

Our commentaries on the rationale for the Proposed Exemptions

We noted that it is not the intention of Dato' Sri Lim and his PACs to undertake a Mandatory Offer upon rising of such obligations pursuant to the implementation of the Proposed Acquisition, Proposed Debt Settlement and Proposed Rights Issue as disclosed in **Sections 6.1, 6.2 and 6.3** of Part A of the Circular. Therefore, Dato' Sri Lim and his PACs intend to submit an application to seek the SC's approval for Proposed Exemptions, subject to approval being obtained from the non-interested shareholders of the Company for the same at the forthcoming EGM.

As disclosed in **Section 15** of Part A of the Circular, we also noted that:

- (i) The Proposed Acquisition and the Proposed Exemption 1 are **inter-conditional** upon each other.

As such, the Proposed Acquisition will not be implemented in the event the non-interested shareholders of the Company do not approve any of the Proposed Acquisition and/or Proposed Exemption 1 and/or the SC does not approve the Proposed Exemption 1.

- (ii) The Proposed Debt Settlement and the Proposed Exemption 2 are **inter-conditional** upon each other.

As such, the Proposed Debt Settlement will not be implemented in the event the non-interested shareholders of the Company do not approve any of the Proposed Debt Settlement and/or Proposed Exemption 2 and/or the SC does not approve the Proposed Exemption 2.

- (iii) The Proposed Rights Issue and the Proposed Exemption 3 are **inter-conditional** upon each other.

As such, the Proposed Rights Issue will not be implemented in the event the non-interested shareholders of the Company do not approve any of the Proposed Rights Issue and/or Proposed Exemption 3 and/or the SC does not approve the Proposed Exemption 3.

We further noted that In view of the inter-conditionality of the Proposed Acquisition, Proposed Debt Settlement and Proposed Rights Issue, and their respective Proposed Exemptions, Dato' Sri Lim and his PACs will abstain from voting in respect of their shareholdings in the Company, whether direct or indirect, on the resolutions pertaining to the Proposed Acquisition, Proposed Debt Settlement, Proposed Rights Issue and the Proposed Exemptions at the forthcoming EGM. In addition, Dato' Sri Lim and his PACs will also undertake to ensure that persons connected to them, if any, will abstain from voting in respect of their direct and/or indirect shareholdings in the Company (if any) on the resolutions pertaining to the said Proposals at the forthcoming EGM.

Accordingly, the non-interested shareholders of the Company should note that the potential benefits arising from the Proposed Acquisition, Proposed Debt Settlement and Proposed Rights Issue as detailed in **Sections 6.1.1, 6.1.2 and 6.1.4** of this IAL will not materialise if the non-interested shareholders of the Company and/or the SC does not approve the said Proposals and their respective Proposed Exemptions as they are inter-conditional upon each other.

Based on the above, we are of the view that there are merits for the Proposed Exemptions.

Premised on the above, we are of the view that the rationale and benefits of the Proposals are reasonable and not detrimental to the interests of the non-interested shareholders of EURO.

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6.2 BASIS AND JUSTIFICATION OF THE PURCHASE CONSIDERATION

As disclosed in **Section 2.3** of Part A of the Circular, the Purchase Consideration was arrived at on a “willing-buyer willing-seller” basis, after taking into consideration, among others:

- (i) the market value of the Subject Property of RM57.00 million as appraised by the Valuer vide its valuation report dated 16 December 2024 and its updated valuation certificate dated 1 October 2025 using the Cost Approach⁽¹⁾ as the primary approach and Income Approach by way of Investment Method⁽²⁾ as the secondary approach to cross check against the primary approach adopted. The Purchase Consideration represents a discount of RM1.00 million or 1.75% to the appraised market value of the Subject Property; and
- (ii) the rationale for the Proposed Acquisition as set out in **Section 2.12** of this Part A of the Circular.

Notes:

- (1) *The Cost Approach involves the valuation of the land by comparison with evidence of values of comparable land and adding to its current replacement cost of the building(s) less depreciation, if necessary. The current replacement cost includes the construction cost, financial charges, advertising charges, professional fees, other incidental expenses and developer’s profit. The Cost Approach is adopted as the primary approach as it is the most appropriate for reflecting the brick-and-mortar value of the Subject Property, which is purpose-built for a specific industry.*
- (2) *The Income Approach by way of Investment Method derives the market value from an estimate of the market rental, which means the estimated amount for which an interest in real property should be leased/tenanted on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. Outgoings or operating expenses, such as repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annual rental income is capitalized at an appropriate current market yield to arrive at its indicative market value.*

The Company has appointed Laureicap as the Valuer to conduct an independent valuation of the Subject Property on 16 September 2024 and an update valuation on 1 October 2025, the updated valuation certificate of which is set out in **Appendix III** of the Circular.

In evaluating the Purchase Consideration, we have reviewed the valuation report and the updated valuation certificate prepared by the Valuer for the Subject Property. We noted that the valuation report was prepared in accordance with the Asset Valuation Guidelines issued by the SC and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia. We have reviewed the qualifications of the Valuer, scope of engagement, methodologies and assumptions adopted as well as the resultant valuations.

We have made all reasonable enquiries and conducted our own reviews, where possible, with regard to the valuation report and valuation certificate provided to us, and are satisfied that the methodologies and assumptions provide a reasonable basis for the Valuer in arriving at their valuations. The non-interested shareholders of the Company are advised to read our commentaries below and refer to the valuation certificate.

In arriving at the opinion of market value for the Subject Property, we noted that the Valuer had adopted Cost Approach as the primary valuation method and supported by the Income Approach by way of Investment Method as a counter-check valuation method. We concurred with the Valuer that:

- (i) the Comparison Approach is not suitable for valuation of the Subject Property due to the dearth of meaningful evidence of factory sale transactions within the surrounding neighbourhood. Those transactions were significantly smaller in size and of different design and characteristics as the Subject Property was very much designed for a specific purpose. As such, any adjustments made will only be arbitrary, and thus further diminish the accuracy of the valuation;

- (ii) the Cost Approach, as the primary valuation method, is the most suitable and appropriate method as it provides a more accurate and reliable assessment under the current circumstances. This approach is based on an estimate of the current market value of the industrial land by comparing evidence of values of comparable land, plus the current replacement cost involving construction cost, financial charges, advertising charges, professional fees and other incidental expenses; and
- (iii) the Income Approach by way of Investment Method is an appropriate counter-check valuation method for the valuation of the Subject Property as it provides an estimation of market value based on capitalisation of the net annual income stream that is expected to be received from the property after deducting the annual outgoings and other operating expenses incidental to the property with allowance for void periods by using an appropriate market derived capitalisation rate.

6.2.1 Primary Approach - Cost Approach

The valuation of Subject Property based on the Cost Approach is arrived at based on the summation of the following:

- (i) the market value of the industrial land occupied by the Subject Property, held under Title No. PN 65466 (formerly known as HSD 82284 and PN 54142 respectively) and Lot No. 20111 (formerly known as PT 9666 and Lot 19400 respectively), Mukim of Cheng, District of Melaka Tengah, with a total land area of approximately 335,944.44 sq. ft., which was determined using the comparison method. This involved analysing recent transactions and sales evidence of similar properties in the vicinity, and applying appropriate adjustments for time and various factors inclusive of location, tenure, size, shape and improved land; and
- (ii) the building construction cost for the replacement of a similar building to the Subject Property, which was determined by estimating the current construction costs required to build a comparable structure, with necessary adjustments made for physical, functional, and economic obsolescence.

Market Value of the Land

In arriving at the market value of the land, the Valuer had analysed the following comparable transactions:

Comparables	Comparable 1	Comparable 2	Comparable 3
Address	Lot 23935, Jalan PK 31, Perindustrian Krubong, Melaka	Lot 19445 (18258), Jalan Autocity, Kawasan Perindustrian Tasik Utama, Melaka	Lot 4422, Jalan TTC 6, Taman Teknologi Cheng, Melaka
Distance from Subject Property	Approximately 4.00 kilometres ("km") due north-east of the Subject Property	Approximately 8.20 km due north-east of the Subject Property	Approximately 1.30 km due south of the Subject Property
Title No	Pajakan Negeri 67965	HS(M) 5950	Pajakan Negeri 20478
Lot No	Lot 23935	Lot PT 19445	Lot 4422
Mukim	Krubong	Bukit Katil	Cheng
District	Melaka Tengah	Melaka Tengah	Melaka Tengah
State	Melaka	Melaka	Melaka
Type of land/ Description	Vacant industrial land	Vacant industrial land	Vacant industrial land
Land area	48,780.00 square metres ("sqm")	51,072.00 sqm	12,382.00 sqm

Comparables	Comparable 1	Comparable 2	Comparable 3
	(525,067.92 sq. ft. or 12.05 acres)	(549,739.01 sq. ft. or 12.62 acres)	(133,278.61 sq. ft. or 3.06 acres)
Tenure	Expiring on 28 April 2112	Expiring on 23 June 2104	Expiring on 14 August 2096
Transaction date	14 June 2022	20 July 2022	23 January 2020 ⁽²⁾
Transaction price	RM21,002,540.00	RM25,800,000.00	RM6,817,570.00
Value before adjustment⁽¹⁾	RM40.00/sq. ft.	RM46.93/sq. ft.	RM51.15/sq. ft.
Value after adjustment	RM53.76/sq. ft.	RM64.55/sq. ft.	RM56.83/sq. ft.

