Miri (now known as Lot 799 Miri Concession Land District) and to include the same in the SSA 2 Dealership Agreement and/or the SSA 2 Renewed Dealership Agreement. The SSA 2 Vendor further irrevocably undertakes and warrants that while pending such consent from the Principal, there is no likelihood of any termination of the SSA 2 Dealership Agreements and SSA 2 agency agreements and/or the granting of the renewal and/or extension of the SSA 2 Dealership Agreements and agency agreements for all the other centres.

3. Conditions precedent

The sale and purchase of the SSA 2 Sale Shares and the completion thereof are conditional upon all of the following conditions being fulfilled or waived ("**SSA 2 Conditions Precedent**"), at the option of the Purchaser by written notice to the SSA 2 Vendor, at or prior to the SSA 2 Stop Date (which is the date falling three (3) months after the date of the SSA 2 or such extended date as may be mutually agreed in writing by the Purchaser and the SSA 2 Vendor:

- (a) satisfactory legal and financial due diligence by the Purchaser on each of the SSA 2 Target Companies;
- (b) the SSA 2 Vendor has obtained and furnish to the Solicitors its Board's approval and Shareholders' Approval for entering into the SSA 2;
- (c) consent for change of shareholders and directors from the Principal under the SSA 2 Dealership Agreements and agency agreements;
- (d) the SSA 2 Purchaser shall have obtained board's approval and shareholders' approval for the SSA 2 and the SSA 1 and the Transfer of the Consideration Treasury Shares;
- (e) the SSA 2 Vendor shall have procured each of the SSA 2 Target Companies to obtain all relevant approvals, consents and notifications with regard to the change of shareholders/shareholding and directors contemplated in the SSA 2 from each of the SSA 2 Target Companies' bankers or financiers as required;
- (f) SSA 2 has been executed concurrently with the SSA 1; and
- (g) other approvals (if any).

The SSA 2 Vendor and the Purchaser shall upon a SSA 2 Condition Precedent being satisfied or being incapable of being satisfied (as the case may be), notify the other SSA 2 Party and the Solicitors in writing. The date when all the SSA 2 Conditions Precedent have been fulfilled or are satisfied or which is waived by the Purchaser, shall be deemed as the SSA 2 Unconditional Date. Where the Purchaser elects to rescind the SSA 2 in accordance with any of the provisions hereof, none of the SSA 2 Parties shall have any further claims against the others save and except for any antecedent breach.

Where the Purchaser elects to rescind the SSA 2 in accordance with any of the provisions therein, the SSA 2 Vendor shall forthwith refund all the SSA 2 Deposit to the Purchaser and upon receipt of the SSA 2 Deposit by the Purchaser, none of the SSA 2 Parties shall have any further claims against the others save and except for any antecedent breach.

