

THIS INDEPENDENT ADVICE CIRCULAR (“IAC”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU SHOULD READ THIS IAC IN CONJUNCTION WITH THE OFFER DOCUMENT DATED 12 FEBRUARY 2014 ISSUED BY RHB INVESTMENT BANK BERHAD AND ASTRAMINA ADVISORY SDN BHD ON BEHALF OF TER EQUITY SDN BHD WHICH HAS BEEN SENT TO YOU.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. If you have sold or transferred all your ordinary shares of RM0.50 each in Malaysia Aica Berhad, you should at once hand this IAC to the agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

Pursuant to Section 15(7) of the Malaysian Code on Take-Overs and Mergers, 2010 (“Code”), the Securities Commission Malaysia (“SC”) has granted its consent to the issuance of this IAC. However, such consent shall not be taken to imply that the SC agrees with the views and recommendation contained in this IAC. It merely means that this IAC has complied with the disclosure requirements under the Code. The SC takes no responsibility for the contents of this IAC, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of this IAC.



(Company No. 8235-K)
(Incorporated in Malaysia under the Companies Act, 1965)

**INDEPENDENT ADVICE CIRCULAR TO THE HOLDERS OF OFFER SHARES
IN RELATION TO THE
UNCONDITIONAL TAKE-OVER OFFER**

BY

TER EQUITY SDN BHD
(Company No. 1077495-T)
(Incorporated in Malaysia under the Companies Act, 1965)

(“OFFEROR”)

THROUGH

RHB INVESTMENT BANK BERHAD
(Company No. 19663-P)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

AND

ASTRAMINA ADVISORY SDN BHD
(Company No. 810705-K)
(A licensed corporate finance advisory firm)

TO ACQUIRE

ALL THE REMAINING ORDINARY SHARES OF RM0.50 EACH IN MALAYSIA AICA BERHAD (“MAICA” OR “OFFEREE”) WHICH ARE NOT ALREADY HELD BY THE OFFEROR AND ITS PACS (“OFFER SHARES”) FOR A CASH CONSIDERATION OF RM0.85 PER OFFER SHARE

Independent Adviser



AmInvestment Bank

AmInvestment Bank Berhad
(Company No. 23742-V)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

This Independent Advice Circular is dated 21 February 2014

DEFINITIONS

Except where the context otherwise requires or where otherwise defined herein, words and expressions defined in the Code (as defined hereunder) shall have the same meaning when used herein, and the following definitions shall apply throughout this IAC:

Accepting Holders	: Holder(s) who accepts the Offer in accordance with the terms set out in the Offer Document
Acquisitions	: Project Acquisition and Land Acquisition, collectively
Act	: Companies Act, 1965 and any amendments from time to time
AmInvestment Bank or Independent Adviser	: AmInvestment Bank Berhad (Company No. 23742-V)
Board	: Board of Directors
Bomba	: Jabatan Bomba dan Penyelamat Malaysia
Bursa Depository	: Bursa Malaysia Depository Sdn. Bhd. (Company No. 165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (Company No. 635998-W)
CPI	: Consumer Price Index
Closing Date	: First Closing Date, or in the event the Offer is revised or extended in accordance with the Code and the terms and conditions of the Offer Document, such other revised or extended closing date as the Offeror may decide and as may be announced by the Joint Advisers on behalf of the Offeror, no later than two (2) days before the closing date
CMSA	: Capital Markets and Services Act, 2007 and any amendments from time to time
CNSB	: Cangkai Nusantara Sdn Bhd (Company No. 844903-W)
Code	: Malaysian Code on Take-Overs and Mergers, 2010 and any amendments from time to time
Con Lease	: Consolidated Leasing (M) Sdn Bhd (Company No. 30777-H)
Directors	: Directors of Maica
Dissenting Shareholder	: A holder of the Offer Shares who has not accepted the Offer and/or failed to transfer the Offer Shares to the Offeror in accordance with the terms and subject to the conditions of the Offer Document
Diversification	: Diversification of Maica Group's existing core businesses to include property development business
EGM	: Extraordinary general meeting
EPS	: Earnings per share
First Closing Date	: 5.00 p.m. on 5 March 2014, being twenty-one (21) days from the Posting Date
Form of Acceptance and Transfer	: Form of Acceptance and Transfer for the Offer Shares, enclosed with the Offer Document
FPE	: Financial period ending / ended
FRS	: Financial Reporting Standards in Malaysia
FYE	: Financial year ending / ended
GDP	: Gross domestic product
GDV	: Gross development value
Holder	: A holder of the Offer Shares

DEFINITIONS (CONT'D)

IAC	: This Independent Advice Circular to the Holders dated 21 February 2014
IAL	: Independent Advice Letter from AmInvestment Bank
Interested Director	: Member of the Board of Maica who is interested in the Offer, namely Datuk Ter Leong Yap
Joint Advisers	: RHB Investment Bank Berhad (Company No. 19663-P) and Astramina Advisory Sdn Bhd (Company No. 810705-K), collectively
Listing Requirements	: Main Market Listing Requirements issued by Bursa Securities and any amendments from time to time
LPD	: 17 February 2014, being the latest practicable date prior to the printing of this IAC
Land 1	: Parcel of development land previously held under Geran 104810, Lot 76110, Mukim Damansara, Daerah Petaling, Negeri Selangor
Land 2	: Parcel of development land held under Geran 104806, Lot 76106, Mukim Damansara, Daerah Petaling, Negeri Selangor
Land Acquisition	: Acquisition by Maica of Land 2 from CNSB for a total purchase consideration of RM31.0 million which was satisfied via payment of RM21.0 million in cash and the issuance of 20,000,000 Maica Shares
Maica or Company or Offeree	: Malaysia Aica Bhd (Company No. 8235-K)
Maica Group or Group	: Maica and its subsidiary and associated companies, collectively
Maica Shares or Shares	: Ordinary shares of RM0.50 each in Maica
Maica Wood	: Maica Wood Industries Sdn Bhd (Company No. 53624-T)
Maicador	: Maicador Sdn Bhd (Company No. 28217-P)
Market Day	: A day on which Bursa Securities is open for trading in securities
NA	: Net assets attributable to equity holders
NBV	: Net book value
Notice	: Notice of the Offer dated 22 January 2014, served on the Board of Maica by the Joint Advisers on behalf of the Offeror
Offer	: Unconditional take-over offer by TER to acquire all the Offer Shares at a cash offer price of RM0.85 per Offer Share in accordance with the terms and subject to the conditions in the Offer Document
Offer Document	: The Offer Document dated 12 February 2014 which sets out the details of the Offer together with the Form of Acceptance and Transfer
Offer Period	: Period commencing from 22 January 2014, being the date of the announcement and Notice of the Offer, until the date the Offer becomes or is declared unconditional as to acceptances, closes, lapses, expires or is withdrawn, whichever is later
Offer Price	: Offer price of RM0.85 per Offer Share
Offer Shares	: The ordinary shares of RM0.50 each in Maica which are not already held by the Offeror, which are the subject of the Offer. As at the LPD, the Offer Shares comprise 79,006,887 Maica Shares, representing approximately 49.89% of the issued and paid-up share capital of Maica
Official List	: A list specifying all securities which have been admitted for listing on the Bursa Securities and not removed
PAC	: Persons acting in concert

DEFINITIONS (CONT'D)

PAT	:	Profit after tax
PATMI	:	Profit after tax and minority interests
PBT	:	Profit before tax
PPE	:	Property, plant and equipment
Posting Date	:	12 February 2014, being the date of posting of the Offer Document
Project Acquisition	:	Acquisition by Maica of the development rights and interest held by CNSB to the Project Trivo for a total purchase consideration of RM25.0 million which was satisfied via payment of RM21.0 million in cash and the issuance of 8,000,000 Maica Shares issued at RM0.50 each
Project Trivo	:	A commercial development project known as "Trivo, Suria Jelutong" being carried out on Land 1, which comprises Shop Offices together with infrastructures constructed or to be constructed on Land 1
Proposals	:	The Acquisitions and Diversification, collectively
Public Shareholding Spread	:	The public shareholding spread requirement as stipulated in paragraph 8.02(1) of the Listing Requirements stating that at least 25% of the total listed shares (excluding treasury shares, if any) are in the hands of public shareholders
RM and sen	:	Ringgit Malaysia and sen, respectively
RNAV	:	Realisable net asset value
ROE	:	Return on equity
RPGT	:	Real property gains tax
SC	:	Securities Commission Malaysia
SIRIM	:	SIRIM Berhad (Company No. 367474-V)
SSA	:	The unconditional share sale agreement dated 22 January 2014 entered into between the Offeror and the Vendors to acquire the Sale Shares for an aggregate purchase consideration of RM33,392,577.25 or RM0.85 per Maica Share to be settled fully in cash
Sale Shares	:	The 39,285,385 Maica Shares acquired by TER pursuant to the SSA
Shop Offices	:	30 units of double-storey shop offices currently being developed on Land 1 under the Project Trivo
sqm	:	Square metres
TER or Offeror	:	Ter Equity Sdn Bhd (Company No. 1077495-T)
TER Shares	:	Ordinary shares of RM1.00 each in TER
US	:	United States of America
Ultimate Offeror	:	Datuk Ter Leong Yap, being the Ultimate Offeror as well as a PAC with the Offeror
VWAMP	:	Volume-weighted average market price
Vendors	:	Tan Sri Dato' Tan Hua Choon, Tan Ching Ching, Tan Han Chuan and Wong Hok Yim, collectively
yoy	:	Year over year

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

DEFINITIONS (CONT'D)

All references to “you” or “Holder” in this IAC are to each Holder, being the person to whom the Offer is being made.

All references to “we”, “us” and “our” in this IAC are to AmInvestment Bank, being the Independent Adviser for the Offer.

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

All references to dates and times in this IAC refer to Malaysian dates and times, unless otherwise indicated.

Any reference in this IAC to any legislation is a reference to that legislation for the time being as amended or re-enacted.

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EXECUTIVE SUMMARY

This Executive Summary highlights the salient information of the Offer. You are advised to read this IAC which includes the Letter from the Board of Maica (Part A of this IAC) and the IAL from AmInvestment Bank, the Independent Adviser (Part B of this IAC), for further information and recommendation in relation to the Offer.

This IAC should also be read in conjunction with the Offer Document issued by the Joint Advisers.

1. THE OFFER

On 22 January 2014, TER entered into the SSA with the Vendors to acquire an aggregate of 39,285,385 Maica Shares for an aggregate purchase consideration of RM33,392,577.25 or RM0.85 per Maica Share to be settled fully in cash. Upon completion of the SSA, the Offeror and its PACs will hold an aggregate of 79,354,585 Maica Shares, representing 50.11% of the issued and paid-up share capital of Maica.

Consequently, the Joint Advisers served, on behalf of the Offeror, the Notice of even date on the Board of Maica notifying them the Offeror's obligation to undertake an unconditional take-over offer to acquire all the Offer Shares at the Offer Price. The Board of Maica had announced the receipt of the Notice on the same day.

On 23 January 2014, the Board of Maica announced that it does not intend to seek an alternative person to make a take-over offer for the Offer Shares. A copy of the Notice has been delivered to you in the notification to shareholders dated 29 January 2014.

On 28 January 2014, Maica announced the appointment of AmInvestment Bank as the Independent Adviser for the Offer. In accordance with Section 15(11) of the Code, AmInvestment had on 30 January 2014 declared to SC its independence and eligibility to act as the Independent Adviser in relation to the Offer.

As at the LPD, the Offeror and its PACs hold a total of 79,354,585 Maica Shares representing approximately 50.11% of the total issued and paid-up share capital of Maica.

A copy of the Offer Document, which sets out the details and terms of the Offer as well as the procedures for acceptance of the Offer, had been posted to the Holders on 12 February 2014.

You are advised to read this IAC together with the Offer Document and consider carefully the recommendation contained herein before taking any action. This IAC does not constitute the Offer or any part thereof.

2. TERMS AND CONDITIONS OF THE OFFER

The principal terms of the Offer, unless otherwise directed or permitted to be varied by the SC, are set out below.

2.1 Consideration

The Offeror shall pay a cash consideration of RM0.85 per Offer Share to all Holders who accept the Offer.

2.2 Conditions of the Offer

The Offer is unconditional as the Offeror holds in aggregate more than 50% of the voting shares of Maica.

2.3 Duration of the Offer

The Offeror intends to close the Offer at 5.00 p.m. on 5 March 2014, being the First Closing Date. Any extension of the date and time for acceptance of the Offer by the Offeror will be announced by the Joint Advisers, on behalf of the Offeror, at least two (2) days before the Closing Date. Such announcement will state the next expiry date of the Offer. Notices of such extension will be posted to the Holders accordingly.

2.4 Method and Expected Date of Settlement

If the Offeror deems your acceptance to be complete and valid in all aspects in accordance with the terms and conditions set out in the Offer Document, the Offeror shall pay you for your Offer Shares via remittance in the form of cheques, bankers' drafts and/or cashier's orders, which will be despatched by ordinary mail to you or your designated agents, as you may direct, at your registered Malaysian address last maintained with Bursa Depository at your own risk within ten (10) days from the date of receipt of the said acceptance.

Please refer to Appendix II of the Offer Document for further information on the other terms and conditions of the Offer and Appendix III of the Offer Document for details on the procedures for accepting the Offer.

THE ABOVE IS A SUMMARY OF THE PRINCIPAL TERMS AND CONDITIONS OF THE OFFER. HOLDERS ARE ADVISED TO READ THIS IAC AND, IN PARTICULAR, SECTION 2 IN PART A AND PART B THEREIN FOR DETAILS ON THE PRINCIPAL TERMS AND CONDITIONS OF THE OFFER. IN ADDITION, PLEASE REFER TO APPENDIX II OF THE OFFER DOCUMENT FOR THE OTHER TERMS AND CONDITIONS OF THE OFFER AND APPENDIX III OF THE OFFER DOCUMENT FOR THE PROCEDURES FOR ACCEPTANCE AND METHOD OF SETTLEMENT OF THE OFFER.

3. DETAILS OF ACCEPTANCES

The Joint Advisers have disclosed in the Offer Document that the Offeror has not received any irrevocable undertaking from any Holder to accept the Offer in respect of such Holder's Maica Shares as at 6 February 2014.

As at the LPD, there is no announcement made by the Joint Advisers on behalf of the Offeror of any acceptance of the Offer Shares.

As at the LPD, to the best knowledge of the Board, no person (whose interests in the Offer Shares, whether direct or indirect, which are required to be disclosed under the Code) had accepted or had given an irrevocable undertaking to accept the Offer.

4. EVALUATION OF THE OFFER

In arriving at our conclusion and recommendation, we have assessed the fairness and reasonableness of the Offer in accordance with paragraphs 3.1 to 3.6, Practice Note 15 of the Code.

In accordance with paragraphs 3.1 to 3.6, Practice Note 15 of the Code, the Offer is analysed based on two (2) distinct criteria of whether the Offer is fair and whether the Offer is reasonable. The Offer will be considered not fair if the value of the Offer Price is lower than the fair value and market price of Maica Shares and vice versa. In arriving at the reasonableness evaluation of the Offer, we have examined other significant factors to which the Holders may give consideration to prior to accepting or rejecting the Offer.

4.1 Assessment of the fairness of the Offer

In accordance to paragraph 3.2, Practice Note 15 of the Code, our assessment of the fairness of the Offer is based on the following pertinent factors, details of which are set out in Sections 5.1 and 5.2, Part B of this IAC:

(a) RNAV of Maica

In evaluating the fair value of the Maica Shares, we are of the opinion that the RNAV method of valuation is the most appropriate method as it is commonly used in approaching valuations of asset based companies with business activities such as property development, property investment and hire purchase financing services. With Maica's diversification into the Property Development Business, the Group's property development related assets now comprise approximately 63% of the Group's total assets¹ and is expected to contribute significantly to Maica's earnings over the next four (4) years as set out in Section 5.1.2, Part B of this IAC. Given the foregoing and our analysis of the earnings of the Manufacturing Business as set out in Section 5.1.1(a), Part B of this IAC, we believe that notwithstanding the Offeror's intention to continue with the Manufacturing Business, the fair value attached to the Manufacturing Business would be better reflected by a valuation which assumes the liquidation of the Manufacturing Business and that the land and building forming the PPE together with the other assets and liabilities of the Manufacturing Business can be realised at book value or market values as set out in Sections 5.1.1 and 5.1.3, Part B of this IAC.

Based on our evaluation, the indicative RNAV of the Maica Group ranges from RM138.26 million to RM146.16 million or approximately **RM0.87 to RM0.92 per Maica Share**.

As such, the Offer Price represents a **discount** of between RM0.02 and RM0.07 or approximately **2.3% and 7.6%** to the range of the indicative RNAV per Share.

Please refer to **Section 5.1, Part B of this IAC** for further details.

(b) Market Price Performance of Maica Shares

The Offer Price represents a discount of 9.5%, 6.9%, 14.3% and 12.5% over the five (5)-day, one (1)-month, three (3)-month, and six (6)-month VWAMP of Maica Shares up to and including 21 January 2014, being the last trading day prior to the date of the Notice respectively.

Further, the Offer Price represents a substantial discount of 37.1% to the VWAMP of Maica Shares from 23 January 2014, being the day following the date of Notice up to the LPD of RM1.3524.

Please refer to **Section 5.2, Part B of this IAC** for further details.

Based on Practice Note 15 of the Code, the Offer Price of RM0.85 is **not fair** as the range of the indicative RNAV per Share and the prevailing market price of Maica Shares from the date of the Notice to the LPD are greater than the Offer Price.

¹ On a proforma basis based on Maica's unaudited financial statements of FPE 30 September 2013 and after taking into consideration the Acquisitions which were completed on 22 January 2014.

4.2 Assessment of the reasonableness of the Offer

In accordance to paragraph 3.5, Practice Note 15 of the Code, in evaluating the reasonableness of the Offer, we have examined other significant factors to which the Holders may give consideration prior to accepting or rejecting the Offer.