Notes:

- (1) The adjusted value derived by the Valuer was based on the adjustment made to the base value for Comparable 1 to Comparable 3 after taking into consideration amongst others, the differences in terms of time factor, location, accessibility, tenure, land shape and size, and land improvement as tabulated below:

Adjustments	Comparable 1	Comparable 2	Comparable 3
Time	An increment of 5% has been adopted to reflect the moderate appreciation rate of properties over time.	An increment of 5% has been adopted to reflect the moderate appreciation rate of properties over time.	An increment of 10% has been adopted to reflect the moderate appreciation rate of properties over time.
Location	Comparable 1 is situated within Kawasan Perindustrian Krubong, a sub-prime industrial estate, whilst the Subject Property is situated within a matured and established industrial estate. Hence, an upward adjustment of 5% has been made to reflect the superiority of the Subject Property.	Comparable 2 is situated within Kawasan Perindustrian Tasik Utama, a sub-prime industrial estate, whilst the Subject Property is situated within a matured and established industrial estate. Hence, an upward adjustment of 5% has been made to reflect the superiority of the Subject Property.	Comparable 3 is situated within the same scheme as the Subject Property, hence no adjustment has been made.
Accessibility	Both Comparable 1 and Subject Property have similar accessibility. Hence, no adjustment has been made.	Both Comparable 2 and Subject Property have similar accessibility. Hence, no adjustment has been made.	Both Comparable 3 and Subject Property have similar accessibility. Hence, no adjustment has been made.
Tenure	Comparable 1 is leasehold with an unexpired term of approximately 90 years whilst the Subject Property is leasehold with an unexpired term of approximately 84 years. Therefore, a downward adjustment of 2% has been made to reflect the inferiority of the Subject Property.	Comparable 2 is leasehold with an unexpired term of approximately 82 years whilst the Subject Property is leasehold with an unexpired term of approximately 84 years. Therefore, an upward adjustment of 1% has been made to reflect the superiority of the Subject Property.	Comparable 3 is leasehold with an unexpired term of approximately 76 years whilst the Subject Property is leasehold with an unexpired term of approximately 84 years. Therefore, an upward adjustment of 6% has been made to reflect the superiority of the Subject Property.
Shape	Comparable 1 is an irregularly shaped parcel of land, while the Subject Property is near rectangular, allowing for more wholesome development. Hence, an upward adjustment of 10% has been made due to the superiority of the Subject Property.	Comparable 2 is an irregularly shaped parcel of land, while the Subject Property is near rectangular, allowing for more wholesome development. Hence, an upward adjustment of 10% has been made due to the superiority of the Subject Property.	Comparable 3 is a rectangular in shaped parcel of land which is similar to the Subject Property. Hence, no adjustments were made for this factor.

Adjustments	Comparable 1	Comparable 2	Comparable 3
Size	<i>An adjustment is made based on percentage difference in land area. Comparable 1 has a land size of 525,067.92 sq. ft. whilst the Subject Property is 335,944.44 sq. ft. An upward adjustment of 10% has been made based on the difference in land area.</i>	<i>An adjustment is made based on percentage difference in land area. Comparable 2 has a land size of 549,739.07 sq. ft. whilst the Subject Property is 335,944.44 sq. ft. An upward adjustment of 10% has been made based on the difference in land area.</i>	<i>An adjustment is made based on percentage difference in land area. Comparable 3 has a land size of 133,278.61 sq. ft. whilst the Subject Property is 335,944.44 sq. ft. A downward adjustment of 10% has been made based on the difference in land area.</i>
Improved Land	<i>As the Subject Property is improved with an industrial building with the relevant approvals granted whereas Comparable 1 is a vacant industrial land. An upward adjustment of 5% has been made as Comparable 1 would need to undergo the planning, construction, and approval stages in order to be on par with the Subject Property.</i>	<i>As the Subject Property is improved with an industrial building with the relevant approvals granted whereas Comparable 2 is a vacant industrial land. An upward adjustment of 5% has been made as Comparable 2 would need to undergo the planning, construction, and approval stages in order to be on par with the Subject Property.</i>	<i>As the Subject Property is improved with an industrial building with the relevant approvals granted whereas Comparable 3 is a vacant industrial land. An upward adjustment of 5% has been made as Comparable 3 would need to undergo the planning, construction, and approval stages in order to be on par with the Subject Property.</i>

- (2) *It is noted that Comparable 3 was transacted in the same year the COVID-19 pandemic began. However, the transaction occurred before the World Health Organization (WHO) officially declared the pandemic on 30 January 2020, and prior to Malaysia's Movement Control Order (MCO) on 18 March 2020. Therefore, the impact of the COVID-19 pandemic has not been considered in deriving the market value of the Subject Property.*

We noted from the valuation report that due to lack of comparable transactions of similar properties within the industrial area, only Comparable 3 is located within the same vicinity of Taman Teknologi Cheng while the other two (2) comparable properties are situated within Kawasan Perindustrian Krubong and Kawasan Perindustrian Tasik Utama, which are located approximately 4.00 km and 8.20 km from the Subject Property respectively. These comparables were adopted based on recently transacted, distance from Subject Property, and similar tenure and zoning.

We concurred with the Valuer that Comparable 3 is the best comparable as its leasehold tenure similar the Subject Property, located nearest to the Subject Property and with the least adjustments.

Based on the above, the market value of the industrial land adopted by the Valuer of **RM18,812,888.64** is computed based on Comparable 3's adjusted value of RM56.00 per sq. ft. (after rounded from RM56.83) multiplied by the land area of the Subject Property of 335,944.44 sq. ft..

We noted that the Valuer has further verified the adopted market value the land by comparing with recent transaction involving an acquisition of an industrial complex within the vicinity of Kawasan Perindustrian Cheng which is consistent with the adopted value of RM56.00 per sq. ft. after adjustment due to size.

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Building Construction Cost

In arriving at the building construction cost for the Subject Property, the Valuer had considered the estimated construction cost of industrial properties from various sources as follows:

Sources		Construction Costing Range (RM)	
		Minimum (RM)	Maximum (RM)
1.	JUBM Group Construction Cost Handbook Malaysia 2024		
	(a) based on heavy duty flatted factories and warehouse in Kuala Lumpur	1,980.00/sqm (183.95/sq. ft.)	2,340.00/sqm (217.39/sq. ft.)
	(b) based on heavy duty flatted factories and warehouse in Johor Bahru	1,895.00/sqm (176.05/sq. ft.)	2,330.00/sqm (216.46/sq. ft.)
2.	BCISM Costbook 2023		
	- based on warehouse	1,820.00/sqm (169.08/sq. ft.)	2,550.00/sqm (236.90/sq. ft.)
3.	Cost opinion letter by independent quantity surveyor, Basar & Harun Sdn		
	(a) Block A, B & C	2,691.00/sqm (250.00/sq. ft.)	3,229.20/sqm (300.00/sq. ft.)
	(b) Block D	2,152.80/sqm (200.00/sq. ft.)	2,691.00/sqm (250.00/sq. ft.)
	(c) Guard house	861.12/sqm (80.00/sq. ft.)	1,291.68/sqm (120.00/sq. ft.)
	(d) TNB substation	1,076.40/sqm (100.00/sq. ft.)	2,152.80/sqm (200.00/sq. ft.)

The Valuer adopted the average construction costs based on the Cost opinion letter by Basar & Harun Sdn for the building construction cost of the Subject Property as follows:

Buildings	Adopted rate (construction cost per sq. ft.)
	(RM)
Block A, B, & C	275.00
Block D	225.00
Guard House	100.00
TNB Substation	150.00

The above rates adopted by the Valuer for the Subject Property as it reflects the construction cost of a heavy-duty flatted factories and warehouses. Further, we noted that the Valuer had adopted a total depreciation rate of 58% and 18% to the buildings, to reflect the physical, functional and economical depreciation of the buildings.

Accordingly, the Valuer arrived at the total building construction cost for the Subject Property after the depreciation of the buildings of **RM38,165,740.00**.

We noted that in adopting the Cost Approach to determine the market value of the Subject Property, the Valuer had also considered the following factors:

- (i) the Subject Property in its existing physical condition with vacant possession and subject to its title being free from all encumbrances, good, marketable and registrable;
- (ii) there is no material breach of relevant laws, regulations, rules and requirements in relation to the Subject Property;

- (iii) the Subject Property is leasehold in tenure and requires state authority approval for the land to be transferred, charged, leased and etc;
- (iv) the existence of a cemetery located adjacent to Taman Teknologi Cheng and opposite of the Subject Property does not have an impact to the market value of the Subject Property, as the stigma of cemeteries applies mainly to residential developments and rarely to industrial estates. Hence, the Valuer does not foresee the close proximity to the cemetery would have any negative impact on the value of the Subject Property;
- (v) the Valuer acknowledged the difference between the market rates for derived from the JUBM Group Construction Cost Handbook Malaysia 2024 and BCISM Costbook 2023 and the opinion provided by the registered Quantity Surveying firm Basar & Harun Sdn. However, more emphasis was given to the opinion of the registered Quantity Surveyor as the building was designed and constructed to cater for a heavy floor loading to support heavy machineries and a steel racking system, hence adopting the average construction costs based on the Construction Cost Opinion letter by Basar & Harun Sdn; and
- (vi) following the inspection, the Valuer noted that the buildings are meant for heavy duty storage, logistics and manufacturing. Hence, the Valuer opined that the wear and tear on the structure should be higher while the lifespan of the building should be lower. Due to these, the Valuer had adopted a rounded adjustment depreciation rate of 2.00% per annum based on the current age of the building. The adopted depreciation rate is based on the average lifespan for buildings of 50 years which is approximately 2.00% per annum. The total depreciation rate for Block D is 58.00% whilst the depreciation for Block A, B & C is 8.00% based on their respective building age, i.e. 29 and 9 years.