4.0 Termination

- 4.1 **Termination by the Purchaser:** On the occurrence of any of the events which include breach of the SSA 2 or termination of SSA 1, insolvency, winding up or receiver is appointed over any of the assets or undertaking of the SSA 2 Vendor or each of the SSA 2 Target Companies or entry of arrangement or composition with the creditors by the SSA 2 Vendor or each of the SSA 2 Target Companies, cessation of business by the SSA 2 Vendor or each of the SSA 2 Target Companies, the Purchaser shall be entitled to give notice in writing to the SSA 2 Vendor specifying the default or breach requiring the SSA 2 Vendor to remedy the said default or breach within fourteen (14) days of the receipt of such notice, failing which, the SSA 2 may be terminated forthwith by notice in writing from the Purchaser. Without limiting any right or remedy available to the Purchaser at law or in equity (which includes the right to claim damages and to specific performance), the SSA 2 Vendor shall refund all monies paid by the Purchaser including the SSA 2 Deposit; and the SSA 2 Vendor shall indemnify the Purchaser for all damages, costs, charges and expenses incurred by it in connection with the negotiation and preparation, breach of or non-compliance with the SSA 2 and termination or rescission of the SSA 2 and all matters which are connected therewith provided that the total of such amounts shall not exceed the sum equivalent to the SSA 2 Deposit.
- 4.2 **Termination by the SSA 2 Vendor:** On the occurrence of any of the events which include breach of the SSA 2 or termination of SSA 1, insolvency, winding up or receiver is appointed over any of the assets or undertaking of the Purchaser or entry of arrangement or composition with the creditors by the Purchaser, cessation of business by Purchaser, the SSA 2 Vendor shall be entitled to give notice in writing to the SSA 2 Vendor specifying the default or breach requiring the Purchaser to remedy the said default or breach within fourteen (14) days of the receipt of such notice, failing which, the SSA 2 may be terminated forthwith by notice in writing from the SSA 2 Vendor. Without limiting any right or remedy available to the SSA 2 Vendor at law or in equity (which includes the right to claim damages and to specific performance), the SSA 2 Vendor shall refund all monies paid by the Purchaser including the SSA 2 Deposit; and the Purchaser shall indemnify the SSA 2 Vendor for all damages, costs, charges and expenses incurred by it in connection with the negotiation and preparation, breach of or non-compliance with the SSA 2 and termination or rescission of the SSA 2 and all matters which are connected therewith provided that the total of such amounts shall not exceed the sum equivalent to the SSA 2 Deposit.

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APPENDIX II: FINANCIAL INFORMATION OF THE TARGET COMPANIES

A summary of the financial information of the Target Companies based on their latest available audited financial statements for the past 3 years as are follows-

1. Boulevard Jaya

FYE 30 June	Audited		
	2021 (RM)	2022 (RM)	2023 (RM)
Revenue	124,158,932	130,198,909	178,356,476
Gross profit	5,469,940	6,468,454	8,633,075
Profit/Loss before tax (“PBT”)/ (“LBT”)	(929,363)	2,525,194	6,751,258
Taxation	(52,000)	(298,744)	(2,081,524)
Profit/Loss after tax (“PAT”)/ (“LAT”)	<u>(981,363)</u>	<u>2,226,450</u>	<u>4,669,734</u>
Shareholders’ funds / NA	26,314,122	28,540,572	33,210,306
Total borrowings	44,580,227	40,652,633	31,963,962
Gearing (times)	1.69	1.42	0.96

Commentary:-

FYE 30 June 2023 vs FYE 30 June 2022

Boulevard Jaya has recorded revenue of RM178.4 million in FYE 30 June 2023, representing an increase of 37% from the revenue recorded in the FYE 30 June 2022 of RM130.2 million. This was mainly due to the increase in vehicles sold during FYE 30 June 2023 due to the continued economic growth momentum and household spending.

Boulevard Jaya recorded a PAT of RM4.7 million in FYE 30 June 2023, representing an increase of 109.7% from the PAT recorded in FYE 30 June 2022 of RM2.2 million. This is mainly due to the increase in revenue and sales incentive from other income during the FYE 30 June 2023. As a result for achieving target sales, Boulevard Jaya received sales incentives from Toyota for its strong performance.

FYE 30 June 2022 vs FYE 30 June 2021

Boulevard Jaya recorded revenue of RM130.2 million in FYE 30 June 2022, representing an increase of 4.9% from the revenue recorded in FYE 30 June 2021 of RM124.2 million. This was primarily due to increase in some of Toyota cars’ price to reflect the increase in cost of raw material such as steel materials.

Boulevard Jaya recorded a PAT of RM2.2 million in FYE 30 June 2022, representing a loss reversal of RM3.2 million from the LAT recorded in FYE 30 June 2021 of RM0.9 million. This was mainly due to Boulevard Jaya other income being sales incentives in FYE 30 June 2022 as compared to FYE 30 June 2021. The increase in PAT is also due to reduction in operating cost and finance cost.