In making the assessment of reasonableness of the Offer, our evaluations are based on the following pertinent factors, details of which are set out in Sections 5.3 and 5.4, Part B of this IAC:

(a) Listing status of Maica

We note that it is the intention of the Offeror to maintain the listing status of Maica on the Main Market of Bursa Securities, therefore the Maica Shares will remain traded on Bursa Securities. As set out in the Offer Document, in the event Maica cannot meet the Public Shareholding Spread as a result of acceptances received under the Offer, the Offeror will endeavour to place out a sufficient number of Maica Shares or procure Maica to carry out a subsequent corporate exercise in order to rectify the non-compliance of Public Shareholding Spread within three (3) months from the Closing Date.

Holders should note that in the event that Maica is unable to meet the public spread requirements and it is removed from the Official List of Bursa Securities, Maica Shares may become illiquid securities as they will not be traded on Bursa Securities and there may not be an active or ready market for the unlisted shares.

Please refer to **Section 5.3, Part B of this IAC** for further details.

(b) Compulsory acquisition and rights of Dissenting Shareholders

Holders should note that the Offeror and their PACs own in aggregate, 50.11% of listed Maica Shares as at the LPD. In the event that the Offeror receives acceptances resulting in its shareholdings of not less than nine-tenths (9/10) in nominal value of the Offer Shares (excluding Maica Shares already held by the Offeror and its PACs as at the date of the Offer), the Offeror does not intend to invoke Section 222 of CMSA to compulsory acquire any of the outstanding Offer Shares.

Notwithstanding the above, a Dissenting Shareholder may exercise his rights under Section 223(1) of the CMSA, by serving notice on the Offeror to require the Offeror to acquire his Maica Shares on the same terms as set out in the Offer Document or such other terms as may be agreed between the Offeror and such Dissenting Shareholders, subject to Section 224 of CMSA.

Please refer to **Section 5.4, Part B of this IAC** for further details.

We have considered that the Offer is **not fair** given that the Offer Price is below the indicative RNAV per Share and prevailing market price of Maica Shares as at the LPD, and given that the Offeror intends to maintain the listing status of Maica on the Main Market of Bursa Securities and does not intend to compulsorily acquire any outstanding Offer Shares for which valid acceptances have not been received prior to the Closing Date, we are of the view that the Offer is also **not reasonable**. We have also taken into consideration the following pertinent factors in our evaluation of the Offer:

(a) Rationale for the Offer

The Offer is made as a consequence of the increase in the shareholdings of TER and its PACs in Maica to more than 33% and is made pursuant to Section 218(2) of the CMSA and Section 9(1), Part III of the Code. As at the LPD, TER and its PACs hold approximately 50.11% equity interest in Maica.

Maica Group has taken initiatives to improve its revenue and earnings growth by diversifying its core businesses to include the property development business. We note that Datuk Ter Leong Yap is the founder and chairman of the Sunsuria group, an established property developer in Malaysia. Holders should note that the success in growing Maica's property development business is subject to the vagaries of the industry.

Please refer to **Section 6.1, Part B of this IAC** for further details.

(b) Historical financial performance analysis of the Maica Group

Despite the limited growth in revenue and profit attributed to the expiry of licenses for fire rated door as well as lower sales order received from engineered doors coupled with lower hire purchase amount granted in recent years, the Group recent diversification into property development may provide a good growth prospect which could enhance the Group's future earnings.

We wish to highlight that the historical financial performance may not represent the future performance. Holders should note that the future financial performance of the Maica Group is dependent on, amongst others, the outlook of the global and Malaysia economy, the outlook prospects of its Property Development Business, and the Group's ability to identify future land banks and successful implementation of the property development projects.

Please refer to **Section 6.2, Part B of this IAC** for further details.

(c) Outlook and prospects of the Malaysian property sector and Maica Group

We note that the overall property market performance in Malaysia has generally softened. Despite the downtrend in market activity movements, the overall property prices were generally stable with uptrends recorded in favourable locations.

Stricter regulation such as RPGT imposed by government of Malaysia may adversely impact the property industry, in general. However, we note that these measures were meant to curb excessive speculative activities which in the long run may be detrimental to the property market. Despite stricter regulation imposed by government, we are in view that the property industry of Malaysia will continue to be supported by the economic growth of Malaysia.

We note the limited revenue and profit growth from the Manufacturing Business and Hire Purchase Business in the recent years. However, we understand the Property Development Business is expected to improve the immediate profitability of the Group given that Project Trivo has commenced development and have already sold 29 out of 30 units of shop offices.

The Group's healthy financial position with zero gearing provides flexibility for the Company to use debt financing for land bank acquisitions. We also note the possibility of future acquisition of some property development projects from third parties and/or the Sunsuria group and the possibility of using the "Sunsuria" brand name in Maica's future property development projects, and we view this potential to be positive for the Group's prospects.

We are of the view that the Maica Group will be able to leverage on the experience and expertise of Datuk Ter Leong Yap together with the recently appointed Directors, namely Wong Yuen Teck and Koong Wai Seng, in the development of the Project Trivo and Land 2 and any other potential development projects to be entered by the Maica Group.

Nevertheless, similar to all other property development companies, Holders should note that the future financial performance of Maica Group is dependent highly upon, amongst others, the Malaysian macroeconomic environment, level of property transaction activities, financing costs of the property development projects, raw material costs and successful implementation of the property development projects.

Please refer to **Section 6.3, Part B of this IAC** for further details.

(d) Future plans for the Maica Group and its employees

With regards to the future plans for the Maica Group and its employees for the next twelve (12) months after the Closing Date, the Offeror:

- does not have any plans to liquidate Maica and intends to continue with Maica's existing businesses to complement the property development business;
- will review the operations of Maica immediately after the completion of the Offer and work together with the Board and management of Maica to decide on the future expansion plans of Maica. The Offeror may procure Maica to acquire additional viable land banks and/or property development projects from third parties and/or from the Offeror or persons connected to the Offeror, which may include any of those companies/assets held under the Sunsuria group; and
- does not have plans to dismiss or make redundant the employees of the Group as a direct consequence of the Offer.

Please refer to **Section 6.4, Part B of this IAC** for further details.

5. RECOMMENDATION

5.1 Recommendation by the AmlInvestment Bank

Based on our evaluation, the indicative RNAV of the Maica Group ranges from RM138.26 million to RM146.16 million or approximately **RM0.87 to RM0.92 per Maica Share**. The Offer Price represents a **discount** of between RM0.02 and RM0.07 or approximately **2.3% and 7.6%** to the range of the indicative RNAV per Share. Further, the market price of Maica Shares has been trading above the Offer Price from the date of the Notice up to the LPD.

We have considered that the Offer is **not fair** given that the Offer Price is below the indicative RNAV per Share and prevailing market price of Maica Shares as at the LPD, and given that the Offeror intends to maintain the listing status of Maica on the Main Market of Bursa Securities and does not intend to compulsorily acquire any outstanding Offer Shares for which valid acceptances have not been received prior to the Closing Date, we are of the view that the Offer is also **not reasonable**.

We have also considered other factors in forming our opinion including the rationale for the Offer, historical financial performance of the Maica Group, outlook and prospects of the Malaysian property sector and Maica Group with the introduction of the Property Development Business as well as the future plans for the Maica Group and its employees.

Based on the above and our overall evaluation, we are of the view that the Offer is **NOT FAIR** and **NOT REASONABLE**. As such we advise and recommend the Holders to **REJECT** the Offer.

5.2 Recommendation by the Board of Maica

After careful examination of the terms of the Offer as contained in the Offer Document and taking into consideration the evaluation and recommendation by the Independent Adviser as set out in Part B of this IAC after taking cognisance of Practice Note 15 of the Code with regards to the use of the terms "fair" and "reasonable" in the Independent Adviser's recommendation, the Board (save for the Interested Director) **CONCURS** with the recommendation of AmInvestment Bank that the Offer is **NOT FAIR** and **NOT REASONABLE** and recommends that Holders of Offer Shares **REJECT** the Offer.

Holders are advised to consider carefully the information contained in the IAC together with the Offer Document before making a decision as to the course of action to be taken.

Please note that the Board of Maica has not taken into consideration any specific investment objective, financial and tax situation and particular need of any individual Holder or any specific group of Holders. Accordingly, the Board of Maica recommends that any individual Holder or any specific group of Holders who require advice in relation to the Offer in the context of their individual investment objectives, risk profiles, financial and tax situation or particular needs, should consult their respective stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.

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EXECUTIVE SUMMARY (CONT'D)

6. IMPORTANT DATES AND EVENTS

Event	Date
Notice of the Offer	22 January 2014
Posting of the Offer Document	12 February 2014
Issuance of this IAC	21 February 2014
First Closing Date #	5 March 2014

Note:

The Offer will be kept open until the First Closing Date or in the event that the Offer is revised or extended in accordance with the Code, such revised or extended closing date as the Joint Advisers may announce on behalf of the Offeror no later than two (2) days before the closing date. Notices of such extension will be posted to the Holders accordingly.

YOU ARE ADVISED TO READ THE OFFER DOCUMENT AND THIS IAC THOROUGHLY FOR MORE INFORMATION AND NOT RELY ON THIS EXECUTIVE SUMMARY BEFORE FORMING AN OPINION ON THE OFFER.

YOU ARE ADVISED TO CONSIDER CAREFULLY THE INFORMATION CONTAINED IN THE OFFER DOCUMENT AND THIS IAC BEFORE MAKING A DECISION ON THE COURSE OF ACTION TO BE TAKEN.

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PART A

LETTER FROM THE BOARD



(Company No. 8235-K)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

8-3, Jalan Segambut
51200 Kuala Lumpur
Malaysia

21 February 2014

Board of Directors

Lim Jian Hoo	(Chairman, Non-Independent Non-Executive Director)
Datuk Ter Leong Yap	(Executive Director)
Thor Poh Seng	(Executive Director)
Boon Shi Hou	(Executive Director)
Wong Yuen Teck	(Non-Independent Non-Executive Director)
Koong Wai Seng	(Non-Independent Non-Executive Director)
Teh Kay Yeong	(Senior Independent Non-Executive Director)
Haji Azizzuddin Bin Haji Hussein	(Independent Non-Executive Director)

To: The Holders

Dear Sir / Madam,

UNCONDITIONAL TAKE-OVER OFFER BY TER THROUGH THE JOINT ADVISERS TO ACQUIRE ALL THE REMAINING MAICA SHARES WHICH ARE NOT ALREADY HELD BY THE OFFEROR AND ITS PACS FOR A CASH CONSIDERATION OF RM0.85 PER OFFER SHARE

1. INTRODUCTION

On 22 January 2014, TER entered into the SSA with the Vendors to acquire an aggregate of 39,285,385 Maica Shares for an aggregate purchase consideration of RM33,392,577.25 or RM0.85 per Maica Share to be settled fully in cash. Upon completion of the SSA, the Offeror and its PACs will hold an aggregate of 79,354,585 Maica Shares, representing 50.11% of the issued and paid-up share capital of Maica.

Consequently, the Joint Advisers served, on behalf of the Offeror, the Notice of even date on the Board of Maica notifying them the Offeror's obligation to undertake an unconditional take-over offer to acquire all the Offer Shares at the Offer Price. The Board of Maica had announced the receipt of the Notice on the same day.

On 23 January 2014, the Board of Maica announced that it does not intend to seek an alternative person to make a take-over offer for the Offer Shares. A copy of the Notice has been delivered to you in the notification to shareholders dated 29 January 2014.

On 28 January 2014, Maica announced the appointment of AmInvestment Bank as the Independent Adviser for the Offer. In accordance with Section 15(11) of the Code, AmInvestment had on 30 January 2014 declared to SC its independence and eligibility to act as the Independent Adviser in relation to the Offer.

As at the LPD, the Offeror and its PACs hold a total of 79,354,585 Maica Shares representing approximately 50.11% of the total issued and paid-up share capital of Maica, the breakdown of which are set out as follows:

Name	Direct		Indirect	
	No. of Maica Shares	%	No. of Maica Shares	%
Datuk Ter Leong Yap	33,728,000	21.30	45,626,585 ⁽¹⁾	28.81
TER	45,626,585	28.81	-	-
Datin Kwan May Yuen	-	-	-	-
Ter Hong Khim @ Tai Foong Chin	-	-	-	-
Ng Hon Yin @ Hwang Giok Ying	-	-	-	-

Note:

(1) Deemed interested through TER pursuant to Section 6A of the Act.

A copy of the Offer Document, which sets out the details and terms of the Offer as well as the procedures for acceptance of the Offer, had been posted to the Holders on 12 February 2014.

The SC had, via its letter dated 20 February 2014, granted its consent to despatch this IAC to the Holders. The aforementioned consent granted by the SC does not indicate that the SC concurs with the views and recommendation contained herein in this IAC. It merely means that this IAC has complied with the disclosure requirements under the Code.

THE PURPOSE OF THIS IAC IS TO HIGHLIGHT THE RELEVANT INFORMATION RELATING TO THE OFFER AND TO PROVIDE YOU WITH VIEWS AND RECOMMENDATION OF THE BOARD (SAVE FOR THE INTERESTED DIRECTOR) ON THE OFFER TOGETHER WITH THE RECOMMENDATION OF AMINVESTMENT BANK. YOU ARE ADVISED TO READ THIS IAC TOGETHER WITH THE OFFER DOCUMENT AND CONSIDER CAREFULLY THE RECOMMENDATION CONTAINED HEREIN BEFORE TAKING ANY ACTION. THIS IAC DOES NOT CONSTITUTE THE OFFER OR ANY PART THEREOF.

2. TERMS AND CONDITIONS OF THE OFFER

The principal terms and conditions of the Offer are set out in Section 2 of Part B of this IAC. Please refer to Appendix II and Appendix III of the Offer Document for the full terms and conditions of the Offer and the procedures for acceptance and method of settlement of the Offer respectively.

3. RATIONALE FOR THE OFFER

The Board of Maica takes cognisance of the rationale for the Offer as set out in Section 3 of the Offer Document, as follows:

- (i) The Offer is made by the Offeror pursuant to Section 218(2) of the CMSA and Section 9(1), Part III of the Code as the shareholdings of the Offeror and its PACs in Maica had increased to more than 33% resulting from the execution of the SSA by the Offeror to acquire the Sale Shares.
- (ii) The acquisition of the Sale Shares and the Offer is undertaken by the Offeror in view of Maica having diversified its business into property development and the potential outlook of the property development sector.

- (iii) The acquisition of the Sale Shares by the Offeror represents an investment by the Offeror, as the Offeror recognises the potential in developing lands currently held by Maica.
- (iv) Maica, through the Offeror, will be able to utilise the Ultimate Offeror's expertise and experience in the property development industry to enhance and maximise the value of Maica's land development plans.
- (v) The Offeror believes they will be able to further grow and expand the property development business of Maica and are in a position to contribute positively to the earnings of Maica Group and correspondingly enhance the value of the Offeror's investment in Maica.

The Board of Maica takes note of the Independent Adviser's evaluation and recommendation as contained in Section 6.1, Part B of this IAC and wishes to highlight to the Holders the comments made by AmInvestment Bank in respect of the rationale, outlook and prospects of the Malaysian property sector and Maica Group as set out in Sections 6.1 and 6.3, Part B of this IAC.

4. THE OFFEROR'S FUTURE PLANS FOR THE MAICA GROUP AND ITS EMPLOYEES

The Board of Maica takes note of the Offeror's intention to review the operations of Maica immediately after the completion of the Offer to better understand the position of Maica. Subsequent to that, the Offeror will work together with the Board and management of Maica to decide on the future expansion plans of Maica which include, amongst others, the following:

- (a) whether to redeploy the existing assets of Maica or to dispose any assets of Maica deemed as non-core business of Maica;
- (b) to optimise the utilisation of the existing resources of Maica; and
- (c) to expand the property development operations of Maica by procuring Maica to acquire additional viable land banks and/or property development projects from third parties and/or from the Offeror or persons connected to the Offeror, which may include any of those companies/assets held under Sunsuria group of companies². However, no specific asset has been identified as at 6 February 2014. Such acquisitions, if any, will be carried out after deliberation of the Board of Maica and in accordance with the Listing Requirements, regulations or relevant guidelines.

In addition, the Offeror will also from time to time review the businesses of Maica Group strategically, and where appropriate, implement the necessary changes to the corporate structure of Maica with a view to strengthen and grow Maica's property development business.

The Board of Maica further takes note of the Offeror's intention with respect to the future plans for the Maica Group and its employees within the next twelve (12) months after the Closing Date, as set out in Section 8 of the Offer Document as follows:

- (a) The Offeror does not have any plans to liquidate Maica, and intends to continue with the existing business of Maica Group which is manufacturing and trading of doors to complement the recent diversification of the core business of Maica Group to include property development.

² *Datuk Ter Leong Yap is the controlling shareholder of the Sunsuria group of companies, a property developer in the Klang Valley.*

- (b) The Offeror intends to maintain the listing status of Maica in the event the Offeror receives acceptances pursuant to the Offer resulting in the Offeror and its PACs holding more than 75% of the Maica Shares.
- (c) The Offeror does not have plans to dismiss or make redundant the employees of the Maica Group as a direct consequence of the Offer.

Nonetheless, the Board of Maica takes note that if the need arises, the Offeror shall or may:

- (a) Review the existing business and operations of the Maica Group in order to remain competitive within the industry and improve the Maica Group's prospects for future growth.
- (b) Effect changes with regards to staff employment as a result of any rationalisation of business activities and/or to further improve efficiency of the operations of Maica Group.

Save as disclosed above, the Board has taken note that the Offeror has no knowledge of and has not entered into any negotiations, arrangements or understanding whatsoever with any third party with regards to any material change in Maica Group's businesses, assets or equity structure within the next twelve (12) months from the Closing Date.

The Holders are advised to consider the comments made by AmInvestment Bank in respect of the historical financial performance analysis of the Maica Group and the outlook and prospects of the Malaysian property sector and Maica Group as set out in Sections 6.2 and 6.3, Part B of this IAC respectively.