Based on the above, the Valuer arrived at a market value of the Subject Property using the Cost Approach which is adopted as the basis for the Purchase Consideration as follows:

Market value of the Subject Property based on Cost Approach:		(RM)
Market value of the land based on comparison method		18,812,888.64
Add:		
Building construction cost for the Subject Property after the depreciation of the buildings		38,165,740.00
Total:		56,978,628.64
		Say: 57,000,000.00

6.2.2 Secondary Approach - Income Approach by way of Investment Method

As a cross check against the primary method, the Valuer had adopted the Income Approach by way of Investment Method. This method will determine the market rental value of the Subject Property which involves capitalisation of the net annual rental income that is expected to be received from the leased/tenancy of the property in an arm's length transaction, after deducting the annual outgoings and/or other operating expenses incidental to the property, at an appropriate current market yield.

Due to the lack of sufficient meaningful concluded rental transactions within the vicinity, we noted that the Valuer have relied on recently posted asking rentals of the similar properties in the vicinity to determine the market rental value of the Subject Property. The asking rentals exhibit a consistent pattern of values, which enhances the reliability of the information used. Accordingly, the Valuer had adopted three (3) properties with comparable asking rental prices situated within Kawasan Industri Cheng and Kawasan Perindustrian Krubong due to their closest proximity to the Subject Property as follows:

Comparables	Gross Floor Area	Monthly Asking Rental (RM/sq. ft.)	Asking Date
Comparable 1 A detached factory located within Cheng Industrial Estate, Melaka	32,400.00 sq. ft. (3,010.03 sqm)	RM50,000.00 (RM1.54/sq. ft.)	November 2024
Comparable 2 A detached factory located within Cheng Industrial Estate, Melaka	12,800.00 sq. ft. (1,189.15 sqm)	RM27,000.00 (RM 2.11/sq. ft.)	November 2024
Comparable 3 A detached factory located within Perindustrian Krubong, Melaka	18,900.00 sq. ft. (1,755.85 sqm)	RM24,000.00 (RM1.27/sq. ft.)	November 2024

Based on the above, the asking rental rate per sq. ft. of the comparable properties are ranging between RM1.27 to RM2.11. In arriving at the appropriate rental rate of the Subject Property, the Valuer revealed that they have considered each aspect of the comparables in terms of location, size, accessibility and asking price before applying necessary adjustments to arrive at the rental rate per sq. ft. of between RM1.14 to RM1.79. The adjustments made include adjusting between 5.00% to 10.00% for size, 5.00% for location, and 5.00% for asking price.

We concurred with the Valuer that Comparable 1 is the most suitable comparable due to its location within the same industrial scheme as the Subject Property and least adjustments were made. Hence, the Valuer had adopted the base rental rate of RM1.40 per sq. ft. for Block A and after making necessary adjustments due to size, the base rental rate of RM1.50 per sq. ft. was adopted for Block B and Block C and RM1.20 per sq. ft. for Block D.

Further, for the purpose of deriving the market value of Subject using the investment method, the Valuer had adopted the following key parameters and assumptions:

Parameters	Remarks/Assumptions										
Rental	<div> <div>:</div> <table> <tr> <th>Blocks</th><th>Adopted Rental Rate (RM/sq. ft.)</th></tr> <tr> <td>A</td><td>1.40</td></tr> <tr> <td>B</td><td>1.50</td></tr> <tr> <td>C</td><td>1.50</td></tr> <tr> <td>D</td><td>1.20</td></tr> </table> </div>	Blocks	Adopted Rental Rate (RM/sq. ft.)	A	1.40	B	1.50	C	1.50	D	1.20
Blocks	Adopted Rental Rate (RM/sq. ft.)										
A	1.40										
B	1.50										
C	1.50										
D	1.20										

Parameters		Remarks/Assumptions												
Outgoings	:	<p>RM290,000 (rounded from RM293,850.02)</p> <p>The Valuer has based the outgoings on the latest fire insurance, quit rent and assessment statements of the Subject Property. Additionally, they have adopted an operating expense of 2.00% of the Gross Annual Rental ("GAR") as an additional maintenance cost for the Subject Property.</p> <table><tr><th colspan="2">Outgoings (RM)</th></tr><tr><td>Quit rent</td><td>45,495.00</td></tr><tr><td>Assessment</td><td>59,904.00</td></tr><tr><td>Fire insurance</td><td>110,958.86</td></tr><tr><td>Maintenance cost (2.00% of GAR)</td><td>77,492.16</td></tr><tr><td>Total</td><td>293,850.02</td></tr></table>	Outgoings (RM)		Quit rent	45,495.00	Assessment	59,904.00	Fire insurance	110,958.86	Maintenance cost (2.00% of GAR)	77,492.16	Total	293,850.02
Outgoings (RM)														
Quit rent	45,495.00													
Assessment	59,904.00													
Fire insurance	110,958.86													
Maintenance cost (2.00% of GAR)	77,492.16													
Total	293,850.02													
Tax Rate	:	24.00%, the standard corporate tax applicable in Malaysia.												
Sinking Fund	:	<p>3.00%</p> <p>The sinking fund is usually part of the service charge that is payable by each leaseholder and is based on a fixed percentage. The Valuer has benchmarked the sinking fund rate against the fixed deposit rates of financial institutions.</p>												
Capitalisation Rate / All Risk Yield	:	<p>5.50%</p> <p>The Valuer adopted capitalisation rate of 5.00% (for Term Yield) and 5.50% (for Reversionary Yield) as a fair and reasonable rate in arriving at the market value of the Subject Property using the Income Approach by way of "Investment Method".</p> <p>In order to arrive at the reversionary yield, the Valuer had analysed on the surroundings yield of industrial factories/warehouses ranging from 4.83% to 6.94% which comes at an average of about 5.69%. Therefore, adopting the capitalisation rate of 5.50% for this valuation exercise are fair reflection in arriving the market value of the Subject Property. The Valuer had analysed the property yield to be as follows:</p>												

Parameters	Remarks/Assumptions																																																																																																							
	<table><tr><th>Surrounding Yield Analysis</th><th>Cheng Industrial Area</th><th>Cheng Industrial Area</th><th>Rembia Industrial Estate</th><th>Bukit Rambai Industrial Estate</th></tr><tr><td>Property Type</td><td>Detached factory</td><td>Detached factory</td><td>Detached factory</td><td>Detached factory</td></tr><tr><td>Gross Floor Area</td><td>32,400.00 sq. ft.</td><td>18,900.00 sq. ft.</td><td>37,284.00 sq. ft.</td><td>36,000.00 sq. ft.</td></tr><tr><td>Asking Monthly Rental</td><td>RM50,000</td><td>RM24,000</td><td>RM40,000</td><td>RM35,000</td></tr><tr><td>Asking Annual Rental</td><td>RM600,000</td><td>RM288,000</td><td>RM480,000</td><td>RM420,000</td></tr><tr><td>Estimated Annual Outgoing @ 10%</td><td>RM60,000</td><td>RM28,800</td><td>RM48,000</td><td>RM42,000</td></tr><tr><td>Estimated Net Annual Rental</td><td>RM540,000</td><td>RM259,200</td><td>RM432,000</td><td>RM378,000</td></tr><tr><td>Estimated Market Value</td><td>RM7,776,000</td><td>RM4,158,000</td><td>RM8,948,160</td><td>RM7,920,000</td></tr><tr><td>Yield</td><td>6.94%</td><td>6.23%</td><td>4.83%</td><td>4.77%</td></tr><tr><td>Average</td><td colspan="4">5.69%</td></tr><tr><td>Adopt</td><td colspan="4">5.50%</td></tr></table> <p>In addition, the Valuer had also considered and cross checked to the yield derived from transaction of similar properties in arriving at the yield adopted as follows:</p> <table><tr><th></th><th>Transaction 1</th><th>Transaction 2</th><th>Transaction 3</th></tr><tr><td>Property Address</td><td>No. 9 & 11, Jalan TTC 2, Taman Teknologi Cheng</td><td>7007-D, Jalan PBR 38, Perindustrian Bukit Rambai</td><td>No. 10, Jalan PK 8B-1, Perindustrian Krubong Jaya</td></tr><tr><td>Land Area</td><td>11,990.98 sq. ft.</td><td>9,612.16 sq. ft.</td><td>12,217.03 sq. ft.</td></tr><tr><td>Gross Floor Area</td><td>7,699.96 sq. ft.</td><td>6,000.00 sq. ft.</td><td>7,723.96 sq. ft.</td></tr><tr><td>Estimated Gross Monthly Rental</td><td>RM9,239.95</td><td>RM7,800.00</td><td>RM10,041.15</td></tr><tr><td>Gross Annual Rent</td><td>RM110,879.42</td><td>RM93,600.00</td><td>RM120,493.78</td></tr><tr><td>(-) Outgoings (10%)</td><td>RM(11,087.94)</td><td>RM(9,360.00)</td><td>RM(12,049.38)</td></tr><tr><td>Net Annual Rent</td><td>RM99,791.48</td><td>RM84,240.00</td><td>RM108,444.40</td></tr><tr><td>Transacted Market Value (Source: JPPH)</td><td>RM1,700,000.00</td><td>RM1,380,000.00</td><td>RM2,400,000.00</td></tr><tr><td>Net Yield</td><td>5.87%</td><td>6.10%</td><td>4.52%</td></tr><tr><td>Average</td><td colspan="3">5.50%</td></tr><tr><td>Adopt</td><td colspan="3">5.50%</td></tr></table>	Surrounding Yield Analysis	Cheng Industrial Area	Cheng Industrial Area	Rembia Industrial Estate	Bukit Rambai Industrial Estate	Property Type	Detached factory	Detached factory	Detached factory	Detached factory	Gross Floor Area	32,400.00 sq. ft.	18,900.00 sq. ft.	37,284.00 sq. ft.	36,000.00 sq. ft.	Asking Monthly Rental	RM50,000	RM24,000	RM40,000	RM35,000	Asking Annual Rental	RM600,000	RM288,000	RM480,000	RM420,000	Estimated Annual Outgoing @ 10%	RM60,000	RM28,800	RM48,000	RM42,000	Estimated Net Annual Rental	RM540,000	RM259,200	RM432,000	RM378,000	Estimated Market Value	RM7,776,000	RM4,158,000	RM8,948,160	RM7,920,000	Yield	6.94%	6.23%	4.83%	4.77%	Average	5.69%				Adopt	5.50%					Transaction 1	Transaction 2	Transaction 3	Property Address	No. 9 & 11, Jalan TTC 2, Taman Teknologi Cheng	7007-D, Jalan PBR 38, Perindustrian Bukit Rambai	No. 10, Jalan PK 8B-1, Perindustrian Krubong Jaya	Land Area	11,990.98 sq. ft.	9,612.16 sq. ft.	12,217.03 sq. ft.	Gross Floor Area	7,699.96 sq. ft.	6,000.00 sq. ft.	7,723.96 sq. ft.	Estimated Gross Monthly Rental	RM9,239.95	RM7,800.00	RM10,041.15	Gross Annual Rent	RM110,879.42	RM93,600.00	RM120,493.78	(-) Outgoings (10%)	RM(11,087.94)	RM(9,360.00)	RM(12,049.38)	Net Annual Rent	RM99,791.48	RM84,240.00	RM108,444.40	Transacted Market Value (Source: JPPH)	RM1,700,000.00	RM1,380,000.00	RM2,400,000.00	Net Yield	5.87%	6.10%	4.52%	Average	5.50%			Adopt	5.50%		
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	Void allowance of 5.00% adopted by the Valuer for the possible future vacancies and rent-free periods in line with the industry standards which revealed that it takes about two (2) months to rent out an industrial property in Melaka for a tenancy period of 3 years on average.																																																																																																							