APPENDIX II: FINANCIAL INFORMATION OF THE TARGET COMPANIES

2. Boulevard Motor

FYE 31 December	Audited		
	2021 (RM)	2022 (RM)	2023 (RM)
Revenue	385,205,630	558,604,808	614,545,389
Gross profit	30,786,627	43,789,968	57,916,744
Profit before tax (“PBT”)	16,015,012	26,878,055	51,244,879
Taxation	(4,701,534)	(6,181,476)	(12,419,544)
Profit after tax (“PAT”)	<u>11,313,478</u>	<u>20,696,579</u>	<u>38,825,335</u>
Shareholders’ funds / NA	35,996,184	50,192,763	81,268,098
Total borrowings	9,066,679	7,872,640	6,674,152
Gearing (times)	0.25	0.16	0.08

Commentary:-

FYE 31 December 2023 vs FYE 31 December 2022

Boulevard Motor recorded revenue of RM614.5 million in FYE 31 December 2023, representing an increase of 10% from the revenue recorded in FYE 31 December 2022 of RM558.6 million. This is mainly due to the increase in number of vehicles sold during FYE 31 December 2023 due to fulfilment of backlog orders from FYE 31 December 2022 as there was shortages of supply chain in vehicles manufacturing. The increase is also driven by the extension of Sales and Service Tax (“SST”) exemption for vehicles booked by 30 June 2022 but as long as the vehicles were registered by 31 March 2023.

Boulevard Motor recorded a PAT of 38.8 million in FYE 31 December 2023, representing an increase of 87.6% from the PAT recorded in FYE 31 December 2022 of RM20.7 million. This is mainly due to the increase in other income through sundry income generated.

FYE 31 December 2022 vs FYE 31 December 2021

Boulevard Motor recorded revenue of RM558.6 million in FYE 31 December 2022, representing an increase of 45% from the revenue recorded in FYE 31 December 2021 of RM385.2 million. This is mainly due to the increase in number of vehicles sold in FYE 31 December 2022. The Government announced that the SST exemption which was extended for another 6 months from 1 January 2022 to 30 June 2022. This has encouraged the customers to buy new vehicles and thus contributing to the increase in vehicles sold by Boulevard Motor in FYE 31 December 2022.

Boulevard Motor recorded a PAT of RM20.7 million in FYE 31 December 2022, an increase of 82.9% from the PAT recorded on FYE 31 December 2021 of RM11.3 million. This is primarily due to the increase in revenue in FYE 31 December 2021 but also due to the increase in other income through commission received by Boulevard Motor from selling more vehicles and a decrease in finance cost.

APPENDIX II: FINANCIAL INFORMATION OF THE TARGET COMPANIES

3. Boulevard Motor (Sabah)

FYE 31 December	Audited		
	2021 (RM)	2022 (RM)	2023 (RM)
Revenue	223,621,670	335,130,443	382,672,628
Gross profit	18,964,300	27,434,325	44,218,276
Profit before tax (" PBT ")	7,726,962	14,932,062	29,743,190
Taxation	(2,223,186)	(3,715,430)	(7,211,936)
Profit after tax (" PAT ")	<u>5,503,776</u>	<u>11,216,632</u>	<u>22,531,254</u>
Shareholders' funds / NA	16,748,713	24,965,345	46,246,599
Total borrowings	30,986,843	28,173,879	24,966,588
Gearing (times)	1.85	1.13	0.54

Commentary:-

FYE 31 December 2023 vs FYE 31 December 2022

Boulevard Motor (Sabah) recorded revenue of RM382.7 million in FYE 31 December 2023, representing an increase of 14.2% from the revenue recorded in FYE 31 December 2022 of RM335.1 million. This is primarily due to the increase in some of Toyota models' prices especially Toyota Hilux and Toyota Fortuner. Since Boulevard Motor (Sabah) mostly sold these models due to demand in its location, hence this explained the increase in revenue during FYE 31 December 2023.