5. DETAILS OF ACCEPTANCES

The Joint Advisers have disclosed in the Offer Document that the Offeror has not received any irrevocable undertaking from any Holder to accept the Offer in respect of such Holder's Maica Shares as at the 6 February 2014.

As at the LPD, to the best knowledge of the Board, no person (whose interests in the Offer Shares, whether direct or indirect, which are required to be disclosed under the Code) had accepted or had given an irrevocable undertaking to accept the Offer in respect of their shareholdings in Maica.

As at the LPD, there is no announcement made by the Joint Advisers on behalf of the Offeror of any acceptance of the Offer Shares.

6. DISCLOSURE OF INTERESTS

Save as disclosed below, as at the LPD, none of the Directors of Maica have any interest, whether direct or indirect, in the Offer Shares.

Name	Designation	Nationality	Direct		Indirect	
			No. of Shares held	%	No. of Shares held	%
Datuk Ter Leong Yap	Executive Director	Malaysian	33,728,000	21.30	45,626,585 ⁽¹⁾	28.81

Note:

(1) Deemed interested through TER pursuant to Section 6A of the Act.

Save as disclosed in Section 2.2.4 of Appendix III of this IAC, the Directors of Maica have not dealt in Maica Shares during the six (6)-month period prior to the commencement of the Offer Period up to the LPD.

7. INDEPENDENT ADVICE LETTER

You are advised to read and consider the comments, opinions, views and recommendation of AmInvestment Bank, the Independent Adviser appointed to advise you and the Directors. The letter from the Independent Adviser is included in Part B of this IAC.

8. NON-INTERESTED DIRECTORS' RECOMMENDATION

You should rely on your own examination of the details of the Offer as set out in the Offer Document and your requirements before making a decision on the course of action to be taken in relation to the Offer.

Datuk Ter Leong Yap, being the Executive Director and substantial shareholder of the Company, who is also the director and substantial shareholder of the Offeror, is deemed interested in the Offer. As such, Datuk Ter Leong Yap has duly abstained from all deliberations and making any recommendation in relation to the Offer.

In arriving at the non-interested Directors' recommendation, the non-interested Directors wish to reiterate certain pertinent matters that have been highlighted by AmInvestment Bank in arriving at its recommendation below:

- (a) Based on AmInvestment Bank's evaluation, the indicative RNAV of the Maica Group ranges from RM138.26 million to RM146.16 million or approximately **RM0.87 to RM0.92 per Maica Share**. As such, the Offer Price represents a **discount** of between RM0.02 and RM0.07 or approximately **2.3% and 7.6%** to the range of the indicative RNAV per Share.
- (b) The Offer Price represents a discount of 9.5%, 6.9%, 14.3% and 12.5% over the five (5)-day, one (1)-month, three (3)-month, and six (6)-month VWAMP of Maica Shares up to and including 21 January 2014, being the last trading day prior to the date of the Notice respectively.
- (c) The market price of Maica Shares has been trading above the RM1.00 level since the date of the Notice. Holders should note that from the date of the Notice to the LPD, the Maica Shares registered its highest closing price of RM1.69 on 17 February 2014, which is significantly above the Offer Price. In addition, Holders should note during the said period, intra-day trading prices have also reached a high of RM1.72 on 17 February 2014.
- (d) The Offeror intends to maintain the listing status of Maica and will not procure Maica to take the necessary procedures to withdraw its listing status from the Official List of Bursa Securities in accordance with the Listing Requirements in the event of the Offeror receives acceptances under the Offer resulting in the Offeror and its PACs holding 90% or more of the issued and paid-up share capital of Maica. In addition, the Offeror does not intend to invoke Section 222 of the CMSA to compulsorily acquire any outstanding Offer Shares for which valid acceptances have not been received prior to the Closing Date. The Offeror has also stated its intention to place out a sufficient number of Maica Shares or procure Maica to carry out a subsequent corporate exercise in order to rectify the non-compliance with the Public Shareholding Spread within three (3) months from the Closing Date. By maintaining the listing status of Maica on Bursa Securities, Holders can continue to trade in their Maica Shares and are able to liquidate their investments in the open market.

The Board of Maica also notes the positive prospects of the Maica Group taking into consideration the opinions given by the AmInvestment Bank in Section 6.3, Part B of this IAC.

After careful examination of the terms of the Offer as contained in the Offer Document and taking into consideration of the evaluation and recommendation by the Independent Adviser as set out in Part B of this IAC after taking cognisance of Practice Note 15 of the Code with regards to the use of the terms "fair" and "reasonable" in the Independent Adviser's recommendation, the Board (save for the Interested Director) **CONCURS** with the recommendation of AmInvestment Bank that the Offer is **NOT FAIR** and **NOT REASONABLE** and recommends that Holders of Offer Shares **REJECT** the Offer.

9. DIRECTORS' RESPONSIBILITY

This IAC has been seen and approved by the Board of Maica and they collectively and individually accept full responsibility for the accuracy of the information contained herein (save for the IAL prepared by AmInvestment Bank set out in Part B of this IAC) and confirm that after making enquiries as were reasonable in the circumstances and to the best of their knowledge and belief, there are no other facts the omission of which would make any information provided herein false or misleading. For the avoidance of doubt, the Interested Director has abstained from any recommendations in relation to the Offer.

The responsibility of the Board of Maica in respect of the IAL from AmInvestment Bank as set out in Part B of this IAC is limited to the accuracy of the information provided by Maica and given to AmInvestment Bank for its evaluation in respect of the Maica Group.

The responsibility of the Board of Maica in respect of the information relating to the Offeror and the Offer extracted from the Offer Document is limited to ensuring that such information is accurately reproduced in this IAC.

HOLDERS ARE ADVISED TO CONSIDER CAREFULLY THE INFORMATION CONTAINED IN THE IAC, IN PARTICULAR THE IAL FROM AIMINVESTMENT BANK AS CONTAINED IN PART B OF THIS IAC, TOGETHER WITH THE OFFER DOCUMENT DATED 12 FEBRUARY 2014, A COPY OF WHICH HAS BEEN DELIVERED TO YOU, BEFORE MAKING A DECISION AS TO THE COURSE OF ACTION TO BE TAKEN.

PLEASE NOTE THAT THE BOARD HAS NOT TAKEN INTO CONSIDERATION ANY SPECIFIC INVESTMENT OBJECTIVE, FINANCIAL AND TAX SITUATION AND PARTICULAR NEED OF ANY INDIVIDUAL HOLDER OR ANY SPECIFIC GROUP OF HOLDERS. ACCORDINGLY, THE BOARD RECOMMENDS THAT ANY INDIVIDUAL HOLDER OR ANY SPECIFIC GROUP OF HOLDERS WHO REQUIRE ADVICE IN RELATION TO THE OFFER IN THE CONTEXT OF THEIR INDIVIDUAL INVESTMENT OBJECTIVES, RISK PROFILES, FINANCIAL AND TAX SITUATION OR PARTICULAR NEEDS, SHOULD CONSULT THEIR RESPECTIVE STOCKBROKER, BANK MANAGER, ACCOUNTANT, SOLICITOR OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

Yours faithfully
for and on behalf of the Board of
MALAYSIA AICA BERHAD

LIM JIAN HOO
Chairman, Non-Independent Non-Executive Director

PART B

**INDEPENDENT ADVICE LETTER FROM
AMINVESTMENT BANK**



AmInvestment Bank

Registered Office:

22nd Floor
Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur

21 February 2014

To: The Holders

Dear Sir / Madam,

UNCONDITIONAL TAKE-OVER OFFER BY TER THROUGH THE JOINT ADVISERS TO ACQUIRE ALL THE REMAINING MAICA SHARES WHICH ARE NOT ALREADY HELD BY THE OFFEROR AND ITS PACS FOR A CASH CONSIDERATION OF RM0.85 PER OFFER SHARE

1. INTRODUCTION

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Consequently, the Joint Advisers served, on behalf of the Offeror, the Notice of even date on the Board of Maica notifying them the Offeror's obligation to undertake an unconditional take-over offer to acquire all the Offer Shares at the Offer Price. The Board of Maica had announced the receipt of the Notice on the same day.

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AmInvestment Bank Berhad (23742-V)

A member of the AmBank Group

(A Participating Organisation of Bursa Malaysia Securities Berhad)

22nd Floor, Bangunan AmBank Group, 55, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia. P. O. Box 10233, 50708 Kuala Lumpur, Malaysia.

T: +603 2036 2633 **F:** +603 2070 8596, +603 2032 4960

W: ambankgroup.com, amesecurities.com.my

As at the LPD, the Offeror and its PACs holds a total of 79,354,585 Maica Shares representing approximately 50.11% of the total issued and paid-up share capital of Maica, the breakdown of which are set out as follows:

Name	Direct		Indirect	
	No. of Maica Shares	%	No. of Maica Shares	%
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Note:

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THE PURPOSE OF THIS IAC IS TO HIGHLIGHT THE RELEVANT INFORMATION RELATING TO THE OFFER AND TO PROVIDE YOU WITH VIEWS AND RECOMMENDATION OF AMINVESTMENT BANK ON THE OFFER. YOU ARE ADVISED TO READ THIS IAC TOGETHER WITH THE OFFER DOCUMENT AND CONSIDER CAREFULLY THE RECOMMENDATION CONTAINED HEREIN BEFORE TAKING ANY ACTION.

THIS IAL IS SOLELY FOR THE USE OF THE HOLDERS FOR THE PURPOSE OF CONSIDERING THE OFFER AND SHOULD NOT BE USED OR RELIED UPON BY ANY OTHER PARTY. THIS IAL DOES NOT CONSTITUTE THE OFFER OR ANY PART THEREOF. IF THE HOLDERS HAVE ANY DOUBT AS TO THE COURSE OF ACTION THE HOLDERS SHOULD TAKE IN RELATION TO THE OFFER, THE HOLDERS SHOULD CONSULT THEIR PROFESSIONAL ADVISER(S) IMMEDIATELY.

2. TERMS AND CONDITIONS OF THE OFFER

The principal terms of the Offer, unless otherwise directed or permitted to be varied by the SC, are set out below.

2.1 Consideration

The Offeror shall pay a cash consideration of RM0.85 per Offer Share to all Holders who accept the Offer, in accordance with the terms set out in the Offer Document.

In the event that Maica declares, makes or pays any dividend and/or other distribution of any nature whatsoever ("**Distribution**") on or after the date of the Notice but prior to the Closing Date and the Holders are entitled to retain such Distributions, the consideration for each Offer Share shall be reduced by the quantum of the net Distributions which such Holder is entitled to retain. The Holders may accept the Offer in respect of all or part of their Offer Shares. They may not accept the Offer in excess of their respective holdings of the Offer Shares. The Offeror will not pay fractions of a sen, if any, to the Accepting Holders and entitlements to the cash payment will be rounded down to the nearest whole sen.

The Offer Price is similar to the purchase price of RM0.85 for the Sale Shares acquired pursuant to the SSA, which is the highest price paid by TER for Maica Shares in the last six (6) months prior to the Offer Period.

2.2 Conditions of the Offer

The Offer is unconditional as the Offeror holds in aggregate more than 50% of the voting shares of Maica.

2.3 Duration of the Offer

The Offeror intends to close the Offer at 5.00 p.m. on 5 March 2014, being the First Closing Date. Any extension of the date and time for acceptance of the Offer by the Offeror will be announced by the Joint Advisers, on behalf of the Offeror, at least two (2) days before the Closing Date. Such announcement will state the next expiry date of the Offer. Notices of such extension will be posted to the Holders accordingly.

Please refer to Section 4 of Appendix II of the Offer Document for further information on the duration of Offer.

2.4 Method and Expected Date of Settlement

Other than the Offeror's rights to reduce the Offer Price as set out in Section 2.1 of the Offer Document, and except with the consent of the SC which would only be granted in certain circumstances in which all Holders were to be treated similarly, settlement of the consideration will be implemented in full, in accordance with the terms of the Offer without regard to any lien, right of set-off, counter-claim or other rights to which the Offeror may be entitled against the Accepting Holder. This, however, is without prejudice to the Offeror's rights to make any claim against the Accepting Holder after such full settlement in respect of a breach of the warranties set out in Section 3, Appendix II of the Offer Document.

If the Offeror deems your acceptance to be complete and valid in all aspects in accordance with the terms and conditions set out in the Offer Document, the Offeror shall pay you for your Offer Shares via remittance in the form of cheques, bankers' drafts and/or cashier's orders, which will be despatched by ordinary mail to you or your designated agents, as you may direct, at your registered Malaysian address last maintained with Bursa Depository at your own risk within ten (10) days from the date of receipt of the said acceptance.

Please refer to Appendix II of the Offer Document for further information on the other terms and conditions of the Offer and Appendix III of the Offer Document for details on the procedures for accepting the Offer.

3. DETAILS OF ACCEPTANCES

The Joint Advisers have disclosed in the Offer Document that the Offeror has not received any irrevocable undertaking from any Holder to accept the Offer in respect of such Holder's Maica Shares as at 6 February 2014.

As at the LPD, there is no announcement made by the Joint Advisers on behalf of the Offeror of any acceptance of the Offer Shares.

As at the LPD, to the best knowledge of the Board, no person (whose interests in the Maica Shares, whether direct or indirect, which are required to be disclosed under the Code) had accepted or had given an irrevocable undertaking to accept the Offer.

4. LIMITATIONS TO THE EVALUATION OF THE OFFER

Our scope as Independent Adviser is limited to expressing an independent opinion on the terms of the Offer based on information and documents provided to us or which are available to us, including the following:

- (a) information contained in the Offer Document;
- (b) information furnished to us by Maica; and
- (c) any publicly available information.

We have relied on the Company, its Board and management to take due care to ensure that all information, documents and representations in relation to the Maica Group provided to us by them to facilitate our evaluation of the Offer, are accurate, valid and complete in all material aspects. Accordingly, we have not independently verified the aforesaid information provided to us for its feasibility, reliability, accuracy and / or completeness and we express no opinion on any such information and have not undertaken any independent investigation into the businesses and affairs of the Maica Group and all relevant parties involved in the Offer. Nonetheless, after making all reasonable enquiries, we are satisfied that sufficient information has been obtained and have no reason to believe that the aforesaid information provided to us was unreliable, incomplete, misleading and/or inaccurate as at the LPD.

In preparing this IAL, we have taken into consideration those factors that we believe are of importance to assess the terms of the Offer as set out in Section 5 of this IAL and therefore are of concern to the Holders. We have not taken into consideration any specific investment objectives, financial situation and particular needs of any individual Holder or any specific group of Holders. We recommend that Holders who require specific advice in relation to the Offer in the context of their individual investment objectives, financial situation or particular needs, to consult their professional adviser(s) immediately.

The scope of AmInvestment Bank's responsibility with regard to its evaluation and recommendation is based on the considerations set out in the ensuing sections of this IAL and where comments or points of consideration are included on matters which may be commercially oriented, these are incidental to our overall evaluation and concern matters which we may deem material for disclosure.

Our opinion as set out in this IAL is based on prevailing market, economic, industry and other conditions (if applicable) and the information / documents made available to us as of the LPD.

5. EVALUATION OF THE OFFER

We have taken into consideration the following factors in our evaluation of the Offer:

- (a) RNAV of Maica Group;
- (b) Market price performance of Maica Shares;
- (c) Listing status of Maica;
- (d) Compulsory acquisition and rights of Dissenting Shareholders;
- (e) Rationale for the Offer;
- (f) Historical financial performance analysis of Maica Group;
- (g) Outlook and prospects of the Malaysian property sector and Maica Group; and
- (h) Future plans for Maica Group and its employees.

In accordance with paragraphs 3.1 to 3.6, Practice Note 15 of the Code, the Offer is analysed based on two (2) distinct criteria of whether the Offer is fair and whether the Offer is reasonable. The Offer will be considered not fair if the value of the Offer Price is lower than the fair value and market price of Maica Shares and vice versa. In arriving at the reasonableness evaluation of the Offer, we have examined other significant factors to which the Holders may give consideration to prior to accepting or rejecting the Offer.

In arriving at our opinion on the **fairness** of the Offer, we have taken into consideration the following factors:

- (a) RNAV of Maica Group Section 5.1
- (b) Market price performance of Maica Shares Section 5.2

In arriving at our opinion on the **reasonableness** of the Offer, we have taken into consideration the following factors:

- (a) Listing status of Maica Section 5.3
- (b) Compulsory acquisition and rights of Dissenting Shareholders Section 5.4

Fairness of the Offer

In accordance with paragraph 3.2, Practice Note 15 of the Code, the Offer will be considered not fair if the value of the Offer Price is lower than the fair value and market price of Maica Shares and vice versa. To assess the fair value of Maica Shares, we have performed an indicative RNAV valuation of the Maica Group. In addition to the RNAV analysis, we have also assessed the historical market price performance of Maica Shares.

5.1 RNAV of Maica Group

On 23 October 2013, Maica announced that the Company had entered into agreements with CNSB pursuant to the Acquisitions. In the same announcement, Maica also announced the Company's proposal to diversify the core businesses of Maica Group, namely manufacturing of wood products and granting of hire purchase and other financing, to include property development business. The Proposals were approved by the shareholders of Maica on 20 January 2014 and subsequently completed on 22 January 2014.

In relation thereto, the Maica Group currently comprises the following main businesses:

- (i) the new property development business ("**Property Development Business**"); and
- (ii) the other core businesses comprising manufacturing of wood products ("**Manufacturing Business**"), granting of hire purchase and other financing ("**Hire Purchase Business**") and property investment.