In addition to the above assumptions, the Valuer had also considered the following pertinent factors in arriving at the market value for the Subject Property using the Income Approach:

- (i) the Valuer did not consider the current sub-tenancy agreement for Block B between Euro Space Industries and SPX Express (Malaysia) Sdn Bhd due to its short duration (less than one year) and its higher rental rate of RM1.93 per sq. ft. per month, which deviates from the standard rental rates for tenancies of one year or more in the same area. As such, the sub-tenancy rental rate for Block B does not provide a fair representation of the market rental rate under as it could lead to distortions or inaccuracies in the market value assessment;
- (ii) only the main floor area and ancillary floor area of Block A, B, C and D are considered in the computations. The TNB substation and guard house are excluded as these structures are accessories to the Subject Property as a whole;
- (iii) unlike other property segments where net lettable area (“NLA”) and gross floor area (“GFA”) are typically regarded as distinct measurements, the Valuer has considered the NLA and GFA to be equivalent for the purposes of this valuation; and
- (iv) the term rental rate was adopted from the existing tenancy agreement whereas the base rental rate for the reversionary term was arrived by comparing the rental rates from asking rental of factories within the vicinity. Hence, the term gross rental rate adopted is about RM 1.01 per sq. ft. whilst the reversionary term base rental rate adopted is RM 1.40 per sq. ft. for Block A. The reversionary term base rental rate is then further adjusted for Block B, Block C and Block D due to size different.

Accordingly, the Valuer arrived at the market value of the Subject Property of **RM56,000,000** (rounded from RM56,326,741.39) based on the Income Approach by way of Investment Method as the secondary approach.

Pursuant to the update valuation exercise conducted by the Valuer on 1 October 2025, we noted the following assessments made by the Valuer:

- (i) there are no physical changes to the Subject Property and the physical condition of the land remains unchanged;
- (ii) there are no changes to the title document as confirmed by title searches conducted on the same date;
- (iii) Majlis Bandaraya Melaka Bersejarah has verbally revealed that the land remains zoned for industrial use;
- (iv) The Valuer has updated the property market data from the earlier valuation report;
- (v) there are no changes of comparables in arriving at the market value of the Subject Property; and
- (vi) the Valuer concluded that based on data available and present market conditions, the market value of the Subject Property remains unchanged.

After considering the above, including the Board’s opinion and the rationale for the Proposed Acquisition, we are of the view that the Purchase Consideration of RM56.00 million is justifiable. It is supported by the independent valuation and the update valuation of the Subject Property by the Valuer and represents a discount of RM1.00 million or approximately 1.75% to the appraised market value of the Subject Property using the primary approach, Cost Approach of RM57.00 million and further supported by the market value derived from the second approach, Income Approach by way of Investment Method of RM56.00 million.

Notwithstanding the above, non-interested shareholders of EURO should note that the market price of the Subject Property may be affected by various factors, including but not limited to liquidity risk (i.e. the process of selling and buying property can be time consuming).

6.3 EVALUATION OF THE PROPOSED DEBT SETTLEMENT

6.3.1 Evaluation of the nature of debt owing to the Lenders

As disclosed in **Section 3.1** of Part A of the Circular, we noted that the Advances were extended to the Borrowers by the Lenders commencing from 1 July 2023 until 31 December 2024 for the following purposes:

Period of transaction	Purposes	Lenders	Borrowers	Advances (RM)		
1 July 2023 to 31 December 2024	(a) Working capital requirements	• Payment for staff related expenses	Dato’ Sri Lim	EURO	33,542	
			Dato’ Sri Lim	Euro Space Industries	290,010	
			Dato’ Sri Lim	Euro Chairs	22,615	
			Dato’ Sri Lim	Euro Space System	1,500	
						347,667
		• Payment to the Group’s trade payables ⁽¹⁾	Dato’ Sri Lim	Euro Space Industries	35,039	
			Dato’ Sri Lim	ELSB	4,263,200	
						4,298,239
		• Payment for the Group’s general administrative expenses (i.e., among others, rental expenses, quit rent and assessment and professional fees) ⁽²⁾	Dato’ Sri Lim	EURO	718,511	
			Dato’ Sri Lim, SPASB & SPPSB	Euro Space Industries	5,690,166	
			Dato’ Sri Lim & SPPSB	Euro Chairs	368,936	
			Dato’ Sri Lim	Euro Space System	228	
			IASB	ELSB	5,407,404	
						12,185,245
		• Purchase of machineries ⁽³⁾	Dato’ Sri Lim	Euro Space Industries	7,425,000	
		• Purchase of moulds ⁽⁴⁾	Dato’ Sri Lim	ELSB	3,817,000	
					11,242,000	
				27,450,714		
6 February 2024	(b) Repayment of bank borrowings (i.e. term loans and overdraft)	Dato’ Sri Lim	EURO and Euro Space Industries	689,906		
					689,906	
	Acquisition of 80,000 ordinary shares, representing 24.24% of the equity interest in Eurosteel Systems Sdn. Bhd.	Dato’ Sri Lim	EURO	100,000		
				100,000		
Total				28,863,057		

Notes:

- (1) The breakdown of the payment to the Group's trade payables is as follows:

Types of trade payables	Advances (RM)	Amount outstanding as at the LPD (RM)
Suppliers for office furniture	35,039	-
Suppliers for steel and steel products	4,263,200	-
Total	4,298,239	-

- (2) The breakdown of the payment for the Group's general administrative expenses is as follows:

Description	Amount (RM)
Rental expenses	11,918,900
Quit rent and assessment	131,766
Professional fees	81,666
Others	52,913
Total	12,185,245

- (3) The breakdown of the types and number of machineries purchased is as follows:

Types of machines	No. of units	Amount (RM)
Automatic Laser Cutting Machine	1	1,850,000
Hydraulic Shearing Machine	1	820,000
Turret Punch Press Machine	1	830,000
Hydraulic Press Brake Machine	1	1,900,000
Punch Machine	1	2,025,000
Total		7,425,000

- (4) The Group had purchased 7 units of moulds, which are in various specifications (such as sizes) and are used for its steel and steel products business.

We also noted that subsequent to the above Advances, there is an outstanding amount due to the related parties (including Lenders) by the Group incurred between 1 January 2025 up to 30 September 2025 ("Subsequent Outstanding Amount") as follows:

Description	Transacting parties	Amount outstanding incurred (RM)	Payment made up to 30 September 2025 (RM)	Amount outstanding as at the 30 September 2025 (RM)
Rental expenses	ELSB / IASB	2,178,596	-	2,178,596
Rental expenses	Euro Chairs / SPPSB	61,000	-	61,000
Rental expenses	Euro Space Industries / SPPSB	116,300	-	116,300
Rental expenses	Euro Space Industries / SPASB	2,148,922	-	2,148,922
Total		4,504,818	-	4,504,818

The above Subsequent Outstanding Amount are amount billed by but yet to be paid to the related parties, instead of advances provided by the related parties. The Subsequent Outstanding Amount disclosed above are for the 9-month period from 1 January 2025 to 30 September 2025, therefore differs from the amount due to related parties disclosed in the Group's audited consolidated financial statements for the FYE 30 June 2025. Further, the Subsequent Outstanding Amount is not subject settlement under the Proposed Debt Settlement as it is intended to be repaid by the Group via its internally-generated funds and/or bank borrowings. If the aforesaid sources of funds are not sufficient, the Group may seek other form of fund-raising exercises which are available and suitable for the Company to settle the shortfall, as the Board thinks fit.