Boulevard Motor (Sabah) recorded a PAT of RM22.5 million in FYE 31 December 2023, an increase of 100.9% from the PAT recorded in FYE 31 December 2022 of RM 11.2 million in line with its increase in revenue during the financial year.

FYE 31 December 2022 vs FYE 31 December 2021

Boulevard Motor (Sabah) recorded revenue of RM335.1 million in FYE 31 December 2022, representing an increase of 49.9% from the revenue recorded in FYE 31 December 2021 of RM223.6 million. This was mainly due to the increase in sales of vehicles in FYE 31 December 2022. The SST exemption announced by the Government was extended for another 6 months from 1 January 2022 to 30 June 2022. This has encouraged the customers to buy new vehicles and thus contributing to the increase in vehicles sold by Boulevard Motor (Sabah) in FYE 31 December 2022.

Boulevard Motor (Sabah) recorded a PAT of RM11.2 million in FYE 31 December 2022, an increase of 103.8% from the PAT recorded in FYE 31 December 2021 of RM5.5 million in line with its increase in revenue during the financial year.

APPENDIX II: FINANCIAL INFORMATION OF THE TARGET COMPANIES

4. Boulevard Motor (Labuan)

FY 31 December	Audited		
	2021 (RM)	2022 (RM)	2023 (RM)
Revenue	32,895,686	53,178,221	64,084,485
Gross profit	3,322,821	5,166,787	6,753,297
Profit before tax (“PBT”)	737,426	2,101,320	4,540,829
Taxation	(354,539)	(494,089)	(1,147,972)
Profit after tax (“PAT”)	<u>382,887</u>	<u>1,607,231</u>	<u>3,392,857</u>
Shareholders’ funds / NA	4,635,103	5,742,334	8,135,191
Total borrowings	6,179,247	5,496,827	4,804,015
Gearing (times)	1.33	0.96	0.59

Commentary:-

FYE 31 December 2023 vs FYE 31 December 2022

Boulevard Motor (Labuan) recorded revenue of RM64.1 million in FYE 31 December 2023, representing an increase of 20.5% from the revenue recorded in FYE 31 December 2022 of RM53.2 million. This is primarily due to Boulevard Motor (Labuan) sold more vehicles during FYE 31 December 2023 due to fulfilment of backlog orders from FYE 31 December 2022 as there was shortages of supply chain in vehicles manufacturing. In addition, the SST exemption for vehicles booked by 30 June 2022 but as long as the vehicles were registered by 31 March 2023 has contributed to increase in number of vehicles sold during the FYE 31 December 2023.

Boulevard Motor (Labuan) recorded a PAT of RM3.4 million in FYE 31 December 2023, an increase of 111.1% from the PAT recorded in FYE 31 December 2022 of RM1.6 million. This mainly due to the increase in revenue during the financial year. The increase is also supported by the increase in other income generated during FYE 31 December 2023 which Boulevard Motor (Labuan) generated high sundry income compared in FYE 31 December 2022.

FYE 31 December 2022 vs FYE 31 December 2021

Boulevard Motor (Labuan) recorded revenue of RM53.2 million in FYE 31 December 2022, representing an increase of 61.7% from the revenue recorded in FYE 31 December 2021 of RM32.9 million. This was mainly due to the increase in sales of vehicles in FYE 31 December 2022 as part of the effect from SST exemption which the Government announced that the exemption was extended for another 6 months from 1 January 2022 to 30 June 2022. This in returns has encouraged the customers to buy new vehicles and thus contributing to the increase in vehicles sold by Boulevard Motor (Labuan) in FYE 31 December 2022.

Boulevard Motor (Labuan) recorded a PAT of RM1.6 million in FYE 31 December 2022, an increase of 319.8% from the PAT recorded in FYE 31 December 2021 of RM0.3 million. This was primarily due to the increase in commission received in FYE 31 December 2022 since Boulevard Motor (Labuan) sold more vehicle than in FYE 31 December 2021. In addition, the increase of PAT was also due to the decrease in finance cost in FYE 31 December 2022.