In evaluating and arriving at the valuation of Maica Shares, we are of the opinion that the RNAV method of valuation is the most appropriate method. RNAV is a commonly used valuation methodology in approaching valuations of asset based companies with business activities such as property development, property investment and hire purchase financing services. With Maica's diversification into the Property Development Business, the Group's property development related assets now comprise approximately 63% of the Group's total assets³ and is expected to contribute significantly to Maica's earnings over the next four (4) years as set out in Section 5.1.2 below. Given the foregoing and our analysis of the earnings of the Manufacturing Business as set out in Section 5.1.1(a) below, we believe that notwithstanding the Offeror's intention to continue with the Manufacturing Business, the fair value attached to the Manufacturing Business would be better reflected by a valuation which assumes the liquidation of the Manufacturing Business and that the land and building forming the PPE together with the other assets and liabilities of the Manufacturing Business can be realised at book value or market values as set out in Sections 5.1.1 and 5.1.3. In addition, Maica Group currently holds eight (8) pieces of properties under investment properties and PPE for which their respective book values, in our view, are not representative of their current values as they are based on historical cost of acquisition or re-valuations the dates for which range between 15 December 1981 and 31 August 1995.

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³ On a proforma basis based on Maica's unaudited financial statements of FPE 30 September 2013 and after taking into consideration the Acquisitions which were completed on 22 January 2014.

The indicative RNAV of Maica Group is computed as follows:

Descriptions	Explanatory Notes	Low Case		High Case	
		RM '000	RM per Share ⁽¹⁾	RM '000	RM per Share ⁽¹⁾
Unaudited NA of Maica Group as at 30 September 2013	Section 5.1.1	71,273	0.45	71,273	0.45
Adjustments to the unaudited NA of Maica Group pursuant to the Acquisitions	Section 5.1.1	14,363	0.09	14,363	0.09
		85,636	0.54	85,636	0.54
Add:					
(i) Present value of the estimated development profits from Project Trivo	Section 5.1.2(a)	8,200	0.06	8,200	0.06
(ii) Present value of the estimated development profits from the potential development of Land 2	Section 5.1.2(b)	24,000	0.15	31,900	0.20
(iii) Revaluation surplus arising from the land and buildings held as part of the PPE of the Group	Section 5.1.3	10,289	0.06	10,289	0.06
(iv) Revaluation surplus arising from investment properties held by the Group	Section 5.1.3	10,136	0.06	10,136	0.06
RNAV		138,261	0.87	146,161	0.92
Offer Price discount to RNAV per Share					
• RM			0.02		0.07
• %			2.3%		7.6%

Note:

(1) Computed based on 158,361,472 issued and paid-up Maica Shares as at the LPD.

5.1.1 NA of Maica Group

The unaudited net assets of Maica Group as at 30 September 2013 stood at RM71.27 million. The NA of Maica Group prior to the Acquisitions were mainly attributable to the Manufacturing Business, Hire Purchase Business, investment properties and PPE. Further discussions on the Manufacturing Business and Hire Purchase Business are set out in Sections 5.1.1(a) and (b) below, while details of the NBV of the investment properties and PPE are set out in Section 5.1.3 below.

The Acquisitions were completed on 22 January 2014. Based on the unaudited NA of Maica Group as at 30 September 2013 and after making adjustments to take into account the effects of the Acquisition, the proforma unaudited net assets of Maica Group is RM85.64 million. The adjustments took into consideration the purchase consideration for the Acquisitions of RM56.00 million which was satisfied via RM42.00 million in cash and the issuance of 28.0 million Maica Shares. The cash portion was funded through existing cash of the Group amounting to RM17.84 million and cash raised through early redemption of hire purchase receivables amounting to RM24.16 million. The said adjustments have also taken into consideration the interest earned (net of rebates) on the early redemption of hire purchase receivables which amounted to RM0.36 million.

The proforma segment assets of the Maica Group based on the unaudited financial statements of Maica Group as at 30 September 2013 and after taking into account the effects of the Acquisition is set out below.

	Total Assets	
	RM '000	%
Property Development Business	56,000	63.0%
Manufacturing Business	⁽²⁾ 15,964	18.0%
Hire Purchase Business	⁽³⁾ 10,949	12.3%
Unallocated non-operating segments (net of consolidated adjustments and eliminations) ⁽¹⁾	⁽⁴⁾ 5,977	6.7%
Total	88,890	100.0%

Notes:

- (1) *Mainly relates to investment holding, dormant subsidiaries and inter-company adjustments.*
- (2) *Includes the following:*
- (a) *PPE owned by Maicador with an aggregate NBV of approximately RM1.98 million; and*
- (b) *Investment properties owned by Maica Wood with an aggregate NBV of approximately RM5.16 million.*
- (3) *Includes investment properties owned by Con Lease with an NBV of approximately RM0.44 million.*
- (4) *Includes investment properties and PPE owned by Maica with an aggregate NBV of approximately RM1.49 million.*

(a) Manufacturing Business

Maica Group's wood product manufacturing activities are principally undertaken by Maicador, a 99.8% indirect subsidiary of Maica. The table below set out the analysis of the revenue growth and profit margin of Maicador in the past five (5) years from FYE 31 March 2009 to FYE 31 March 2013:

RM '000	FYE 31 March					5-year average
	2009	2010	2011	2012	2013	
Revenue	16,611	14,238	15,692	13,157	14,921	14,924
Revenue growth (yoy) (%)	22.3%	-14.3%	10.2%	-16.2%	13.4%	3.1%
PAT	528	453	887	137	274	456
PAT margin (%)	3.2%	3.2%	5.7%	1.0%	1.8%	3.0%

Note:

Based on audited financial statements of Maicador for the past five (5) years from FYE 31 March 2009 to FYE 31 March 2013.

Despite being the largest revenue contributor of the Maica Group, the profit margin of the Manufacturing Business has been low, ranging from 1.0% to 5.7%. The 5-year average profit and profit margin stood at RM0.456 million and 3.0% respectively.

We believe that notwithstanding the Offeror's intention to continue with the Manufacturing Business, the fair value attached to the Manufacturing Business would be better reflected by a valuation which assumes the liquidation of the Manufacturing Business and that the land and building forming the PPE together with the other assets and liabilities of the Manufacturing Business can be realised at book value as set out above or market values as set out in this section and Section 5.1.3.

(b) Hire Purchase Business

The Maica Group commenced its hire purchase business for motor vehicles in FYE 31 March 2009 through its wholly-owned subsidiary, Con Lease. The Hire Purchase Business charged fixed interest rates to the hire purchase receivables ("**HP Receivables**") and the effective interest rates of the HP Receivables ranged between 6% and 7% over the past five (5) year from FYE 31 March 2009 to FYE 31 March 2013. The Hire Purchase Business was the largest profit contributor of the Maica Group from the FYE 31 March 2009 to FYE 31 March 2013. The hire purchase financing was provided to only one (1) party related to the Vendors. The table below set out the analysis of the revenue growth and profit margin of Con Lease based on audited financial statements of Con Lease for the past five (5) years from FYE 31 March 2009 to FYE 31 March 2013:

RM '000	FYE 31 March					5-year average
	2009	2010	2011	2012	2013	
Revenue	2,780	4,690	4,191	4,153	3,154	3,794
Revenue growth (yoy) (%)	nm.	68.7%	-10.6%	-0.9%	-24.1%	8.3% ⁽¹⁾
PAT	2,514	2,522	2,282	2,223	1,776	2,263
PAT margin (%)	90.4%	53.%	54.5%	53.5%	56.3%	61.7%

Notes:

nm. Non-meaningful as the Hire Purchase Business commenced operations in FYE 31 March 2009.

(1) Represents average year-over-year revenue growth for four (4) years from FYE 31 March 2010 to FYE 31 March 2013

We note that on 13 January 2014, the Group's entire HP Receivables (principal and its interest accrued up to the redemption date) were fully redeemed, and the cash from the redemption amounting to RM24.16 million was used for the purposes of satisfying part of the cash consideration pursuant to the Acquisitions. Nonetheless, we note that the Hire Purchase Business is still authorised to provide hire purchase financing services to any new customers.

We note that since the commencement of business in 2009, the Hire Purchase Business provided hire purchase financing to only one customer, who is a party related to the Vendors. As the Vendors have disposed their entire shareholdings in the Company pursuant to the SSA entered with the Offeror on 22 January 2014 and the HP Receivables have been fully redeemed on 13 January 2014, we are of the opinion that the Hire Purchase Business may face limited prospects of new business.

Generally, the hire purchase financing companies are valued by using asset based valuation method such as price to net assets multiple. Further, we also note that the net assets of the Hire Purchase Business are mostly backed by liquid assets and investment property after the full redemption of the HP Receivables. Premised on the above, we are of the view that net asset value is the most appropriate value to be ascribed to the Hire Purchase Business.

5.1.2 Property Development Business

Maica Group diversified its core businesses to include the Property Development Business with the acquisitions of the development right and interest to Project Trivo and Land 2.

(a) Project Trivo

Project Trivo is being carried out on Land 1 which is situated along Persiaran Balairong, Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor. It is a parcel of freehold land originally held under Geran 104810, Lot 76110, Mukim Damansara, Daerah Petaling, Negeri Selangor and subsequently subdivided into 30 subdivided titles issued by the Pejabat Tanah dan Galian Selangor on 3 August 2013 after obtaining the planning permission from the Majlis Bandaraya Shah Alam. It is currently being developed into a commercial development of 30 units shop offices known as "Trivo, Suria Jelutong" which commenced on 20 June 2013. As at the LPD, 29 out of the 30 shop offices have been sold to end-purchasers while bookings have been received for the remaining one (1) unit of shop office. As at the LPD, the progress of development and completion of Project Trivo is approximately 33%.

The salient details of Project Trivo is summarised in the table below:

GDV (accruing to Maica)	Approximately RM52.69 million
Total development cost (excluding cost of Land 1)	Approximately RM15.89 million
Approvals obtained	(a) Planning permission obtained from Majlis Bandaraya Shah Alam on 15 October 2012 (b) Building plan approval obtained from Majlis Bandaraya Shah Alam on 19 December 2012
Conditions on the approval	70% of the shop offices must be sold to Bumiputeras at a 7% discount
Title no.	HSD 29140 to HSD 291869
Lot no.	Lot PT 36320 to PT 36349
Location	Persiaran Balairong Bukit Jelutong, Seksyen U8 40150 Shah Alam Selangor Darul Ehsan
Tenure	Perpetuity
Land area	4,697 sqm (approximately 1.16 acres)

The key assumptions used for deriving the valuation of the expected profits to be derived from Project Trivo are set out as follows:

	Estimates
GDV (remaining value accruing to Maica) (RM '000) ⁽¹⁾	52,690
Expected PBT (RM '000) ⁽²⁾	11,800
Taxation rate (%)	25%
Commencement date of development	20 June 2013
Expected date of completion	June 2014
Discount rate (%) ⁽³⁾	8.50%
Total present value of the PAT (RM '000)	8,200

Notes:

- (1) Based on actual selling prices (after discount) of the 30 shop offices which range between RM1.52 million and RM2.94 million per unit, and after taking into account the remaining progress payments accruing to Maica.
- (2) Based on management estimates after taking into consideration the cost of Land 1 of RM25.00 million, remaining GDV of 52.69 million and the estimated remaining development cost of RM15.89 million.
- (3) Being the weighted average cost of capital ("WACC") of Maica, which was derived based on the following assumptions:

Cost of equity	10.6%
Risk free rate [^] (R_f)	4.1%
Expected market return [^] (R_m)	10.0%
Equity market risk premium ($R_m - R_f$)	5.9%
Beta ^x (β)	1.11
Cost of debt [#]	6.6%
Tax rate	25.0%
Target capital structure [#] (debt : equity)	40:60

Source:

[^] Bloomberg, based on property development companies with market capitalisation of up to RM500.0 million. Actual Beta may be higher than the comparable companies' Beta if the perceived risks associated with Maica's Property Development Business are higher than the said comparable companies, given that the Property Development Business currently only consists of two (2) property development projects.

[#] The management of Maica

For the purposes of valuing the expected profits to be derived from Project Trivo, we have relied on the estimates made by the management of Maica. We have reviewed the basis and assumptions used by Maica's management in arriving at the aforementioned estimates and they appear to be reasonable.

Maica is expected to realise a PBT of RM11.8 million over the remaining development period. We then applied a discount rate of 8.5% and a taxation rate of 25% to obtain the present value of the PAT to be derived from Project Trivo.

(b) Potential development of Land 2

Land 2 is currently vacant and is located adjacent to Land 1 and is proposed to be developed as a mixed residential development. Further details of Land 2 is summarised in the table below:

Title no.	GRN 104806
Lot no.	-
Location	Persiaran Balairong Bukit Jelutong, Seksyen U8 40150 Shah Alam Selangor Darul Ehsan
Tenure	Perpetuity
Land area	14,370 sqm (approximately 3.55 acres)
Type of property	Vacant commercial land
Category of land use	Building (Bangunan)

For the purposes of valuing the expected profits to be derived from the mixed residential development project of Land 2, the estimates of potential GDV, development period and profit margins were provided by the management of Maica and were based on, amongst others, parameters set out in the application for planning permission which was submitted to Majlis Bandaraya Shah Alam on 6 September 2013 and subsequently approved on 31 December 2013. We have reviewed the basis and assumptions used by Maica's management in arriving at the aforementioned estimates and they appear to be reasonable.

The key assumptions used for deriving the valuation of the expected profits to be derived from Land 2 are set out as follows:

	Low Case	High Case
GDV (accruing to Maica) (RM '000) ⁽¹⁾⁽²⁾	260,000	
PBT margin (%) ⁽¹⁾	15%	20%
Expected PBT (RM '000)	39,000	52,000
Taxation rate (%)	25%	
Development period (years) ⁽¹⁾	4	
Discount rate (%) ⁽³⁾	8.50%	
Total present value of the PAT (RM '000)	24,000	31,900

Notes:

- (1) Based on the estimates provided by the management of Maica.
- (2) Based on the proposed development of 2 blocks of condominiums with a total of 545 units at an average selling price of approximately RM0.474 million per unit or RM571 per square feet. The proposed development is expected to be launched in mid 2014.

(3) Being the WACC of Maica, which was derived based on the following assumptions:

Cost of equity	10.6%
Risk free rate \hat{R}_f	4.1%
Expected market return \hat{R}_m	10.0%
Equity market risk premium ($R_m - R_f$)	5.9%
Beta (β)	1.11
Cost of debt [#]	6.6%
Tax rate	25.0%
Target capital structure* (debt : equity)	40:60

Source:

[^] Bloomberg, based on property development companies with market capitalisation of up to RM500.0 million. Actual Beta may be higher than the comparable companies' Beta if the perceived risks associated with Maica's Property Development Business are higher than the said comparable companies, given that the Property Development Business currently only consists of two (2) property development projects.

[#] The management of Maica

Maica is expected to realise a PBT of between RM39.0 million and RM52.0 million over the four (4) year period based on expected PBT margin of between 15% and 20%. We assumed the profits will accrue evenly over the four (4) year period. We then applied a discount rate of 8.5% and a taxation rate of 25% to obtain the present value of the PAT to be derived from the potential development of Land 2.

In arriving at the estimates used in the valuation of the expected profits to be derived from the Property Development Business for RNAV purposes, the management of Maica has relied on, *inter alia*, the following key assumptions:

- (i) the Property Development Business of the Maica Group will continue as a going concern and achieve the projected income;
- (ii) there will be no significant change to the terms and conditions of various agreements entered into by the Maica Group governing the business activities/development projects of the Maica Group;
- (iii) the Maica Group will complete the relevant development projects as planned; and
- (iv) all existing financing facilities will remain available to the Maica Group at the existing and expected rates, and the Maica Group will also be able to obtain additional financing facilities if required.

As the indicative valuation of the expected profits to be derived from the Property Development Business is an estimation based on certain assumptions, the indicative RNAV is subject to change and may be significantly affected by the factors which include the following:

- (i) acquisition of new land banks and new development projects may increase the RNAV of Maica Group. Please refer to Section 6.3.3 for a discussion on the potential for the acquisition of new land banks and development projects;
- (ii) any increase in actual profit margins from the estimates made by the management of Maica will have a positive impact on the indicative RNAV, while any decrease in actual profit margins from the estimates will have negative impact on indicative RNAV. Factors which can have a negative impact on profit margin are increases in building material prices, higher than anticipated operating costs and lower sales price;

- (iii) any delay in actual launch dates from what is estimated by the management of Maica may reduce the indicative RNAV, while launches earlier than estimated may increase the indicative RNAV; and
- (iv) any delays in the progress of construction, which may arise due to various reasons such as authority approval, project complexities or material availability may negatively affect the indicative RNAV.

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5.1.3 Investment property and PPE

The details of the properties held by the Group and their estimated revaluation surplus are set out as follows:

Location	Beneficial owner	Date of acquisition	Date of revaluation	Description	Tenure / approximate age of building	Area (sqm)	NBV as at 31.3.2013 (RM '000)	Estimated market value (1) (RM '000)	Method of valuation(1)	Estimated revaluation surplus (2) (RM '000)
PPE										
Lot 1772, Section 3, Mak Mandin Industrial Estate, Seberang Perai, Pulau Pinang	Maicador	31.03.1985	n/a	Land & Industrial Building	Leasehold (expiring on 20.5.2071) / 44 years	5,052	601	3,540	Cost & Comparison Methods	2,792
Lot 1780, Section 3, Mak Mandin Industrial Estate, Seberang Perai, Pulau Pinang	Maicador	31.03.1977	31.03.1983	Land & Industrial Building	Leasehold (expiring on 15.8.2073) / 37 years	13,575	1,375	8,150	Cost & Comparison Methods	6,436
68-5-1, Maica Court 68, Jalan Cantonment Pulau Pinang	Maica	30.11.1992	n/a	Residential Apartment	Freehold / 28 years	255	184	1,300	Comparison Method	1,060
Total							2,160	12,990		10,289
Investment Property										
Lot 822, Taman Seluang, Kulim, Kedah	Maica	06.05.1981	31.03.1983	Land & Residential Building	Freehold / 32 years	418	100	240	Cost & Comparison Methods	133
9, Jalan Zainal Abidin Pulau Pinang	Maica	31.03.1990	n/a	Land & Commercial Building	Freehold / 25 years	362	1,209	4,800	Cost & Comparison Methods	3,411
Plot 23, Kulim Industrial Estate Kulim, Kedah	Maica Wood	31.03.1987	n/a	Land & Industrial Building	Leasehold (expiring on 9.11.2080) / 32 years	59,934	3,170	8,800	Cost & Comparison Methods	5,349

Location	Beneficial owner	Date of acquisition	Date of revaluation	Description	Tenure / approximate age of building	Area (sqm)	NBV as at 31.3.2013 (RM '000)	Estimated market value (1) (RM '000)	Method of valuation (1)	Estimated revaluation surplus (2) (RM '000)
Plot 44, Kulim Industrial Estate Kulim, Kedah	Maica Wood	31.08.1995	n/a	Land & Industrial Building	Leasehold (expiring on 6.4.2082) / 13 years	14,164	1,988	2,300	Cost & Comparison Methods	296
15, Jalan Zainal Abidin Pulau Pinang	Con Lease	16.10.1980	15.12.1981	Land & Commercial Building	Freehold / 35 years	203	439	1,345	Cost & Comparison Methods	946
Total							6,906	17,575		10,136

Notes:

n/a Not applicable.