The Group had entered into this debt arrangement as the Group needed immediate working capital for the aforementioned purposes, whereby the payments for staff related expenses, trade payables as well as general administrative expenses are required for the continuity of the Group's business operations, whereas the machineries and moulds purchased are used for its steel products business in line with the Group's expansion plan in the said business. Despite the Company's available cash and bank balances of RM2.88 million as at 31 December 2024 and RM0.05 million as at 30 June 2025, the Group had entered into this debt agreement as it is the Group's intention to conserve the available cash to support its working capital needs and/or to address short-term financial obligations as they arise, including repayment of term loans.

We noted from **Section 3.2** of the Part A of the Circular that Dato' Sir Lim, the main Lenders, was a Major Shareholder of the Company within the last 6 months prior to the date of the Settlement Agreement and is currently a shareholder of the Company with 0.13% direct interest as at the LPD. He is the spouse of Datin Sri Ong Lely, who is the Group Managing Director and an indirect Major Shareholder of the Company (by virtue of her 50.00% direct interest in S.P.A. Furniture*), and brother of Datuk Lim, who is the Group Deputy Managing Director of the Company. Dato' Sri Lim is also the controlling shareholder of IASB, SPASB and SPPSB with equity interest of approximately 99.00%, 100.00% and 95.31% respectively.

* *For the avoidance of doubt, neither S.P.A Furniture nor Datin Sri Ong Lely (in her capacity as a director and shareholder of S.P.A Furniture), is accustomed or under any obligation, whether formal or informal, to act in accordance with the directions, instructions, or wishes of Dato' Sri Lim in relation to EURO Shares. Accordingly, the interest held by S.P.A Furniture in the Company shall not be deemed as an indirect interest of Dato' Sri Lim.*

Based on our analysis of the Advances between 1 July 2023 until 31 December 2024, we wish to highlight the following:

(a) The utilisation of the Advances can be summarised as follows:

Utilised for	Amount (RM'000)	Percentage (%)
1. Working capital related expenses	27,451	95.11
2. Repayment of bank borrowings and advances	1,312	4.55
3. Investment in subsidiary	100	0.35
Total	28,863	100.00

It was noted that the Advances were primarily for working capital related expenses, which accounted for approximately 95.11% of the total Advances. The utilisation of these working capital advances was mainly for general administrative expenses (approx. 42.12%), followed by the purchase of machineries (approx. 27.05%), payment of the Group's trade payables (approx. 15.66%), purchase of mould (approx. 13.90%), and payment for staff-related expenses (approx. 1.27%).

The use of Advances directed towards general administrative expenses and the purchase of machineries and moulds indicates that the Group's most pressing financial needs were to fund its operational overheads and capital investments, which is consistent with the capital-intensive nature of its businesses.

- (b) We noted that a significant concentration of funding originated from a single related party, Dato' Sri Lim, who was the Major Shareholder of EURO during the relevant period and the spouse of Datin Sri Ong Lely (the Group Managing Director and an indirect Major Shareholder of the Company through her interest in S.P.A. Furniture). Dato' Sri Lim provided financial support to the Group in the form of advances, either personally or through companies under his control (i.e., IASB, SPASB, and SPPSB).

While this reflects the Group's high dependence on its indirect major shareholder and his related entities, it also demonstrates Dato' Sri Lim's willingness to support the Group's operational needs. The advances were extended on favourable terms to the Group, being unsecured, interest-free, and repayable on demand without fixed repayment terms which differentiates them from conventional commercial borrowings and underscores their supportive nature.

- (c) The Advances were predominantly channelled to Euro Space Industries (approx. 47.76%) and ELSB (approx. 46.73%), which together accounted for approximately 95% of the total Advances. These two subsidiaries represent the Group's core operating arms as Euro Space Industries being principally involved in the manufacturing and trading of office furniture, partitions, chairs and panels while ELSB in the trading of steel products.

This distribution indicates that the Advances were primarily directed towards supporting the Group's key revenue-generating and operationally intensive businesses, rather than the holding company or other non-core operations, thereby underscoring the Group's commitment to sustaining its main operating activities.

Further, we were made to understand that the Advances were extended to the Borrowers in the best interest of the Group in view of the following:

- (a) the Group's decision not to incur additional bank borrowing at that juncture in anticipation of the Group's business plan to move its business operations from Rawang to Cheng Industrial Estate, Melaka which the ultimate intention is for better monitoring of business operations under one roof vis-à-vis its existing operating activities that in three (3) separate factories/warehouses in Rawang. This allows the Group to benefit from cost savings amid challenging market conditions; and
- (b) the Advances were provided at the terms acceptable to both parties and this reflects the firm commitment and confidence of Dato' Sri Lim on the businesses and future prospects of EURO Group. This also provides more financial flexibility to the Group and minimize the pressure of working capital management issues.

In further assessing the reasonableness for the Advances, we observed the audited key financial performance and financial position of the Group for the past 5 financial years/financial period which summarised as follows:

	FYE 31 December 2020 (RM'000)	FYE 31 December 2021 (RM'000)	18M-FPE 30 June ⁽¹⁾ 2023 (RM'000)	FYE 30 June 2024* (RM'000)	FYE 30 June 2025 (RM'000)
Revenue	64,307	79,381	225,898	79,179	115,054
Net (loss)/profit attributable to equity holders	1,764	(21,736)	1,385	(20,743)	(4,170)
Current assets	84,486	70,811	56,451	56,183	47,804
Current liabilities	49,898	58,081	28,133	37,739	43,074
Current ratio (times) ⁽²⁾	1.69	1.22	2.01	1.49	1.11

	FYE 31 December 2020 (RM'000)	FYE 31 December 2021 (RM'000)	18M-FPE 30 June ⁽¹⁾ 2023 (RM'000)	FYE 30 June 2024* (RM'000)	FYE 30 June 2025 (RM'000)
Shareholders' equity / NA ⁽³⁾	64,473	44,328	75,001	105,078	100,908
Total borrowings	30,797	28,207	16,731	3,980	723
Fixed deposit	6,952	6,757	2,404	6	-
Cash and bank balances	1,687	2,141	3,362	632	52
Net borrowings ⁽⁴⁾	22,158	19,309	10,965	3,342	671
Gearing ratio (times) ⁽⁵⁾	0.34	0.44	0.15	0.03	0.01

Notes:

* Restated.

(1) Change in financial year end from 31 December to 30 June and for financial period ended 2023 it covers a duration of 18 months from 1 January 2022 to 30 June 2023.

(2) Computed based on current assets divided by current liabilities.

(3) Equity attributable to owners of the Company.

(4) Computed based on total borrowings less fixed deposit and cash and bank balances.

(5) Computed based on net borrowings divided by the NA.

Based on our observations, we noted that the Group has demonstrated a consistent effort to strengthen its financial position over the past five years, particularly through the significant reduction in total borrowings and gearing ratio, from 0.34 times in 2020 to 0.01 times in 2025. This indicates a prudent approach to capital management and reduced reliance on external debt.

We also noted that while revenue has generally improved, especially during the 18M-FPE 30 June 2023, the Group has experienced fluctuations in profitability, with losses recorded in several years. Notwithstanding that, the Group has maintained a positive current ratio throughout, suggesting that it has managed its liquidity adequately.

However, given the occurrence of losses in multiple financial years and the Group's relatively weak financial position, this may affect its ability to obtain financing from banks on favourable terms.

In view of this, the decision to receive the Advances rather than incur new bank borrowings, appears aligned with the Group's objective of maintaining financial flexibility during the planned relocation of operations from Rawang to Melaka. The move is intended to consolidate operations under one roof, which is expected to improve operational efficiency and reduce costs over the long term.

Furthermore, we noted that the Advances were provided on terms acceptable to both parties and reflect continued support from Dato' Sri Lim, which signals his confidence in the Group's long-term prospects and helps ease short-term working capital pressures.

We noted that the Advances were timely and deemed necessary, as it helped the Group to address its business and operational needs. We were made to understand that the Advances and the Subsequent Outstanding Amount were extended by the Lenders as shareholders' advances without formal loan documentation. The absence of such documentation may give rise to certain legal or contractual risks, particularly in relation to enforceability or clarity of repayment terms.

Nonetheless, given that the Advances were extended by related parties who have ongoing involvement and/or transactions with the Group, and that the Proposed Debt Settlement will effectively regularise and formalise these obligations through the issuance of Settlement Shares, such legal risks are considered to be limited and adequately mitigated.

Accordingly, we are of the view that the nature of the Advances or the amount due to the Lenders is **reasonable**, given the capital-intensive nature of the Group's businesses and its challenging financial position to support its immediate operational requirements and they are **not detrimental** to the interests of the non-interested shareholders of the Company.

Proposed Debt Settlement

As disclosed in **Section 3** of Part A of the Circular, we noted that the Borrowers (collectively, the Company, Euro Space Industries, Euro Chairs, Euro Space System and ELSB) entered into a Settlement Agreement with the Lenders (collectively, Dato' Sri Lim, IASB, SPASB and SPPSB) on 6 March 2025 to settle an agreed sum of RM25,344,446 via the issuance of Settlement Shares to Dato' Sri Lim at an issue price of RM0.045 per share, subject to the terms and conditions of the Settlement Agreement. Dato' Sri Lim who is the controlling shareholder of IASB, SPASB and SPPSB, has been appointed by IASB, SPASB and SPPSB as the sole nominee to receive and accept the Settlement Shares. For the avoidance of doubt, Dato' Sri Lim will solely own the Settlement Shares to be issued to him and will not be holding them on behalf of IASB, SPASB and SPPSB.