(1) Raine and Horne International Zaki + Partners Sdn Bhd ("Raine and Horne") were appointed by the Company to undertake a valuation for the properties held by the Group for internal management purposes only. As extracted from valuation certificates dated 10 February 2014 issued by Raine & Horne, the total market value of the aforementioned properties is RM30.57 million which was derived based on the Cost Method and/or Comparison Method. AmInvestment Bank is satisfied with the valuation methodologies applied by Raine and Horne for the valuation of the properties which is reasonable and consistent with generally applied valuation methodology for properties in accordance with the Malaysian Valuation Standards.

(2) Computed based on the difference between estimated market value and net book value of the properties as at FYE 31 March 2013, and assuming deferred tax of 5%.

The estimated revaluation surplus was derived premised on assumption that the properties held by the Group as the investment property and PPE can be realised by the Maica Group upon the sale of the properties on a willing buyer-willing seller basis. We are of the view that the assumption is reasonable as the estimated market value ascribed by the valuer to the aforementioned properties is more reflective of the aforementioned properties' current value vis-a-vis the net book value which is based on outdated historical cost of acquisition or re-valuations.

Notwithstanding the above, Holders should note that there is no definite assurance that Maica Group will be able to realise the full value of the aforementioned properties immediately in a liquidation scenario where the properties would be sold at a forced sale value.

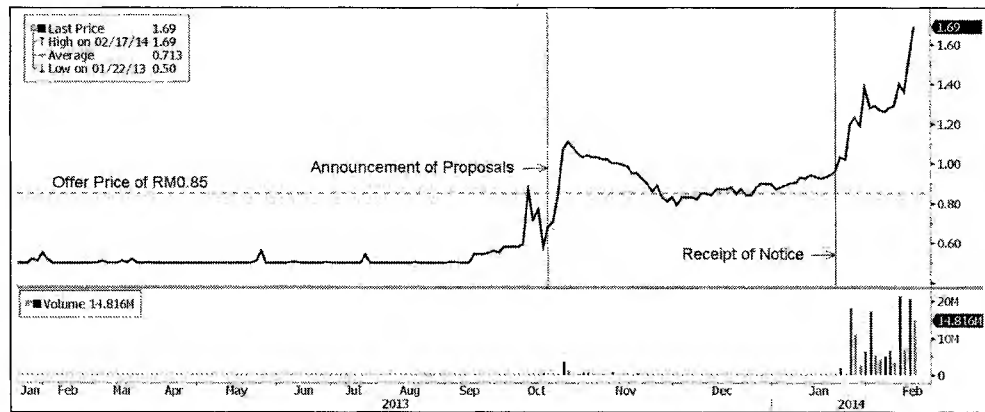
Comments:

We have computed the indicative RNAV of the Maica Group which ranges from RM138.26 million to RM146.16 million. Based on the Company's issued and paid-up share capital of 158,361,472 Maica Shares, the indicative RNAV attributable to each Maica Share ranges from approximately **RM0.87 to RM0.92**.

The Offer Price represents a **discount** of between RM0.02 and RM0.07 or approximately **2.3% and 7.6%** to the range of the indicative RNAV per Share.

5.2 Market Price Performance of Maica Shares

In considering the Offer, Holders should take into consideration the movement of the market price and trading volume of Maica Shares on Bursa Securities. The movement in the closing market price and trading volume of Maica Shares for the past one (1) year up to 21 January 2014, being the last full trading day prior to the date of Notice, and up to and including the LPD is shown in the chart below:



(Source: Bloomberg)

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Material events announced between 23 January 2013 and 22 January 2014, and up to and including the Posting Date of the Offer Document include the following:

No.	Date	Events
2013		
1.	20 February	Third quarter – FYE 31 December 2012 results
2.	29 May	Fourth quarter – FYE 31 March 2013 results
3.	22 August	First quarter – FYE 30 June 2013 results
4.	19 September	Annual general meeting of Maica
5.	23 October	Announcement of the Proposals
6.	25 November	Second quarter – FYE 30 September 2013 results
2014		
7.	20 January	EGM of Maica pursuant to the Proposals
8.	22 January	<ul style="list-style-type: none"> • Completion of the Proposals • Receipt of Notice
9.	23 January	The Board of Maica confirmed that it does not intend to seek an alternative person to make a take-over offer for the Offer Shares
10.	12 February	Posting of the Offer Document

A comparison of the Offer Price against the historical closing market price and VWAMP of Maica Shares up to and including the day of the Notice is as follows:

	Market price (RM)	Offer Price (RM)	Discount of Offer Price over market price	
			(RM)	(%)
Up to the date of the Notice :				
Last closing price on 21 January 2014, being the last trading day prior to the service of Notice	0.9400	0.85	0.0900	9.6
Five (5)-day VWAMP up to and including 21 January 2014	0.9395	0.85	0.0895	9.5
One (1)-month VWAMP up to and including 21 January 2014	0.9132	0.85	0.0632	6.9
Three (3)-month VWAMP up to and including 21 January 2014	0.9921	0.85	0.1421	14.3
Six (6)-month VWAMP up to and including 21 January 2014	0.9714	0.85	0.1214	12.5
As at the LPD :				
Last closing price as at the LPD	1.6900	0.85	0.8400	49.7

(Source: Bloomberg)

Comments:

Historically, Maica Shares were generally traded within the range of RM0.50 to RM0.56 prior to 1 October 2013, which is at a significant discount to the Offer Price.

On 23 October 2013, Maica announced that the Company had entered into agreements with CNSB pursuant to the Acquisitions. In the same announcement, Maica also announced the Company's proposal to diversify the core businesses of Maica Group to include the Property Development Business. Subsequent to the announcement in relation to the Proposals, the market price of Maica Shares advanced sharply. The Maica Shares recorded its highest level market price for the past one (1)-year up to 21 January 2014, being the last full trading day prior to the date of Notice, at RM1.11 on 29 October 2013. Thereafter, the market price of the Maica Shares trended downwards and traded within the range of RM0.80 to RM1.00 up to the date of Notice. The significant advances of the market price of Maica Shares after the announcement of the Proposals may indicate positive support from investors to the Company's strategic plan to diversify its core businesses by venturing into property development business.

The Maica Shares continued its rally from the closing price of RM0.79 on 2 December 2013 and ascended to close at RM0.94 on 21 January 2014, being the last full trading day prior to the date of Notice.

In view of the consequential positive effects on the Maica Share's market price after the announcement of the Proposals, the Offer Price represents a discount of 9.5%, 6.9%, 14.3% and 12.5% over the five (5)-day, one (1)-month, three (3)-month, and six (6)-month VWAMP of Maica Shares up to and including 21 January 2014, being the last trading day prior to the date of the Notice respectively.

Subsequent to the date of the Notice up to the LPD, the market price of Maica Shares has been trading above the RM1.00 level. Holders should note that from the date of the Notice to the LPD, the Maica Shares registered its highest closing price of RM1.69 on 17 February 2014, which is significantly above the Offer Price. In addition, Holders should note during the said period, intra-day trading prices have also reached a high of RM1.72 on 17 February 2014.

We note that the Offer Price is based on the highest price paid by TER for Maica Shares in the last six (6) months prior to the Offer Period, which is the purchase price of RM0.85 for the Sale Shares acquired pursuant to the SSA.

Holders should note that the Offer Price represents a discount of 9.5%, 6.9%, 14.3% and 12.5% over the five (5)-day, one (1)-month, three (3)-month, and six (6)-month VWAMP of Maica Shares up to and including 21 January 2014, being the last trading day prior to the date of the Notice respectively.

Further, the Offer Price represents a substantial discount of 37.1% to the VWAMP of Maica Shares from 23 January 2014, being the day following the date of the Notice up to the LPD of RM1.3524.

Premised on the above, as well as our indicative RNAV analysis set out in Section 5.1 above, we are of the view that the Offer is not fair as the indicative RNAV per Share and market price of Maica Shares are higher than the Offer Price.

Reasonableness of the Offer

In accordance with paragraph 3.4, Practice Note 15 of the Code, the independent adviser should take into consideration matters other than the valuation of the securities that are subject of the take-over offer to consider whether a take-over offer is reasonable. In considering whether the Offer is reasonable, we have also examined the following factors which the Holders may consider prior to their decision in accepting or rejecting the Offer:

5.3 Listing Status of Maica

- (i) Paragraph 8.02(1) of the Listing Requirements states that a listed issuer must ensure that at least twenty-five percent (25%) of its total listed shares are in the hands of public shareholders as part of its continuing listing obligations. Bursa Securities may accept a percentage lower than twenty-five percent (25%) of the total number of listed shares if it is satisfied that such lower percentage is sufficient for a liquid market in such shares.
- (ii) A listed issuer who fails to maintain the required Public Shareholding Spread may request for an extension of time to rectify the situation. Where no extension of time is granted by Bursa Securities, Bursa Securities may take or impose any type of action or penalty pursuant to Paragraph 16.19 of the Listing Requirements for a breach of Paragraph 8.02(1) of the Listing Requirements and suspend trading in the securities of the listed issuer pursuant to Paragraphs 16.02 and 16.19 of the Listing Requirements.

In relation to a take-over offer for the acquisition of the listed shares of a listed corporation pursuant to the Code, where the Public Shareholding Spread of a listed issuer is ten percent (10%) or less of its total listed shares (excluding treasury shares), an immediate announcement must be made by the listed issuer. Upon such immediate announcement, Bursa Securities shall:

- (a) in the case where the offeror does not intend to maintain the listed issuer's listing status, suspend the trading in the listed corporation's securities immediately upon the expiry of five (5) market days from the date of the immediate announcement. Thereafter, in accordance to Paragraph 16.07 of the Listing Requirements, the listed corporation may withdraw its listing from the Official List of Bursa Securities; or
- (b) in the case where the offeror intends to maintain the listed issuer's listing status, suspend the trading in the listed corporation's securities immediately upon the expiry of thirty (30) market days from the date of the immediate announcement. The suspension will only be uplifted upon full compliance with the required Public Shareholding Spread or as may be determined by Bursa Securities.

It is the intention of the Offeror to maintain the listing status of Maica on the Main Market of Bursa Securities. In the event that the Offeror receives acceptances resulting in Maica becoming non-compliant with the Public Shareholding Spread, the board of directors of the Offeror will endeavour to place out a sufficient number of Maica Shares or procure Maica to carry out a subsequent corporate exercise in order to rectify the non-compliance with the Public Shareholding Spread within three (3) months from the Closing Date. Under such circumstances, Maica will continue to be traded on the Main Market of Bursa Securities. It should be noted that the number of Maica Shares to be placed out will increase in tandem with the quantum of acceptances received by the Offeror under the Offer.

In addition, if the Offeror receives acceptances under the Offer resulting in the Offeror and its PACs holding 90% or more of the issued and paid-up share capital of Maica, the Offeror **will not** procure Maica to take the necessary procedures to withdraw its listing status from the Official List of Bursa Securities in accordance with the Listing Requirements. Similarly, the board of directors of the Offeror will endeavour to place out a sufficient number of Maica Shares or procure Maica to carry out a subsequent corporate exercise in order to rectify the non-compliance with the Public Shareholding Spread within three (3) months from the Closing Date.

Comments:

We note that it is the intention of the Offeror to maintain the listing status of Maica on the Main Market of Bursa Securities, therefore the Maica Shares will remain traded on Bursa Securities. As set out in the Offer Document, in the event Maica cannot meet the Public Shareholding Spread as a result of acceptances received under the Offer, Offeror will endeavour to place out a sufficient number of Maica Shares or procure Maica to carry out a subsequent corporate exercise in order to rectify the non-compliance of Public Shareholding Spread within three (3) months from the Closing Date.

Holders should note that in the event that Maica is unable to meet the public spread requirements and it is removed from the Official List of Bursa Securities, Maica Shares may become illiquid securities as they will not be traded on Bursa Securities and there may not be an active or ready market for the unlisted shares.

5.4 Compulsory Acquisition and rights of Dissenting Shareholders

- (i) Section 222(1) of the CMSA provides that, subject to Section 224 of the CMSA, where a take-over offer by an offeror to acquire all the shares or all the shares in any particular class in an offeree has, within four (4) months after the making of the take-over offer, been accepted by the holders of not less than nine-tenths (9/10) in the nominal value of those shares (excluding shares already held at the date of the take-over offer by the offeror or persons acting in concert with it), the offeror may, at any time within two (2) months from the date the nine-tenths (9/10) of the nominal value of those shares have been achieved, give notice in the manner prescribed under the Code to any dissenting shareholder that it desires to acquire his or its shares together with a statutory declaration by the offeror or persons acting-in-concert with it that the conditions for giving of the notice are satisfied.
- (ii) If the Offer has been accepted by the Holders of not less than nine-tenths (9/10) in the nominal value of the voting shares of Maica (excluding the Maica Shares already held by the Offeror and its PACs as at the Posting Date), **the Offeror does not intend to invoke Section 222 of the CMSA to compulsorily acquire any outstanding Offer Shares for which valid acceptances have not been received prior to the Closing Date.**
- (iii) Notwithstanding the above, if TER receives acceptances from the Holders resulting in TER and its PACs holding not less than nine-tenths (9/10) in the nominal value of the existing issued and paid-up share capital of Maica on or before the Closing Date, a Dissenting Shareholder may exercise his or its rights, pursuant to Section 223(1) of the CMSA, by serving a notice on the Offeror to require the Offeror to acquire his/ her/ its Offer Shares on the same terms as set out in the Offer Document or such other terms as may be agreed upon by the Offeror and the Dissenting Shareholder concerned.

- (iv) If the Dissenting Shareholder invokes the provisions of Section 223 of the CMSA for the compulsory acquisition of any remaining Offer Shares after the Offer, the Offeror shall acquire such Offer Shares in accordance with the provisions of the CMSA, subject to the provisions of Section 224 of the CMSA. In accordance with Section 224 of the CMSA, when a Dissenting Shareholder exercises his or its rights under Section 223 of the CMSA, the court may, on an application made by such Dissenting Shareholder or by the Offeror, order that the terms on which the Offeror shall acquire such Offer Shares shall be as the court thinks fit.

Comments:

Holders should note that the Offeror and their PACs own in aggregate, 50.11% of listed Maica Shares as at LPD. In the event that the Offeror receives acceptances resulting in its shareholdings of not less than nine-tenths (9/10) in nominal value of the Offer Shares (excluding Maica Shares already held by the Offeror and its PACs as at the date of the Offer), the Offeror does not intend to invoke Section 222 of CMSA to compulsory acquire any of the outstanding Offer Shares.

Notwithstanding the above, a Dissenting Shareholder may exercise his rights under Section 223(1) of the CMSA, by serving notice on the Offeror to require the Offeror to acquire his Maica Shares on the same terms as set out in the Offer Document or such other terms as may be agreed between the Offeror and such Dissenting Shareholders, subject to Section 224 of CMSA.

We wish to advise that if Holders have become entitled to exercise their rights under Section 223(1) of the CMSA, Holders should consult their legal adviser immediately upon the closing of the Offer.

6. OTHER CONSIDERATION

In forming our opinion, we have also considered the following pertinent factors relating to the Offer:

6.1 Rationale for the Offer

In our evaluation of the reasonableness of the Offer, we have taken into consideration of the rationale for the Offer, which is extracted from Section 3 of the Offer Document and reproduced as follows:

“The Offer is made as a consequence of the execution of the unconditional SSA by the Offeror to acquire the Sale Shares resulting in the increase of the shareholdings of TER and its PACs in Maica to more than 33% and is made pursuant to Section 218 (2) of the CMSA and Section 9(1), Part III of the Code. The acquisition of the Sale Shares and the Offer is undertaken in view of Maica having diversified its business into property development and the potential outlook of the property development sector.

In this respect, the acquisition of the Sale Shares represents an investment by the Offeror, as the Offeror recognises the potential in developing lands currently held by Maica. Maica, through the Offeror, will be able to utilise the Ultimate Offeror’s expertise and experience in the property development industry to enhance and maximise the value of Maica’s land development plans. The Offeror believes they will be able to further grow and expand the property development business of Maica and are in a position to contribute positively to the earnings of Maica Group and correspondingly enhance the value of the Offeror’s investment in Maica.”

Comments:

We note that the Offer is made as a consequence of the increase in the shareholdings of TER and its PACs in Maica to more than 33% and is made pursuant to Section 218(2) of the CMA and Section 9(1), Part III of the Code. As at the LPD, TER and its PACs hold approximately 50.11% equity interest in Maica.

Maica Group has taken initiatives to improve its revenue and earnings growth by diversifying its core businesses to include the Property Development Business. We note that Datuk Ter Leong Yap is the founder and chairman of the Sunsuria group, an established property developer in Malaysia. Holders should note that the success in growing Maica's property development business is subject to the vagaries of the industry.

Please refer to Section 6.3 of this IAL for our comments on the outlook and prospects of the Malaysian property sector and Maica Group.

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6.2

Historical financial performance analysis of the Maica Group

A summary of historical financial performance of the Maica Group based on its audited consolidated financial statements for the past five (5) years from FYE 31 March 2009 to FYE 31 March 2013 together with its unaudited consolidated financial statements for six (6) months up to FPE 30 September 2012 and FPE 30 September 2013 are as follows:

	(Restated) 2009 ⁽¹⁾ (RM'000)	(Restated) 2010 ⁽¹⁾ (RM'000)	FYE 31 March 2011 (RM'000)	2012 (RM'000)	2013 (RM'000)	FPE 30 September 2012 (RM'000)	FPE 30 September 2013 (RM'000)
Comprehensive Income							
Revenue	20,038	19,312	20,458	17,961	18,497	9,376	10,041
PBT	1,442	2,786	3,184	2,567	1,721	1,010	1,081
PATMI	1,823	1,909	2,288	1,687	976	661	748
Year-on-year revenue growth	15.0%	(3.6%)	5.9%	(12.2%)	3.0%	10.0%	7.1%
Year-on-year PBT growth	4,269.7%	93.2%	14.3%	(19.4%)	(33.0%)	(19.6%)	7.0%
Financial Position							
Total assets	91,722	80,630	80,049	73,562	73,985	73,110	74,527
Total borrowings	25,401	11,801	9,375	896	-	-	-
Total liabilities	27,804	14,830	11,960	3,785	3,232	2,672	3,227
NA	63,892	65,775	68,063	69,750	70,726	70,411	71,273
Number of Shares in issue ('000)	130,361	130,361	130,361	130,361	130,361	130,361	130,361
Financial Ratios							
PAT margin (%)	9.1%	9.9%	11.2%	9.4%	5.3%	7.0%	7.4%
EPS (sen)	1.4	1.5	1.8	1.3	0.8	0.5	0.6
NA per share (RM)	0.49	0.50	0.52	0.54	0.54	0.54	0.55
Gearing (times)	0.4	0.2	0.1	0.01	-	-	-
ROE (%)	2.9%	2.9%	3.4%	2.4%	1.4%	0.9%	1.0%

Note:

(1) Reflects change in accounting policy and adopting amendments to FRS 117

The review of the financial performance of Maica Group is as follows:

(a) FYE 31 March 2009

For the FYE 31 March 2009, the Group recorded an increase of 15% in revenue from RM17.4 million in FYE 31 March 2008 to RM20.0 million. The increase in revenue was mainly due to commencement of hire purchase segment coupled with increased in sales from manufacturing segment. The hire purchase segment which granted a total financing of RM74 million during the year, had generated revenue of RM2.8 million and segment operating profit of RM2.6 million. In line with additional operating profit generated from hire purchase segment, the Group's PBT increased from RM0.03 million to RM1.4 million. The gearing ratio increased from 0.01 times in FYE 31 March 2008 to 0.4 times in FYE 31 March 2009 mainly attributable to the RM25.4 million revolving credits secured for the commencement of hire purchase segment.

(b) FYE 31 March 2010

For the FYE 31 March 2010, the Group reported 3.6% decline in revenue to RM19.3 million from RM20.0 million in FYE 31 March 2009. The decrease in revenue was mainly due to lower sales from manufacturing segment. The sales order for fire rated doors and engineered doors decreased mainly due to the global economic uncertainty experienced throughout the year. Despite the decrease in revenue, the Group recorded higher PBT of RM2.8 million for the year against RM1.4 million in the FYE 31 March 2009 mainly attributable to higher profit generated by hire purchase segment. The gearing ratio decreased from 0.4 times in FYE 31 March 2009 to 0.2 times in FYE 31 March 2010 mainly attributable to the repayment of RM13.5 million revolving credits during the year.

(c) FYE 31 March 2011

For FYE 31 March 2011, the Group registered an increase of 5.9% in revenue to RM20.5 million as compared to RM19.3 million in FYE 31 March 2010. The increase was mainly attributable to higher sales generated from the engineered door business. In line with the increase in revenue, the Group reported an increase in PBT of RM0.4 million from RM2.8 million in FYE 31 March 2010 to RM3.2 million in FYE 31 March 2011. The increase in Group's PBT was mainly due to the increase in the manufacturing segment's profit to RM0.8 million in FYE 31 March 2011 from a loss of RM0.04 million in FYE 31 March 2010. The gearing ratio further decrease to 0.1 times in FYE 31 March 2011 as compared to 0.2 times in FYE 31 March 2010 mainly contributed by the RM2.4 million repayment of borrowings as well as increased in NA as a result of profit recognised during the year.

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(d) FYE 31 March 2012

For FYE 31 March 2012, the Group reported a decrease of 12.2% in revenue to RM18.0 million for FYE 31 March 2012 as compared to RM20.5 million in FYE 31 March 2011. The decrease was mainly due to lower sales of engineered doors and fire rated doors from the manufacturing segment. Fire rated door sales fell sharply as compared to FYE 31 March 2011 due to the expiration of fire rated door licenses, and new and more stringent requirements imposed by SIRIM and Bomba. In line with drop in revenue, the Group recorded 19.4% decrease in PBT from RM3.2 million in FYE 31 March 2011 to RM2.6 million in FYE 31 March 2012. The decrease was mainly contributed by a RM0.6 million drop in manufacturing segment's profit. The gearing ratio decreased substantially to 0.01 times in FYE 31 March 2012 as compared to 0.1 times in FYE 31 March 2011 mainly due to repayment of borrowings amounting to RM8.5 million during the financial year.

(e) FYE 31 March 2013

For FYE 31 March 2013, the Group recorded a slight increase of 3.0% in revenue to RM18.5 million for FYE 31 March 2013 as compared to RM18.0 million in FYE 31 March 2012. The increase in revenue was mainly contributed by higher sales from the manufacturing segment. Despite the increase in revenue, the Group recorded a significant drop in PBT of 33.0% to RM1.7 million in FYE 31 March 2013 as compared to RM2.6 million in FYE 31 March 2012. The drop was mainly attributable to significant decline in interest income from the hire purchase segment as a result of the declining quantum of hire purchase receivables. The Group has no borrowings as at FYE 31 March 2013 as the Group repaid off all its borrowings of RM0.9 million during the year.

(f) FPE 30 September 2013

For FPE 30 September 2013, the Group recorded an increase of 7.1% in revenue to RM10.0 million as compared to RM9.4 million in FPE 30 September 2012. The increase in revenue was mainly contributed by higher sales order received from the Australian and US market for the manufacturing segment. In line with the increase in revenue, the Group reported higher PBT of RM1.1 million in FPE 30 September 2013 against RM1.0 million in FPE 30 September 2012. The Group has no borrowings as at 30 September 2013.

Comments:

We note that Maica Group's revenue has fluctuated for the past five (5) financial years between RM18.0 million and RM20.5 million. The Group's PBT has also fluctuated between RM1.4 million and RM3.2 million over the same period. The commencement of the hire purchase segment in FYE 31 March 2009 has contributed a stable revenue and profit for the Group, however effective from FYE 31 March 2010, the revenue and profit generated from the hire purchase segment had decreased gradually mainly due to lower hire purchase amount granted as compared to principal amount collected for the respective years. The expiration of the licences for fire rated door during the FYE 31 March 2012 as well as lower sales order received from engineered doors have caused the deterioration of the financial performance of the manufacturing segment in recent years.

The Maica Group has gradually repaid its borrowing from RM25.4 million in FYE 31 March 2009 to nil as at FYE 31 March 2013. The NA of the Group has also increased gradually from RM63.9 million in FYE 31 March 2009 to RM70.7 million in FYE 31 March 2013.

Despite the limited growth in revenue and profit attributed to the expiry of licenses for fire rated door as well as lower sales order received from engineered doors coupled with lower hire purchase amount granted in recent years, the Group's recent diversification into the Property Development Business may provide a good growth prospect which could enhance the Group's future earnings.

We wish to highlight that the historical financial performance may not represent the future performance. Holders should note that the future financial performance of the Maica Group is dependent on, amongst others, the outlook of the global and Malaysia economy, the outlook prospects of its Property Development Business, the Group's ability to identify future land banks and successful implementation of the property development projects.

6.3 Outlook and prospects of the Malaysian property sector and Maica Group

In evaluating the prospects of the Maica Group, we have considered the overview and prospects of the Malaysian economy as well as the property sector in Malaysia and Selangor of which Maica Group principally operates in.

6.3.1 The Overview of Global and Malaysian Economy

The Malaysian economy remains resilient despite facing a more challenging external environment. While advanced economies, particularly the US and Japan showed firmer signs of recovery, new challenges have emerged during the first half of 2013. Emerging markets were also hard hit by the US Federal Reserve's announcement of Quantitative Easing 3 tapering which created increased financial and currency volatility as a result of reversal in global capital flows. Against this backdrop, Malaysia being a highly open economy was also affected, with gross exports recording a negative growth of 3.8% during the first half of 2013. Nevertheless, strong domestic demand was able to cushion the negative impact from external sector. The economy registered real GDP growth of 4.2% during the period.

The Malaysian economy is expected to expand further by 5% - 5.5% in 2014 (2013: 4.5% - 5%), supported by favourable domestic demand and an improving external environment. Growth will be private-led, supported by strong private capital spending while private consumption continues to remain resilient. Although some degree of uncertainty exists in the global environment due to volatility of capital flows associated with the possibility of reduced global liquidity, Malaysia's external sector is expected to improve. The better outlook of Malaysia's external sector is premised upon China's real GDP growth, which is expected to be sustained at around 7.5%, while global trade will continue to grow at a steady pace of 5% in 2014. Headline inflation is expected to remain manageable at 2% - 3% in 2014. The increase in the CPI largely reflects fuel price adjustment in September 2013.

Private consumption will be more broad-based and is expected to expand 6.2% (2013: 7.4%). The expansion is anticipated to be supported by sustained growth in income, benefiting from continued expansion in domestic-oriented industries and the better performance of export-oriented industries. Furthermore, stable commodity prices and the positive wealth effect from a strong stock market performance would further increase household disposable income and support consumption spending.

Private investment is projected to record a strong growth of 12.7% (2013: 16.2%) in line with the Government's initiatives to accelerate private sector participation in the economy. Investment in domestic-oriented industries will continue to remain robust, especially in the consumer-related services and domestic-oriented manufacturing subsectors. The ongoing implementation of Economic Transformation Programmes projects as well as investments in the oil and gas and construction-related sectors are anticipated to boost private investment activity.

(Source: Economic Report 2013/2014, Ministry of Finance Malaysia)

Global economic activity improved in the fourth quarter amid the gradual recovery in the major economies. Despite lingering fiscal uncertainties, the US economy registered stronger growth as consumption and investment improved. Growth across Asia continued as moderating domestic demand was offset by better export performance. Similarly, the Malaysian economy expanded by 5.1% in the fourth quarter of 2013 (3Q 2013: 5.0%), supported by private sector demand and improvement in exports. On the supply side, the major economic sectors grew further, supported by both domestic and trade activities. On a quarter-on-quarter seasonally adjusted basis, the economy recorded a growth of 2.1% (3Q 2013: 1.7%). For the year 2013, the Malaysian economy grew by 4.7%.

The services sector grew in tandem with the improvement in trade and manufacturing activities. The manufacturing sector expanded further, supported by higher growth in both export- and domestic-oriented industries. The construction sector growth remained firm, underpinned by the activity in the non-residential and residential sub-sectors. However, the commodities sector weakened, due to lower production of rubber, palm oil and crude oil.

Going forward, the global economy is expected to be on a path of moderate recovery. The sustained improvements in the advanced economies will be a positive impulse for international trade. However, ongoing uncertainties surrounding monetary and fiscal policy adjustments in the advanced economies remain a risk to growth. Growth in the Asian economies is expected to be supported by improving external conditions amid moderating domestic demand.

For the Malaysian economy, domestic demand will remain supportive of growth. While domestic demand is expected to moderate following the ongoing fiscal consolidation, the external sector is expected to benefit from the improving global conditions. The growth momentum is therefore expected to remain on a steady trajectory.

(Source: Quarterly Bulletin on the Malaysian Economy – 4th Quarter 2013, Ministry of Finance Malaysia)

Comments:

Based on the above, we note that gradual improvement of external sector and strong domestic demand from private sector will support the growth of Malaysian economy for a further 5% - 5.5% in 2014.

We are in view that the prospect of Maica is likely to be favourable given that the improving economy environment is expected from strong domestic demand and improving external sector.

6.3.2 Overview and prospects of the Malaysian and Selangor Property Sector

Property market movements were on the downturn compared to the corresponding half year (“H1”) of 2012. A total of 185,709 transactions worth RM67.06 billion were recorded. In terms of transactions volume, the highest decrease was recorded by commercial sub-sector at 23.6%, followed by agricultural 16.8%, industrial 14.3%, residential 12.6%, and development land 10.8%.

Property market performance across the country generally softened. Compared to H1 2012, most states saw lower transaction volume with six states recording declines more than 15.0%. W.P. Kuala Lumpur, Pulau Pinang and W.P. Labuan witnessed the three highest falls at 47.8%, 27.2% and 23.3% respectively. Selangor, Johor and Perak were the only states that recorded higher transaction volume compared to both halves of 2012. In tandem with the moderate overall market performance, response to new launches in the residential primary market declined.

Selangor property market moderated in H1 2013. There were 40,282 transactions recorded worth RM21.92 billion. Residential sub-sector remained the most dominant sector, capturing 78.2% of the total transactions, followed by commercial (8.3%), agricultural (6.9%), industrial (3.3%) and development land (3.2%).

Market activity movements were on the downtrend. Against H1 2012, all sub-sectors recorded declines, led by commercial sub-sector (-34.0%). This was trailed by residential (-16.2%), development land (-13.4%), industrial (-7.2%) and agricultural (-6.6%). In terms of value, similar downward movements were also observed.

Residential sub-sector continued to register stable price trend across the district. In Petaling District, double storey terraced houses in favourable locations such as Bukit Jelutong, Section 3-13 Shah Alam, Bandar Utama Damansara and Bandar Puteri recorded double digit growth at 19.1%, 15.3%, 13.7% and 13.1% respectively. In the commercial sub-sector, prices of shops were stable. Double storey shops in the strategically located Seksyen 13, Shah Alam witnessed an increase of 10.3% at RM780,000 to RM908,000 supported by neighbourhood attractions especially Giant Hypermarket, Shah Alam Seri Pentas 2 and Tadisma Business Park.

(Source: Property Market Report First Half 2013, Valuation and Property Services Department Ministry of Finance Malaysia)

The recent sharp increase in the prices of houses has affected the ability of the rakyat to purchase houses. In addition, speculative activities have an impact on house prices and can adversely affect the real estate market in the long term. To increase the ability of the rakyat to buy a house and ensure stable house prices, as well as to control excessive speculative activities, the Government will implement the following steps:

- (a) For gains on properties disposed within the holding period of up to three years, RPGT rate is increased to 30%, whereas for disposals within the holding period up to four and five years, the rates are increased to 20% and 15%, respectively. For disposals made in the sixth and subsequent years, no RPGT is imposed on citizens, whereas companies are taxed at 5%.

- (b) For non-citizens, RPGT is imposed at 30% on the gains from properties disposed within the holding period of up to 5 years and for disposals in the sixth and subsequent years, RPGT is imposed at 5%;
- (c) Increase the minimum price of property that can be purchased by foreigners from RM500,000 to RM1,000,000;
- (d) Increase transparency in property sales price, where property developers will have to display detailed sales price including all benefits and incentives offered to buyers such as exemption of legal fees, stamp duty, sales agreements, cash rebates and free gifts; and
- (e) Prohibit developers from implementing projects that have features of Developer Interest Bearing Scheme (DIBS), to prevent developers from incorporating interest rates on loans in house prices during the construction period. Therefore, financial institutions are prohibited from providing final funding for projects involved in the DIBS scheme.

(Source: The 2014 Budget Speech by YAB Dato' Sri Mohd Najib Tun Haji Abdul Razak, Prime Minister and Minister of Finance on 25 October 2013)

Comments:

We note that overall property market performance in Malaysia has generally softened. Despite the downtrend in market activity movements, the overall property prices were generally stable with uptrends recorded in favourable locations.

Stricter regulation such as RPGT imposed by government of Malaysia may adversely impact the property industry, in general. However, we note that these measures were meant to curb excessive speculative activities which in the long run may be detrimental to the property market.

Despite stricter regulation imposed by government, we are in view that the property industry of Malaysia will continue to be supported by the economic growth of Malaysia.

6.3.3 Overview and prospects of Maica Group

Prior to the diversification to include Property Development Business, Maica Group's core businesses only consist of manufacturing of engineered doors and fire rated doors products and granting of hire purchase financing. Escalating timber price and implementation of minimum wage levels since January 2013 had significantly affected the production costs which eroded the Group's profit margins from Manufacturing Business. However, the recovery of global and Malaysia economy are expected to boost the demand for the products of the Group's Manufacturing Business.

Maica Group commenced their business of granting hire purchase financing in FYE 31 March 2009. Since the commencement of business, the Hire Purchase Business had contributed stable profits to the Maica Group. However, the interest income generated from the Hire Purchase Business had decreased gradually in recent year mainly due to lower hire purchase amount granted as compared to principal amount collected. Moving forward, the Hire Purchase Business is expected to become more competitive under the present regime of low interest rates.

In line with Maica's strategic plan to diversify its core businesses, the Group had acquired Project Trivo and Land 2. The expected profit before taxation to be derived from Project Trivo is approximately RM11.80 million. Land 2 is currently vacant and it is located adjacent to Land 1. The Maica Group intends to develop Land 2 into a mixed residential development.