Pursuant to the Settlement Agreement, the Company shall repay the Lenders the outstanding amount due of RM25,344,446 or the Settlement Sum which represents a partial settlement to the total outstanding indebtedness to the Lenders as at 31 December 2024 of RM28,863,057 in the following manner:

Lenders	Advances		Amount outstanding after the Proposed Debt Settlement (RM)	No. of Settlement Shares to be issued
	Amount outstanding as at 31 December 2024 (RM)	Amount to be settled (RM)		
Dato' Sri Lim ⁽¹⁾	17,253,722	15,361,769	1,891,953	563,209,911
IASB	5,124,326	4,410,813	713,513	-
SPASB	6,006,209	5,146,764	859,445	-
SPPSB	478,800	425,100	53,700	-
Total	28,863,057	25,344,446	3,518,611	563,209,911

Note:

(1) Dato' Sri Lim is the director and shareholder of IASB, SPASB and SPPSB.

We noted that the Borrowers intend to partially settle approximately 87.81% of the Advances through the Proposed Debt Settlement despite the Advances being interest-free and has no specific repayment period or term as part of the Group's efforts to strengthen its financial position by reducing its indebtedness and increasing its NA and to minimise any potential risks associated with the outstanding Advances (such as the Lenders' right to demand for repayment which may cause financial stress to the Group or failure of repayment). The Company has undertaken to settle the Advances on behalf of its subsidiaries as the subsidiaries, which are unlisted, have limited fund-raising avenues. Consequently, the subsidiaries are now indebted to the Company for the respective amount of the Advances.

We further noted that upon completion of the Proposed Debt Settlement (i.e., the issuance and allotment of Settlement Shares to Dato' Sri Lim), the Borrowers' indebtedness to the Lenders shall be deemed partially settled, resulting in a balance Advances of RM3,518,611 (mainly comprising advances that were incurred closest to 31 December 2024) which shall remain interest-free, unsecured and repayable on demand, subject to a mutually agreed period between the Borrowers and the Lenders in writing.

The decision to proceed with a partial settlement, rather than full repayment, is due to the balance of the Advances comprises advances that was incurred more recently. The Borrowers intend to fully settle the remaining Advances using internally generated funds.

The Proposed Debt Settlement is intended to be implemented concurrently with the Proposed Acquisition after taking into consideration that both the Settlement Shares and Consideration Shares will be issued to Dato' Sri Lim.

6.3.2 Rationale for the Proposed Debt Settlement

As per our evaluation on the rationale of the Proposed Debt Settlement in **Section 6.1.2** of this IAL, we concluded that the rationale is **reasonable**.

Please refer to **Section 6.1.2** of this IAL for our detailed evaluation.

6.3.3 Basis and justification for the issue price of Settlement Shares

Based on the issue price of the Settlement Shares of RM0.045 per Share, we are of the view that it is justifiable considering:

- (i) the **discounts** serve as an incentive to encourage the Lenders to agree with the Proposed Debt Settlement potentially expediting the resolution between parties.

The discount of 10.00% to the closing price of EURO Shares as at the LTD of RM0.0500 or 10.18% to the 5-day VWAP of EURO Shares up to and including the LTD of RM0.0501 is considered reasonable, as it represents the minimum discount the Company is able to offer to the Lenders in determining the issue price of the Settlement Shares prior to fixing the price at the LTD. Further, EURO Shares have closed at RM0.0500 on approximately 42.28% of the trading days over the past 6 months prior to and including the LTD, which demonstrates that the issue price remains aligned with the prevailing trading levels and market perception of the Company's shares during the period leading up to the LTD.

Meanwhile, as at the LPD, the issue price of RM0.0450 represents a discount of 10.00% to the closing price of EURO Shares as at the LPD and 1.96% to the five (5)-day VWAP of EURO Shares up to and including the LPD. These represent relatively lower discounts to the 5-day VWAP up to and including the LPD as compared to the LTD and are hence considered reasonable;

- (ii) the **discounts** compensate the Lenders for the risk associated with receiving shares in lieu of cash, particularly in light of potential share price volatility and market liquidity;
- (iii) the **discounts** reflect a reasonable pricing approach that is consistent with market practice for similar transactions involving share issuance as consideration.
- (iv) notwithstanding that the Advances are currently interest-free and unsecured, they are repayable on demand without a specific repayment period or term. In the absence of a fixed tenure or binding contractual obligation, there is a possibility that the Lenders may seek to revise the terms in the future.

We are of the view that in the absence of a fixed repayment term, the Advances remain at the discretion of the Lenders. Considering the opportunity costs incurred in extending such financial support without return, it would be understandable if the Lenders seek to revise the terms of the Advances.

Please refer to **Section 6.4.1** of this IAL for our detailed evaluation.

Premised on the foregoing, we are of the opinion that the issuance of the Settlement Shares at a discount to settle the Advances is **fair** and **reasonable**, as it represents the minimum discount the Company could offer and is consistent with market practice for similar share issuance transactions as consideration.

We conclude that the issue price of the Settlement Shares is **fair** and **reasonable** and **not detrimental** to the non-interested shareholders of the Company.

6.3.4 Salient terms of the Settlement Agreement

We have reviewed the salient terms of the Settlement Agreement in its entirety as disclosed in **Appendix II** of the Circular and of the view that the terms are based on normal commercial terms and are **reasonable** and **not detrimental** to the non-interested shareholders of the Company.

Please refer to **Section 6.5** of this IAL for our comments on the salient terms of the Settlement Agreement.

6.3.5 Effects of the Proposed Debt Settlement

Please refer to **Section 6.6** of this IAL for our assessment on the effects of the Proposals, including the Proposed Debt Settlement, on the issued share capital, NA and gearing, substantial shareholders' shareholdings as well as the earnings/losses and EPS/LPS of the Company.

6.3.6 Risks relating to the Proposed Debt Settlement

The risks associated with the Proposed Debt Settlement are as follows:

- (i) risk of dilution to minority shareholders' interests and increased influence of the controlling shareholders in the Company as the collective shareholdings of Dato' Sri Lim and his PACs (including S.P.A. Furniture being the controlling shareholder of EURO) are expected to increase significantly from 38.45% as at the LPD to 71.95% upon completion of the Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Rights Issue (assuming only Undertaking Shareholders subscribed to the Rights Shares pursuant to the Undertakings; and
- (ii) non-completion risk as the non-fulfilment of the Conditions Precedent may result in the termination of the Settlement Agreement.

We noted that the Company will take reasonable steps that are within its control to ensure completion of the Proposed Debt Settlement, including but not limited to closely monitoring the progress and ensuring fulfilment of the conditions precedent as stipulated in the Settlement Agreement in timely manner. Meanwhile, the non-interested shareholders of the Company will have the opportunity to mitigate the risk of dilution by participation in the Proposed Rights Issue.

Please refer to **Section 6.8.1** of this IAL for our comments on the risks relating the Proposed Debt Settlement.

6.3.7 Overall

Taken as a whole, we are of the view that the Proposed Debt Settlement is **fair** and **reasonable** and **not detrimental** to the interests of the non-interested shareholders of the Company.

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6.4 ISSUE PRICE OF CONSIDERATION SHARES, SETTLEMENT SHARES, PLACEMENT SHARES AND RIGHTS SHARES

6.4.1 Evaluation of the issue price of Consideration Shares and Settlement Shares

As disclosed in **Sections 2.5 and 3.3** of Part A of the Circular, we noted that the issue price of RM0.045 per Share for both the Consideration Shares and Settlement Shares was determined through negotiations between the parties to the SPA and Settlement Agreement, respectively, after considering, among others, the following:

- (i) the issue price is within the range of the transacted prices of EURO Shares for the past 12 months prior to the LTD with the lowest transacted price of RM0.045 on 10 October 2024 and the highest transacted price of RM0.110 on 14 June 2024; and
- (ii) the issue price represents a discount of RM0.0051 or 10.18% to the 5-day VWAP of EURO Shares of RM0.0501 as at the LTD.

We noted that the Consideration Shares and Settlement Shares are based on the LTD of 5 March 2025, being the latest trading date prior to the date of the SPA and Settlement Agreement which were entered on the same date.

We further noted that the Board (save for the Interested Directors) is of the view that the issue price for the Consideration Shares and Settlement Shares of RM0.045 is **reasonable** after taking into consideration, among others, the following:

- (a) Dato' Sri Lim's willingness to accept the Consideration Shares in lieu of cash for the purpose of the Proposed Acquisition which enables the Group to enhance its asset base without any immediate impact on its cash flow position as compared to full settlement via cash. This allows the Group to conserve its cash position which can be channelled towards financing its day-to-day operations and/or pursue other business opportunities, where required;
- (b) the Consideration Shares and Settlement Shares are subject to market risk of EURO Shares to be assumed by Dato' Sri Lim, which is influenced by factors including uncertainties such as market sentiments, economic conditions, changes in government policies, liquidity of EURO Shares as well as volatility of the general equity markets. The volatility of EURO Shares had fluctuated approximately 59.09% between the lowest transacted price of RM0.045 to the highest transacted price of RM0.110 for the past 12 months prior to the LTD;
- (c) the settlement of the Advances via the issuance of Settlement Shares allows the Group to conserve the cash for their day-to-day working capital as well as enhancing the Group's financial position with the increase in the Group's NA from RM89.55 million upon completion of the Proposed Acquisition to RM114.90 million upon completion of the Proposed Debt Settlement as set out in **Section 13.2** of Part A of the Circular; and
- (d) the **discount** of 10.18% to the 5-day VWAP of EURO Shares up to and including the LTD was deemed to be reasonable as it is at a level sufficiently attractive for Dato' Sri Lim to accept the Settlement Shares in lieu of cash for the settlement of the Settlement Sum while increasing his investment in the Company.