Land 2 is strategically located in Bukit Jelutong, Shah Alam and stands to benefit from the track record sales of Project Trivo whereby 29 out of the 30 shop offices have been sold to end-purchasers while bookings have been received for the remaining one (1) unit of shop office. In addition, the recent launch of Radia, a RM1.6 billion integrated property development in Bukit Jelutong, Shah Alam, by Sime Darby Sunrise Development Sdn Bhd is envisaged to have a positive knock-on effect to the demand of properties in Bukit Jelutong, Shah Alam. In view thereof, the management of Maica expects that the development of Project Trivo and Land 2 will contribute positively to the future earnings of Maica Group.

Save for Land 2, Maica Group currently does not have other land bank for future property development activities. However, the Group will continuously seek for opportunities to acquire viable land banks and/or property development projects from third parties and/or from the Sunsuria group of companies for its future property development activities.

On 6 November 2013, Maica had appointed Koong Wai Seng to the Board of Maica. Subsequently, Maica had also appointed Datuk Ter Leong Yap and Wong Yuen Teck to the Board of Maica on 22 January 2014. Datuk Ter Leong Yap, Wong Yuen Teck and Koong Wai Seng have vast experience and knowledge in the property development business. Datuk Ter Leong Yap, who is the founder and executive chairman of the Sunsuria group, will be spearheading the Property Development Business of Maica Group. He will be assisted by his senior management team of Sunsuria.

With this, the Group is expected to leverage on the vast experience and expertise of the recently appointed Directors and capitalise on the expected uptrend in the Malaysia property market. With the leadership of the appointed Directors, the Group also expects encouraging take-up rates from the future property development projects and thus contribute positively to the future financial performance of the Group.

The management of Maica also acknowledged that Datuk Ter Leong Yap seeks to position the Maica Group as a prominent property developer and there is possibility of using the "Sunsuria" brand name in Maica's future property development projects.

(Source: The management of Maica)

Comments:

We note the limited revenue and profit growth from the Manufacturing Business and Hire Purchase Business in the recent years. However, we understand the Property Development Business is expected to improve the immediate profitability of the Group given that Project Trivo has commenced development and have already sold 29 out of 30 units of shop offices.

We note that save for Project Trivo and Land 2, the Group currently does not have other land banks for future property development activities and understand that it will continuously seek for opportunities to acquire viable land banks and/or property development projects for its future property development activities. The Group's healthy financial position with zero gearing provides flexibility for the Company to use debt financing for land bank acquisitions.

We also note the possibility of future acquisition of some property development projects from third parties and/or the Sunsuria group and the possibility of using the "Sunsuria" brand name in Maica's future property development projects, and we view this potential to be positive for the Group's prospects. It is estimated that the collective expected GDV of the property development projects under the Sunsuria group is approximately RM11.6 billion, which includes a 300 acres township development project adjacent to Xiamen University Malaysia's campus in Salak Tinggi, Selangor with an expected GDV of RM4.5 billion, and another 82 acres mixed development project in Medini, Iskandar Malaysia with an expected GDV of RM5.0 billion. Besides the aforementioned development projects, the Sunsuria group is also undertaking development projects in Setia Alam and Bukit Jelutong with total estimated GDV of RM2.1 billion.

We further note the experience of the newly appointed Directors in the property development business. Wong Yuen Teck, the Non-Independent Non-Executive Director who was appointed to the Board of Maica on 22 January 2014 has about 14 years of experience in the property development industry. Prior to his venture into property development, Wong Yuen Teck was involved in legal practice and specifically involved in corporate banking and infrastructural project financing for 9 years. Koong Wai Seng, the Non-Independent Non-Executive Director who was appointed to the Board of Maica on 6 November 2013 has more than 15 years of financial and general management experience in the property development industry. Wong Yuen Teck and Koong Wai Seng will be assisting Datuk Ter Leong Yap to spearhead the Property Development Business of Maica Group. We are of the view that Maica Group will be able to leverage on the experience and expertise of Datuk Ter Leong Yap and the recently appointed Directors in the development of Project Trivo and Land 2 and any other potential development projects to be entered by the Maica Group.

Nevertheless, similar to all other property development companies, Holders should note that the future financial performance of Maica Group is dependent highly upon, amongst others, the Malaysian macroeconomic environment, level of property transaction activities, financing costs of the property development projects, raw material costs and successful implementation of the property development projects.

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6.4 Future Plans for Maica Group and its Employees

The intention of the Offeror, as at 6 February 2014, with respect to the future plans for Maica and its employees for the period of twelve (12) months after the Closing Date is summarised below:

(a) Continuation of Maica Group's business

The Offeror does not have any plans to liquidate Maica, and intends to continue with the existing business of Maica Group which is manufacturing and trading of doors to complement the recent diversification of the core business of Maica Group to include property development. If the need arises, the Offeror shall review the existing business and operations of the Maica Group in order to remain competitive within the industry and improve the Maica Group's prospects for future growth.

The Offeror intends to maintain the listing status of Maica in the event the Offeror receives acceptances pursuant to the Offer resulting in the Offeror and its PACs holding more than 75% of the listed shares of Maica.

(b) Major changes to Maica Group's business

The Offeror will review the operations of Maica immediately after the completion of the Offer to better understand the position of Maica. Subsequent to that, the Offeror will work together with the Board and management of Maica to decide on the future expansion plans of Maica which include, amongst others, the following:

- (i) whether to redeploy the existing assets of Maica or to dispose any assets of Maica deemed as non-core business of Maica;
- (ii) to optimize the utilisation of the existing resources of Maica; and
- (iii) to expand the property development operations of Maica by procuring Maica to acquire additional viable land banks and/or property development projects from third parties and/or from the Offeror or persons connected to the Offeror, which may include any of those companies/assets held under the Sunsuria group of companies⁴. However, no specific asset has been identified as at 6 February 2014. Such acquisitions, if any, will be carried out after deliberation of the Board of Maica and in accordance with the Listing Requirements, regulations or relevant guidelines.

The Offeror will also from time to time review the businesses of Maica Group strategically, and where appropriate, implement the necessary changes to the corporate structure of Maica with a view to strengthen and grow Maica's property development business.

(c) Employees of Maica Group

The Offeror does not have plans to dismiss or make redundant the employees of the Maica Group as a direct consequence of the Offer. Any change with regards to staff employment may take place as a result of any rationalisation of business activities and/or to further improve efficiency of the operations of Maica Group.

⁴ Datuk Ter Leong Yap is the controlling shareholder of the Sunsuria group of companies, a property developer in the Klang Valley.

As at the 6 February 2014, the Offeror has no knowledge of and has not entered into any negotiations, arrangements or understanding whatsoever with any third party with regards to any material change in the Maica Group's businesses, assets or equity structure within the next twelve (12) months from the Closing Date.

Comments:

We note that the Offeror intends to continue with Maica's existing businesses and has no plans to dismiss or make redundant the employees of Maica Group within the next twelve (12) months from the Closing Date. We also note that the Offeror after having carried out a review of the operations of Maica will decide whether to redeploy the existing assets of Maica or to dispose any assets which deemed as non-core business of Maica and to expand the property development operations of Maica. We note that the Offeror may procure Maica to acquire additional viable land banks and/or property development projects from third parties and/or from the Offeror or persons connected to the Offeror, which may include any of those companies/assets held under the Sunsuria group of companies.

Premised on the above, the business and management of Maica will remain intact and continue as a going concern and given the potential of acquiring new viable land banks from third parties and/or from Offeror or persons connected to the Offeror, we are of the view that the prospects of Maica remain positive.

7. FURTHER INFORMATION

The Holders are advised to refer to the Appendices of this IAC for further information on Maica, the Offeror and other relevant information.

8. CONCLUSION AND RECOMMENDATION

The advice of AmInvestment Bank as contained in this IAL is addressed to the Holders at large and not to any particular Holder. Accordingly, in providing this advice, we have not taken into consideration any specific investment objectives of any individual Holder or any specific group of Holders. We recommend that any individual Holder or any specific group of Holders who may require advice in the context of their objectives, financial situation and particular needs should consult their respective professional advisers immediately.

We have assessed and evaluated the terms of the Offer and have set out our evaluation in Section 5 of this IAL. You should consider carefully the terms of the Offer based on all relevant and pertinent factors including those set out below and other considerations as set out in this IAL and the Offer Document.

Pursuant to Practice Note 15 of the Code, "fair" and "reasonable" are to be considered as two (2) distinct criteria in making a recommendation. For the Offer to be "fair", the Offer Price must be equal to or greater than the value of Maica Shares. In considering whether the Offer is "reasonable", matters other than the valuation of Maica Shares should be considered.

In arriving at our conclusion and recommendation, we have reviewed and evaluated factors which we deem to have significant relevance to our assessment of the Offer which is summarised below:

(i) **Fairness of the Offer**

(a) **RNAV of Maica Group**

In evaluating and arriving at the valuation of Maica Shares, we are of the opinion that the RNAV method of valuation is the most appropriate method. RNAV is a commonly used valuation methodology in approaching valuations of asset based companies with business activities such as property development, property investment and hire purchase financing services. With Maica's diversification into the Property Development Business, the Group's property development related assets now comprise approximately 63% of the Group's total assets⁵ and is expected to contribute significantly to Maica's earnings over the next four (4) years as set out in Section 5.1.2. Given the foregoing and our analysis of the earnings of the Manufacturing Business as set out in Section 5.1.1(a), we believe that notwithstanding the Offeror's intention to continue with the Manufacturing Business, the fair value attached to the Manufacturing Business would be better reflected by a valuation which assumes the liquidation of the Manufacturing Business and that the land and building forming the PPE together with the other assets and liabilities of the Manufacturing Business can be realised at book value or market values as set out in Sections 5.1.1 and 5.1.3.

Based on our analysis, the range of indicative RNAV per Maica Share is between **RM0.87 and RM0.92**. The Offer Price represents a **discount** of between RM0.02 and RM0.07 or approximately **2.3% and 7.6%** to the range of the indicative RNAV per Share.

We would also like to highlight that future acquisition of new land banks and new development projects may increase the indicative RNAV of Maica Group.

(b) **Market Price Performance of Maica Shares**

We note that the Offer Price is based on the highest price paid by TER for Maica Shares in the last six (6) months prior to the Offer Period, which is the purchase price of RM0.85 for the Sale Shares acquired pursuant to the SSA.

The Offer Price represents a discount of 9.5%, 6.9%, 14.3% and 12.5% over the five (5)-day, one (1)-month, three (3)-month, and six (6)-month VWAMP of Maica Shares up to and including 21 January 2014, being the last trading day prior to the date of the Notice respectively.

We also note that from the date of the Notice to the LPD, the market prices of Maica Shares continue to advance and registered its highest closing price of RM1.69 on 17 February 2014, which is significantly above the Offer Price. In relation thereto, the Offer Price represents a substantial discount of 37.1% to the VWAMP of Maica Shares from 23 January 2014, being the day following the date of the Notice up to the LPD of RM1.3524.

Based on Practice Note 15 of the Code, the Offer Price of RM0.85 is **not fair** as the range of the indicative RNAV per Share and the prevailing market price of Maica Shares from the date of the Notice to the LPD are greater than the Offer Price.

⁵ On a proforma basis based on Maica's unaudited financial statements of FPE 30 September 2013 and after taking into consideration the Acquisitions which were completed on 22 January 2014.

(ii) **Reasonableness of the Offer**

(a) **Listing status of Maica**

We note that it is the intention of the Offeror to maintain the listing status of Maica on the Main Market of Bursa Securities, therefore the Maica Shares will remain traded on Bursa Securities. As set out in the Offer Document, in the event Maica cannot meet the Public Shareholding Spread as a result of acceptances received under the Offer, Offeror will endeavour to place out a sufficient number of Maica Shares or procure Maica to carry out a subsequent corporate exercise in order to rectify the non-compliance of Public Shareholding Spread within three (3) months from the Closing Date.

Holders should note that in the event that Maica is unable to meet the public spread requirements and it is removed from the Official List of Bursa Securities, Maica Shares may become illiquid securities as they will not be traded on Bursa Securities and there may not be an active or ready market for the unlisted shares.

(b) **Compulsory acquisition and rights of Dissenting Shareholders**

Holders should note that the Offeror and their PACs own in aggregate, 50.11% of listed Maica Shares as at the LPD. In the event that the Offeror receives acceptances resulting in its shareholdings of not less than nine-tenths (9/10) in nominal value of the Offer Shares (excluding Maica Shares already held by the Offeror and its PACs as at the date of the Offer), the Offeror does not intend to invoke Section 222 of CMSA to compulsorily acquire any of the outstanding Offer Shares.

Notwithstanding the above, a Dissenting Shareholder may exercise his rights under Section 223(1) of the CMSA, by serving notice on the Offeror to require the Offeror to acquire his Maica Shares on the same terms as set out in the Offer Document or such other terms as may be agreed between the Offeror and such Dissenting Shareholders, subject to Section 224 of CMSA.

We have considered that the Offer is **not fair** given that the Offer Price is below the indicative RNAV per Share and prevailing market price of Maica Shares as at the LPD, and given that the Offeror intends to maintain the listing status of Maica on the Main Market of Bursa Securities and does not intend to compulsorily acquire any outstanding Offer Shares for which valid acceptances have not been received prior to the Closing Date, we are of the view that the Offer is also **not reasonable**. We have also taken into consideration the following pertinent factors in our evaluation of the Offer:

(a) **Rationale for the Offer**

The Offer is made as a consequence of the increase in the shareholdings of TER and its PACs in Maica to more than 33% and is made pursuant to Section 218(2) of the CMSA and Section 9(1), Part III of the Code. As at the LPD, TER and its PACs hold approximately 50.11% equity interest in Maica.

Maica Group has taken initiatives to improve its revenue and earnings growth by diversifying its core businesses to include the Property Development Business. We note that Datuk Ter Leong Yap is the founder and chairman of the Sunsuria group, an established property developer in Malaysia. Holders should note the success in growing Maica's property development business is subject to the vagaries of the industry.

(b) Historical financial performance analysis of Maica Group

Despite the limited growth in revenue and profit attributed to the expiry of licenses for fire rated door as well as lower sales order received from engineered doors coupled with lower hire purchase amount granted in recent years, the Group's recent diversification into the Property Development Business may provide a good growth prospect which could enhance the Group's future earnings.

We wish to highlight that the historical financial performance may not represent the future performance. Holders should note that the future financial performance of the Maica Group is dependent on, amongst others, the outlook of the global and Malaysia economy, the outlook prospects of its Property Development Business, the Group's ability to identify future land banks and successful implementation of the property development projects.

(c) Outlook and prospects of the Malaysian property sector and Maica Group

We note that the overall property market performance in Malaysia has generally softened. Despite the downtrend in market activity movements, the overall property prices were generally stable with uptrends recorded in favourable locations. Stricter regulation such as RPGT imposed by government of Malaysia may adversely impact the property industry, in general. However, we note that these measures were meant to curb excessive speculative activities which in the long run may be detrimental to the property market. Despite stricter regulation imposed by government, we are in view that the property industry of Malaysia will continue to be supported by the economic growth of Malaysia.

The Group's healthy financial position with zero gearing provides flexibility for the Company to use debt financing for land bank acquisitions. We also note the possibility of future acquisition of some property development projects from third parties and/or the Sunsuria group and the possibility of using the "Sunsuria" brand name in Maica's future property development projects, and we view this potential to be positive for the Group's prospects.

We are of the view that the Maica Group will be able to leverage on the experience and expertise of Datuk Ter Leong Yap together with the recently appointed Directors, namely Wong Yuen Teck and Koong Wai Seng, in the development of the Project Trivo and Land 2 and any other potential development projects to be entered by the Maica Group.

Nevertheless, similar to all other property development companies, Holders should note that the future financial performance of Maica Group is dependent highly upon, amongst others, the Malaysian macroeconomic environment, level of property transaction activities, financing costs of the property development projects, raw material costs and successful implementation of the property development projects.

(d) Future plans for the Maica Group and its employees

With regards to the future plans for the Maica Group and its employees for the next twelve (12) months after the Closing Date, the Offeror:

- does not have any plans to liquidate Maica and intends to continue with Maica's existing businesses to complement the Property Development Business;

- will review the operations of Maica immediately after the completion of the Offer and work together with the Board and management of Maica to decide on the future expansion plans of Maica. The Offeror may procure Maica to acquire additional viable land banks and/or property development projects from third parties and/or from the Offeror or persons connected to the Offeror, which may include any of those companies/assets held under Sunsuria group; and
- does not have plans to dismiss or make redundant the employees of the Group as a direct consequence of the Offer.

After having assessed that the Offer Price is below the range of the indicative RNAV per Share and prevailing market price of Maica Shares together with the other pertinent factors, amongst others, that the Offeror intends to maintain the listing status of Maica and does not intend to compulsorily acquire any outstanding Offer Shares for which valid acceptances have not been received prior to the Closing Date, the rationale for the Offer, historical financial performance of Maica Group, outlook and prospects of the Malaysian property sector and Maica Group as well as future plans for the Maica Group and its employees and coupled with the prevailing market, economic, industry and other applicable conditions as at the LPD, we are of the view that the demerits of accepting the Offer outweigh the merits of the Offer.

Premised on the above and our evaluation as a whole, we are of the opinion that the Offer is NOT FAIR and NOT REASONABLE. Accordingly, we recommend that the Holders REJECT the Offer.

Yours faithfully,
For and on behalf of
AmlInvestment Bank Berhad

FOONG YEIN FUN
Director, Corporate Advisory Services
Corporate Finance

ANTHONY KOH
Director
Corporate Finance

APPENDIX I – INFORMATION ON MAICA

1. HISTORY AND BUSINESS

Maica was incorporated on 4 December 1968 in Malaysia under the Act. Maica was listed on the Main Market of Bursa Securities (then known as the Main Board of Kuala Lumpur Stock Exchange) on 7 March 1984.

The principal activity of Maica is that of investment holding whilst the principal activities of its principal subsidiaries are:

- (a) manufacturing of engineered wooden doors, wooden frames, prefabricated doors and fire rated doors;
- (b) engaged in the granting of hire purchase financing; and
- (c) property development.