We noted that the issue price of RM0.045 for the Consideration Shares and Settlement Shares, in comparison to the closing market price and VWAP of EURO Shares as well as the consolidated NA per EURO Share are as follows:

(i) Closing market price and VWAP of EURO Shares

The table below sets out the discount of the issue price for the Consideration Shares and Settlement Shares to the closing market prices or the respective VWAP of EURO Shares over various timeframes up to and including the LTD and up to and including the LPD:

	Closing market price/ VWAP	(Discount) of the issue price of RM0.045 to the closing market price / VWAP	
	(RM)	(RM)	(%)
<u>Up to and including the LTD⁽¹⁾</u>			
Closing market price as at the LTD	0.0500	(0.0050)	(10.00)
5-day VWAP	0.0501	(0.0051)	(10.18)
One (1)-month VWAP	0.0505	(0.0055)	(10.89)
Three (3)-month VWAP	0.0539	(0.0089)	(16.51)
Six (6)-month VWAP	0.0557	(0.0107)	(19.21)
<u>Up to and including the LPD</u>			
Closing market price as at the LPD	0.0500	(0.0050)	(10.00)
5-day VWAP	0.0459	(0.0009)	(1.96)
One (1)-month VWAP	0.0457	(0.0007)	(1.53)
Three (3)-month VWAP	0.0494	(0.0044)	(8.91)
Six (6)-month VWAP	0.0487	(0.0037)	(7.60)

(Source: Bloomberg)

Note:

(1) 5 March 2025, being the last trading day prior to the date of the SPA and Settlement Agreement.

(ii) Consolidated NA per EURO Share

The comparison of the issue price for the Consideration Shares and Settlement Shares of RM0.045 to the consolidated NA per EURO Share are as follows:

	Consolidated NA per EURO Share	(Discount) of the issue price of RM0.045 to the consolidated NA per EURO Share	
	(RM)	(RM)	(%)
Audited as at 30 June 2025	0.0760 ⁽¹⁾	(0.0310)	(40.79)
Unaudited as at 30 September 2025	0.0746 ⁽²⁾	(0.0296)	(39.68)
Based on pro forma NA of EURO Group (upon completion of the Proposed Acquisition)	0.0688 ⁽³⁾	(0.0238)	(34.59)
Based on pro forma NA of EURO Group (upon completion of the Proposed Acquisition and Proposed Debt Settlement)	0.0630 ⁽⁴⁾	(0.0180)	(28.57)

Notes:

- (1) *Computed based on the audited consolidated NA of the Group as at 30 June 2025 of RM100.91 million divided by total issued Shares of EURO as at 30 June 2025 of 1,327,967,100 Shares.*
- (2) *Computed based on the unaudited consolidated NA of the Group as at 30 September 2025 of RM99.02 million divided by total issued Shares of EURO as at 30 September 2025 of 1,327,967,100 Shares.*
- (3) *Computed based on the pro forma consolidated NA of the Group of RM118.91 million divided by total issued Shares of EURO upon completion of the Proposed Acquisition of 1,727,967,100 Shares.*
- (4) *Computed based on the pro forma consolidated NA of the Group of RM144.25 million divided by total issued Shares of EURO upon completion of the Proposed Acquisition and Proposed Debt Settlement of 2,291,177,011 Shares.*

In our evaluation of the issue price of Consideration Shares and Settlement Shares, we are of the view that a period of not more than six (6) months up to the LTD is a more reasonable assessment period as it reflects the current market sentiment and the more recent market prices of EURO Shares.

Based on the analysis above, we noted that the issue price of the Consideration Shares and Settlement Shares of RM0.045 per Share:

- (i) represents a **discount** of 10.00% to the closing market price of EURO Shares as at the LTD;
- (ii) represents **discounts** ranging between 10.18% to 19.21% based on the five (5)-day, one (1)-month, three (3)-month and six (6)-month VWAP of EURO Shares up to and including the LTD;
- (iii) represents a **discount** of 10.00% to the closing market price of EURO Shares as at the LPD;
- (iv) represents **discounts** ranging between 1.53% to 8.91% based on the five (5)-day, one (1)-month, three (3)-month and six (6)-month VWAP of EURO Shares up to and including the LPD; and
- (v) represents **discounts** ranging between 28.57% to 40.79% based on the audited consolidated NA per EURO Share as at 30 June 2025, unaudited consolidated NA per EURO Share as at 30 September 2025 and pro forma NA per EURO Share upon the completion of the Proposed Acquisition and Proposed Debt Settlement.

Notwithstanding the above discounts, we are of the view that the issue price of Consideration Shares and Settlement Shares is **justifiable** considering:

- (i) the **discounts** serve as an incentive to encourage the Vendor and Lenders to agree with the Proposed Acquisition and Proposed Debt Settlement, respectively, potentially expediting the resolution between parties and minimizing the overall financial burden on the Company.

The discount of 10.00% to the closing price of EURO Shares as at the LTD of RM0.0500 or 10.18% to the 5-day VWAP of EURO Shares up to and including the LTD of RM0.0501 is considered reasonable, as it represents the minimum discount the Company is able to offer to the Vendor and Lenders in determining the issue price of the Consideration Shares and Settlement Shares prior to fixing the price at the LTD. Further, EURO Shares have closed at RM0.0500 on approximately 42.28% of the trading days over the past 6 months prior to and including the LTD, which demonstrates that the issue price remains aligned with the prevailing trading levels and market perception of the Company's shares.

Meanwhile, as at the LPD, the issue price of RM0.0450 represents a discount of 10.00% to the closing price of EURO Shares as at the LPD and 1.96% to the five (5)-day VWAP of EURO Shares up to and including the LPD. These represent relatively lower discounts to the 5-day VWAP up to and including the LPD as compared to the LTD and are hence considered reasonable;

- (ii) the **discounts** compensate the Vendor and Lenders for the risk associated with receiving shares in lieu of cash, particularly in light of potential share price volatility and market liquidity;
- (iii) the **discounts** reflect a reasonable pricing approach that is consistent with market practice for similar transactions involving share issuance as consideration. We observed the discounts in the past similar exercises as below:

Listed Issuer	Date of Circular	Issue Price	Discount/ Range of Discounts ⁽¹⁾
		(RM)	(%)
Panda Eco System Berhad	25 April 2025	0.3068	10.00
Binasat Communications Berhad	7 April 2025	0.2100	0.38 to 22.51
Magma Group Berhad	24 February 2025	0.2024	1.27 to 9.44
Seal Incorporated Berhad	13 February 2025	0.6100	2.88 to 14.79
Icon Offshore Berhad	10 January 2025	0.8800	10.19 to 22.30

Note:

- (1) *Discount of the issue price to the closing price and to the 5-day, 1-month, 3-month, and 6-month VWAP of the company's shares up to and including the last trading date and/or the latest practicable date, where applicable.*

The above comparable transactions were selected from corporate exercises undertaken by companies listed on Bursa Securities within the past 12 months up to the LPD involving share issuance as consideration; and

- (iv) the discounts are expected to be outweighed by the potential savings in rental payments of the Subject Property, which may be subject to further upward revision over time, in view of the Proposed Acquisition. Meanwhile, the Advances which are currently interest-free and unsecured, are repayable on demand without a specific repayment period or term. In the absence of a fixed tenure or binding contractual restriction, there is a possibility that the Lenders may seek to revise the terms in the future.

We are of the view that in the absence of a fixed repayment term, the Advances remain at the Lenders' discretion. Considering the opportunity costs incurred in extending such financial support without return, it is reasonable for the Lenders to seek a revision of the terms of the Advances.

Hence, we conclude that the issue price of the Consideration Shares and Settlement Shares is fair and reasonable and not detrimental to the non-interested shareholders of the Company.

The non-interested shareholders of the Company should note that the discount to the issue price of the Consideration Shares and Settlement Shares will result in the issuance of a higher number of Shares to Dato' Sri Lim (who is an Interested Major Shareholder) and consequently will result in greater dilution to them. Nevertheless, such discount is consistent with prevailing market practice for share issuances as consideration and is intended to improve the attractiveness of the shares to the Vendor/Lenders while allowing the Company greater flexibility in pricing. Having regard to the Company's financial position and the importance of completing the Proposed Acquisition and Proposed Debt Settlement on a timely basis, we are of the view that the resultant dilution arising from the discount is reasonable.

6.4.2 Evaluation of the issue price of Placement Shares

As disclosed in **Sections 4.3** of Part A of the Circular, we noted that the issue price for each tranche of the Placement Shares will be determined separately and fixed by the Board and announced at a later date after obtaining the relevant approvals for the Proposed Private Placement. The Placement Shares will be issued based on a discount of not more than 15.00% to the five (5)-day VWAP of EURO Shares immediately preceding the price-fixing date(s).

We further noted that the Board views that the discount of not more than 15.00% to the 5-day D-VWAP of EURO Shares immediately preceding the price-fixing date(s) will provide the Company with more flexibility when fixing the issue price of the Placement Shares and will increase its attractiveness for the Placee(s) to subscribe for the Placement Shares with an aim to raise the required funds for the purposes as detailed in **Section 8.1** of Part A of the Circular. Further, the said discount rate is comparable to the discount rates for the issue price for the new Shares issued pursuant to the Private Placement 2023, as defined and detailed in **Section 9** of Part A of the Circular, of 14.47% and 14.34% to the 5-day VWAP of the Shares up to and including the last market day immediately preceding the respective price-fixing dates for the Private Placement 2023.