Details of the principal activities of Maica's subsidiaries and associate companies are set out in Section 5 of this Appendix I.

2. SHARE CAPITAL

As at the LPD, the authorised and issued and paid-up share capital of Maica are as follows:

	No. of Maica Shares	Par value RM	Amount RM
Authorised	200,000,000	0.50	100,000,000
Issued and fully paid-up	158,361,472	0.50	79,180,736

3. SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of Maica and their respective interests are as follows:

Substantial shareholders	Direct		Indirect	
	No. of Maica Shares held	%	No. of Maica Shares held	%
Datuk Ter Leong Yap	33,728,000	21.30	45,626,585 ⁽¹⁾	28.81
TER	45,626,585	28.81	-	-

Note:

(1) Deemed interested through TER pursuant to Section 6A of the Act.

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APPENDIX I – INFORMATION ON MAICA (CONT'D)

4. DIRECTORS AND THEIR SHAREHOLDINGS

As at the LPD, the Directors of Maica and their respective interests are as follows:

Name	Nationality	Direct		Indirect	
		No. of Maica Shares held	%	No. of Maica Shares held	%
Datuk Ter Leong Yap	Malaysian	33,728,000	21.30	45,626,585 ⁽¹⁾	28.81
Lim Jian Hoo	Malaysian	-	-	-	-
Thor Poh Seng	Malaysian	-	-	-	-
Boon Shi Hou	Malaysian	-	-	-	-
Wong Yuen Teck	Malaysian	-	-	-	-
Koong Wai Seng	Malaysian	-	-	-	-
Teh Kay Yeong	Malaysian	-	-	-	-
Haji Azizzuddin Bin Haji Hussein	Malaysian	-	-	-	-

Note:

(1) Deemed interested through TER pursuant to Section 6A of the Act.

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

As at the LPD, the details of the subsidiary companies of Maica are as follows:

Company	Principal activities	Country of incorporation	Equity interest held as at the LPD
Subsidiaries of Maica:			
Maica Wood Industries Sdn Bhd	Investment holding	Malaysia	99.8%
Consolidated Leasing (M) Sdn Bhd	Investment holding and hire purchase financing	Malaysia	100.0%
Pinaremas Sdn Bhd	Inactive	Malaysia	100.0%
Ambang Arena Sdn Bhd	Inactive	Malaysia	100.0%
Subsidiary of Maica Wood Industries Sdn Bhd:			
Maicador Sdn Bhd	Manufacture of prefabricated doors and door frames	Malaysia	99.8%
Subsidiaries of Consolidated Leasing (M) Sdn Bhd:			
Consolidated Factoring (M) Sdn Bhd	Inactive	Malaysia	91.9%
Maritime Credits (Malaysia) Sdn Bhd	Inactive	Malaysia	100.0%

APPENDIX I – INFORMATION ON MAICA (CONT'D)

As at the LPD, the details of the associated company of Maica are as follows:

Company	Principal activities	Country of incorporation	Equity interest held as at the LPD
Mahakota Sdn Bhd	Woodworks manufacturer and dealer in timber and wood	Malaysia	25.4%

6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of the Maica Group based on the audited financial statements for the past three (3) years from FYE 31 March 2011 to FYE 31 March 2013 and unaudited financial results for the six (6)-month FPE 30 September 2013 are as follows:

	← Audited FYE 31 March →			Unaudited six (6)-month FPE 30 September
	2011 RM'000	2012 RM'000	2013 RM'000	2013 RM'000
Revenue	20,458	17,961	18,497	10,041
PBT	3,184	2,567	1,721	1,081
Taxation	(895)	(879)	(745)	(333)
PAT	2,289	1,688	976	748
Non-controlling interests	1	1	-	-
PAT attributable to equity owners of Maica	2,288	1,687	976	748
Share capital	65,180	65,180	65,180	65,180
Current assets	36,874	44,776	53,561	50,417
Current liabilities	11,047	2,797	2,152	1,872
Basic EPS (sen)	1.76	1.29	0.75	0.57
NA	68,063	69,750	70,726	71,273
NA per Maica Share (RM)	0.52	0.54	0.54	0.55
Gross dividend per share (sen)	-	-	-	-
Current ratio (times)	3.34	16.01	24.89	26.93
Gearing (times)	0.14	0.01	-	-

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APPENDIX I – INFORMATION ON MAICA (CONT'D)

7. STATEMENT OF ASSETS AND LIABILITIES

The following is the statement of assets and liabilities of Maica Group, based on Maica's audited statement of financial position as at FYE 31 March 2012 and FYE 31 March 2013:

As at FYE 31 March	2013 RM '000	2012 RM '000
ASSETS		
Non-current assets		
Plant and equipment	3,377	3,496
Investment property	6,907	7,110
Investment in associate	638	620
Investment in club membership, at cost	25	25
Receivables	9,477	17,535
	20,424	28,786
Current assets		
Inventories	4,151	4,082
Receivables	21,803	29,793
Prepayments	265	123
Current tax assets	28	83
Cash and cash equivalents	27,314	10,695
	53,561	44,776
TOTAL ASSETS	73,985	73,562
EQUITY AND LIABILITIES		
Share capital	65,180	65,180
Share premium	13,296	13,296
Capital reserve	815	815
Accumulated losses	(8,565)	(9,541)
Shareholders' equity	70,726	69,750
Non-controlling interests	27	27
Total equity	70,753	69,777
Non-current liabilities		
Retirement benefits	1,074	979
Deferred tax liabilities	6	9
	1,080	988
Current liabilities		
Payables	1,656	1,469
Loans and borrowings	0	896
Advance payments from customers	278	127
Retirement benefits	63	77
Current tax liabilities	155	228
	2,152	2,797
TOTAL LIABILITIES	3,232	3,785
TOTAL EQUITY AND LIABILITIES	73,985	73,562

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APPENDIX I – INFORMATION ON MAICA (CONT'D)

8. HISTORICAL SHARE PRICES

The monthly closing high and low prices of Maica Shares traded on the Main Market of Bursa Securities for the past twelve (12) months from February 2013 to January 2014 are as follows:

Month	High	Low
	RM	RM
2013		
February	0.56	0.50
March	0.52	0.50
April	0.50	0.50
May	0.56	0.50
June	0.575	0.50
July	0.54	0.50
August	0.51	0.50
September	0.56	0.50
October	1.15	0.52
November	1.08	0.81
December	0.90	0.77
2014		
January	1.39	0.85
Last transacted price on 21 January 2014, being the last trading day before the date of the Notice		0.94
Last transacted price on Bursa Securities as at the LPD		1.69

(Source: Bloomberg)

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APPENDIX II – INFORMATION ON THE OFFEROR

(AS EXTRACTED FROM APPENDIX IV TO THE OFFER DOCUMENT)

1. HISTORY AND BUSINESS

TER was incorporated in Malaysia under the Act on 13 January 2014 as a private limited company.

The principal activity of TER is that of an investment holding company.

2. SHARE CAPITAL

As at the 6 February 2014, the authorised and issued and paid-up share capital of TER are as follows:

	No. of TER Shares	Par value RM	Amount RM
Authorised	400,000	1.00	400,000
Issued and fully paid-up	100	1.00	100

3. SUBSTANTIAL SHAREHOLDERS

As at the 6 February 2014, the substantial shareholders of TER and their respective interests are as follows:

Substantial shareholder	Direct		Indirect	
	No. of TER Shares held	%	No. of TER Shares held	%
Datuk Ter Leong Yap	88	88.00	10 ⁽¹⁾	10.00
Datin Kwan May Yuen	10	10.00	-	-

Note:

(1) Deemed interested via TER Shares held by Datin Kwan May Yuen, his wife, pursuant to Section 6A of the Act.

4. DIRECTORS

As at the 6 February 2014, the Directors of TER and their respective interests are as follows:

Name	Nationality	Direct		Indirect	
		No. of TER Shares held	%	No. of TER Shares held	%
Datuk Ter Leong Yap	Malaysian	88	88.00	10 ⁽¹⁾	10.00
Datin Kwan May Yuen	Malaysian	10	10.00	-	-

Note:

(1) Deemed interested via TER Shares held by Datin Kwan May Yuen, his wife, pursuant to Section 6A of the Act.

APPENDIX II – INFORMATION ON THE OFFEROR (CONT'D)

(AS EXTRACTED FROM APPENDIX IV TO THE OFFER DOCUMENT)

5. SUBSIDIARIES AND ASSOCIATED COMPANY

Save for the Maica Group as disclosed in Section 5, Appendix I of this IAC, TER does not have any subsidiary and associated company as at the 6 February 2014.

6. PROFIT AND DIVIDEND RECORD

As TER was only incorporated on 13 January 2014, the profit and dividend record of TER is not available as at the 6 February 2014.

7. STATEMENT OF ASSETS AND LIABILITIES

As TER was only incorporated on 13 January 2014, the statement of assets and liabilities of TER is not available as at the 6 February 2014.

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APPENDIX III – FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This IAC has been seen and approved by the Board of Maica and they collectively and individually accept full responsibility for the accuracy of the information contained herein (save for the IAL prepared by AmInvestment Bank set out in Part B of this IAC) and confirm that after making enquiries as were reasonable in the circumstances and to the best of their knowledge and belief, there are no other facts the omission of which would make any information provided herein false or misleading. For the avoidance of doubt, the Interested Directors have abstained from any recommendations in relation to the Offer.

The responsibility of the Board of Maica in respect of the IAL from AmInvestment Bank as set out in Part B of this IAC is limited to the accuracy of the information provided by Maica and given to AmInvestment Bank for its evaluation in respect of the Maica Group.

The responsibility of the Board of Maica in respect of the information relating to the Offeror and the Offer extracted from the Offer Document is limited to ensuring that such information is accurately reproduced in this IAC.

AmInvestment Bank acknowledges that, based on all available information and to the best of its knowledge and belief, this IAC constitutes a full and true disclosure of all material facts concerning the Offer.

2. DISCLOSURE OF INTERESTS AND DEALINGS

As at the LPD, there are only one (1) class of shares in Maica, being the ordinary shares of RM0.50 each.

There are no outstanding convertible securities issued by Maica as at LPD.

2.1 By Maica

- (a) As at the LPD, Maica does not have any interest, whether direct or indirect, in any voting shares or convertible securities of TER.
- (b) Maica had not dealt in any voting shares or convertible securities of itself or TER during the period commencing six (6) months before 22 January 2014, being the commencement date of the Offer Period and ending on the LPD.

2.2 By the Directors of Maica

2.2.1 Disclosure of interest in TER

As at the LPD, save as disclosed below, the Directors of Maica do not have any other interest, whether direct or indirect, in any voting shares or convertible securities in TER.

Name	Direct		Indirect	
	No. of TER Shares	%	No. of TER Shares	%
Datuk Ter Leong Yap	88	88.0	10 ⁽¹⁾	10.0

Note:

- (1) Deemed interested via TER Shares held by Datin Kwan May Yuen, his wife, pursuant to Section 6A of the Act.

APPENDIX III – FURTHER INFORMATION (CONT'D)**2.2.2 Disclosure of dealings in voting shares or convertible securities of TER**

Save as disclosed below, the Directors of Maica had not dealt in any voting shares or convertible securities of the Offeror during the period commencing six (6) months before 22 January 2014, being the commencement date of the Offer Period and ending on the LPD.

Date of transaction	Nature of transaction	No. of TER Shares	Transacted price/average transacted price per TER Share RM
<u>Datuk Ter Leong Yap:</u> 13 January 2014	Share issuance pursuant to incorporation of TER	88	1.00

2.2.3 Disclosure on interest in Maica

As at the LPD, save as disclosed below, the Directors of Maica do not have any other interest, whether direct or indirect, in any voting shares or convertible securities in Maica:

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Datuk Ter Leong Yap	33,728,000	21.30	45,626,585 ⁽¹⁾	28.81

Note:

(1) Deemed interested through TER pursuant to Section 6A of the Act.

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APPENDIX III – FURTHER INFORMATION (CONT'D)

2.2.4 Disclosure of dealings in voting shares or convertible securities of Maica

As at the LPD, the Directors of Maica had not dealt in any voting shares or convertible securities of Maica during the period commencing six (6) months before 22 January 2014, being the commencement date of the Offer Period and ending on the LPD.

Date of transaction	Nature of transaction	No. of Maica Shares	Transacted price/average transacted price per Maica Share RM
<u>Datuk Ter Leong Yap:</u> 20 January 2014	Direct business transaction	5,728,000	0.7800
22 January 2014	Being the appointed nominee to receive the consideration shares pursuant to a project purchase agreement and a sale and purchase agreement dated 23 October 2013 entered into between Maica and Cangkat Nusantara Sdn Bhd	28,000,000	0.5000

2.3 By the Offeror (With reference to Appendix VI to the Offer Document)

2.3.1 Disclosure of interest in Maica

Save as disclosed below, the Offeror and its PACs do not have any other interest, whether direct or indirect in Maica Shares as at the 6 February 2014:

Name	Direct		Indirect	
	No. of Maica Shares	%	No. of Maica Shares	%
Datuk Ter Leong Yap	33,728,000	21.30	45,626,585 ⁽¹⁾	28.81
TER	45,626,585	28.81	-	-
Datin Kwan May Yuen	-	-	-	-
Ter Hong Khim @ Tai Foong Chin	-	-	-	-
Ng Hon Yin @ Hwang Giok Ying	-	-	-	-

Note:

(1) Deemed interested through TER pursuant to Section 6A of the Act.

APPENDIX III – FURTHER INFORMATION (CONT'D)

2.3.2 By the Directors of Offeror

Save as disclosed below, the Directors of the Offeror do not have any other interest, whether direct or indirect, in Maica Shares as at the 6 February 2014:

Name of Directors	Direct		Indirect	
	No. of Maica Shares	%	No. of Maica Shares	%
Datuk Ter Leong Yap	33,728,000	21.30	45,626,585 ⁽¹⁾	28.81
Datin Kwan May Yuen	-	-	-	-

Note:

(1) Deemed interested through TER pursuant to Section 6A of the Act.

2.4 Disclosure of dealings in voting shares of Maica (With reference to Appendix VI to the Offer Document)

Save as disclosed below, the Offeror and its PACs have not dealt, directly or indirectly, in any Maica Shares during the six (6) months prior to the beginning of the Offer Period and up to the 6 February 2014:

Date of transaction	Nature of transaction	No. of Maica Shares	Transacted price/average transacted price per Maica Share RM
<u>Offeror:</u>			
22 January 2014	Acquisition of Sale Shares vide the SSA	39,285,385	0.8500
22 January 2014	Direct business transaction	6,341,200	0.8314
<u>Datuk Ter Leong Yap:</u>			
20 January 2014	Direct business transaction	5,728,000	0.7800
22 January 2014	Being the appointed nominee to receive the consideration shares pursuant to a project purchase agreement and a sale and purchase agreement dated 23 October 2013 entered into between Maica and Cangkat Nusantara Sdn Bhd	28,000,000	0.5000

2.5 By persons who have irrevocably committed to accept the Offer (With reference to Appendix VI to the Offer Document)

As at the 6 February 2014, the Offeror has not received any irrevocable undertakings from any Holder of the Offer Shares to accept the Offer.

2.6 General disclosures

(As extracted from Appendix VI to the Offer Document)

- (a) As at the 6 February 2014, the Offeror and its PACs have not entered into any option to acquire any additional Offer Shares.
- (b) As at the 6 February 2014, no ongoing negotiation exists between the Offeror and its PACs and any person with respect to the Offer Shares.
- (c) As at the 6 February 2014, save for the SSA, no agreement, arrangement or understanding that exists between the Offeror and its PACs and any of the directors or past directors of Maica (being such person who was, during the period of six (6) months before the date of the Notice, a director), or any shareholders or past shareholders of Maica (being such person who was, during the period of six (6) months before the date of the Notice, a shareholder) having any connection with or dependence upon the Offer.
- (d) As at the 6 February 2014, there is no agreement, arrangement or understanding entered into by the Offeror and its PACs whereby any Offer Shares acquired pursuant to the Offer will be transferred to any other person(s) within a foreseeable period from the date of this Offer Document.
- (e) All the Offer Shares accepted under the Offer will be registered either in the name of the Offeror and/or its appointed nominees, if any.

3. MATERIAL LITIGATION

The Board of Maica has confirmed that, as at the LPD, the Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which may have a material effect on the financial position of the Group and the Board of Maica does not have knowledge of any proceedings, pending or threatened, against the Group or any facts which is likely to give rise to any proceedings which may materially and adversely affect the financial position of business of the Group.

4. MATERIAL CONTRACTS

Save for the SSA, the Company has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the two (2) years immediately preceding the LPD.

5. MATERIAL COMMITMENTS

As at the LPD, the Board of Maica is not aware of any material commitments incurred or known to be incurred by the Company which, upon becoming enforceable, may have a material impact on the financial results/position of the Group.

6. CONSENT

The written consent of AmlInvestment Bank for the inclusion of their name in the form and context in which they appear in this IAC have been given and have not been subsequently withdrawn before the despatch of this IAC.

APPENDIX III – FURTHER INFORMATION (CONT'D)

7. SERVICE CONTRACTS

There is no existing or proposed service agreements entered into or to be entered into by the Directors of Maica Group within twelve (12) months from date of the Offer Document that provides for payment of compensation upon termination of employment.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection at the Registered Office of Maica at 8-3, Jalan Segambut, 51200 Kuala Lumpur, Malaysia, during normal business hours from 8.30 a.m. to 5.30 p.m. on Mondays to Fridays (excluding public holidays), from the date of this IAC up to and including the Closing Date:

- (i) Memorandum and Articles of Association of Maica;
- (ii) The audited financial statements of Maica for the past two (2) FYEs 31 March 2012 and 2013, latest unaudited results for the six (6) months FPE 30 September 2013;
- (iii) The letter of consents referred to in Section 6 of this Appendix III above; and
- (iv) The Notice dated 22 January 2014.

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