For illustration purposes, the issue price per Placement Share is assumed at RM0.045, representing a discount of RM0.0009 or approximately 1.96% to the 5-day D-VWAP of EURO Shares up to and including the LPD of RM0.0459.

We noted that the indicative issue price of RM0.045 per Placement Share in comparison to the closing market price and VWAP of EURO Shares up to and including the LPD as well as the consolidated NA per EURO Share are as follows:

(i) Closing market price and VWAP of EURO Shares

The table below sets out the discount of the indicative issue price of RM0.045 per Placement Share to the closing market price or the respective VWAP of EURO Shares over various timeframes up to and including the LPD:

	Closing market price/VWAP (RM)	(Discount) of the indicative issue price of RM0.045 to the closing market price / VWAP (RM)	(%)
<u>Up to and including the LPD</u>			
Closing market price as the LPD	0.0500	(0.0050)	(10.00)
5-day VWAP	0.0459	(0.0009)	(1.96)
One (1)-month VWAP	0.0457	(0.0007)	(1.53)
Three (3)-month VWAP	0.0494	(0.0044)	(8.91)
Six (6)-month VWAP	0.0487	(0.0037)	(7.60)

(Source: Bloomberg)

(ii) Consolidated NA per EURO Share

The comparison of the indicative issue price for the Placement Shares of RM0.045 per Share to the consolidated NA per EURO Share are as follows:

	Consolidated NA per EURO Share (RM)	(Discount) of the indicative issue price of RM0.045 to the consolidated NA per EURO Share (RM)	(%)
Audited as at 30 June 2025	0.0760 ⁽¹⁾	(0.0310)	(40.79)
Unaudited as at 30 September 2025	0.0746 ⁽²⁾	(0.0296)	(39.68)
Based on pro forma NA of EURO Group (upon completion of the Proposed Acquisition, Proposed Debt Settlement and Proposed Private Placement)	0.0607 ⁽³⁾	(0.0157)	(25.86)

Notes:

- (1) Computed based on the audited consolidated NA of the Group as at 30 June 2025 of RM100.91 million divided by total issued Shares of EURO as at 30 June 2025 of 1,327,967,100 Shares.
- (2) Computed based on the unaudited consolidated NA of the Group as at 30 September 2025 of RM99.02 million divided by total issued Shares of EURO as at 30 September 2025 of 1,327,967,100 Shares.
- (3) Computed based on the pro forma consolidated NA of the Group of RM159.19 million divided by total issued Shares of EURO upon completion of the Proposed Acquisition, Proposed Debt Settlement and Proposed Private Placement of 2,623,168,711 Shares.

In our evaluation of the indicative issue price of the Placement Shares, we are of the view that a period of not more than six (6) months up to the LPD is a more reasonable assessment period as it reflects the current market sentiment and the more recent market prices of EURO Shares.

Based on the analysis above, we noted that the indicative issue price of the Placement Shares of RM0.045 per Share:

- (i) represents **discounts** ranging from 1.53% to 10.00% to the closing market price of EURO Shares as at the LPD, and over the five (5)-day, one (1)-month, three (3)-month and six (6)-month VWAP of EURO Shares up to and including the LPD; and
- (ii) represents **discounts** ranging between 25.86% to 40.79% based on the audited consolidated NA per EURO Share as at 30 June 2025, unaudited consolidated NA per EURO Share as at 30 September 2025 and pro forma NA per EURO Share upon the completion of the Proposed Acquisition, Proposed Debt Settlement and Proposed Private Placement.

Notwithstanding the discounts, we are of the view that the indicative issue price of the Placement Shares is **justifiable** in view that:

- (i) the **discount** serves as an incentive to encourage the Placees/third-party investors to participate in the Proposed Private Placement, thereby facilitating successful capital raising for the funding requirements of the Group as set out in **Section 8.1** of Part A of the Circular;
- (ii) the **discount** compensates the Placees/third-party investors for the opportunity cost and market risk associated with investing capital into the Company, particularly considering potential share price volatility and market liquidity;
- (iii) the **discount** reflects a reasonable pricing approach that is consistent with market practice for private placement issues of similar nature and size. We have observed past comparable transactions as follows:

Listed Issuer	Date of Circular	Size of placement (percentage of issued shares) (%)	Discount to the issue price (fixed or to be fixed, at not more than) (%)
SC Estate Builder Berhad	13 June 2025	30.00	20.00
Crest Builder Berhad	25 April 2025	30.00	20.00
Binasat Communications Berhad	7 April 2025	30.00	20.00
Southern Steel Berhad	19 December 2024	25.61	15.41

The above comparable transactions were selected from placement exercises of a comparable size undertaken by companies listed on Bursa Securities within the past 12 months up to the LPD; and

- (iv) the discount will be fixed at not more than 15.00% to the five (5)-day VWAP of EURO Shares immediately preceding the price-fixing date(s).

We noted that the closing price of EURO Shares has ranged between RM0.045 to RM0.055 over the last 3 months prior to the LPD. Allowing for a discount of up to 15% for the Proposed Private Placement will provide the Company with greater flexibility in determining the issue price of the Placement Shares in view of the prevailing share price levels.

Based on the foregoing, we conclude that the basis of fixing the issue price of the Placement Shares at a discount of not more than 15% is reasonable and not detrimental to the non-interested shareholders of the Company.

6.4.3 Evaluation of the issue price of Rights Shares

As disclosed in **Sections 5 and 5.1** of Part A of the Circular, we noted that the issue price of the Rights Shares shall be fixed and announced by the Board at a later date before the announcement of the Entitlement Date, after taking into consideration, amongst others, the following:

- (i) the amount of proceeds that the Company wishes to raise for purposes as set out in **Section 8.2** of Part A of the Circular;
- (ii) the rationale for the Proposed Rights Issue, as set out in **Section 5.8** of Part A of the Circular; and
- (iii) the TERP of the Shares based on the 5-day VWAP of the Shares up to and including the last trading day prior to the price-fixing date.

We further noted that the Board intends to fix the issue price of the Rights Shares at a discount of not more than 20.00% to the TERP of the Shares. This was determined by the Board after taking into consideration the need for the Company to price the Rights Shares at a level deemed sufficiently attractive to encourage subscription of the Rights Shares and to enable the Group to raise the necessary funds to meet the funding requirements as set out in **Section 8.2** of Part A of the Circular.

For illustration purposes, an indicative issue price of RM0.040 per Rights Share is assumed for the Proposed Rights Issue. The indicative issue price of RM0.040 is at a discount of RM0.0030 or approximately 6.87% to the TERP of the Shares of RM0.0430, calculated based on the 5-day VWAP of the Shares up to and including the LPD of RM0.0459.

We noted that the indicative issue price of RM0.040 per Rights Share, in comparison to the closing market price and VWAP of EURO Shares as well as the consolidated NA per EURO Share are as follows:

- (i) Closing market price and TERP of EURO Shares

The table below sets out the discount of the indicative issue price of RM0.040 per the Rights Share to the following TERP of EURO Shares based on the closing market price or the respective VWAP of EURO Shares over various timeframes up to and including the LPD:

	Closing market price / VWAP (RM)	TERP ⁽¹⁾ (RM)	(Discount) of the indicative issue price of RM0.040 of Rights Shares to the TERP (RM) (%)	
<u>Up to and including the LPD</u>				
Closing market price as at the LPD	0.0500	0.0450	(0.0050)	(11.11)
5-day VWAP	0.0459	0.0430	(0.0030)	(6.87)
One (1)-month VWAP	0.0457	0.0429	(0.0029)	(6.65)
Three (3)-month VWAP	0.0494	0.0447	(0.0047)	(10.51)
Six (6)-month VWAP	0.0487	0.0444	(0.0044)	(9.81)

(Source: Bloomberg)

Note:

(1) TERP is computed based on the Proposed Rights Issue as follows:

$$TERP = \frac{(A \times Y) + (B \times Z)}{A + B}$$

Where:

- A : Number of Shares after the completion of the Proposed Acquisition, Proposed Debt Settlement and Proposed Private Placement
- B : Number of Rights Shares (under the Maximum Scenario)
- Y : Respective closing market price / VWAP of Shares
- Z : Indicative issue price of Rights Shares

(ii) Comparison against the consolidated NA per EURO Share

The comparison of the indicative issue price for the Rights Shares of RM0.040 per Share to the consolidated NA per EURO Share are as follows:

	Consolidated NA per EURO Share (RM)	(Discount) of the indicative issue price of RM0.040 to the consolidated NA per EURO Share (RM)	(%)
Audited as at 30 June 2025	0.0760 ⁽¹⁾	(0.0360)	(47.37)
Unaudited as at 30 September 2025	0.0746 ⁽²⁾	(0.0296)	(39.68)
Based on pro forma NA of EURO Group (upon completion of the Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Rights Issue)	0.0500 ⁽³⁾	(0.0100)	(20.00)

Notes:

- (1) Computed based on the audited consolidated NA of the Group as at 30 June 2025 of RM100.91 million divided by total issued Shares of EURO as at 30 June 2025 of 1,327,967,100 Shares.
- (2) Computed based on the unaudited consolidated NA of the Group as at 30 September 2025 of RM99.02 million divided by total issued Shares of EURO as at 30 September 2025 of 1,327,967,100 Shares.
- (3) Computed based on the pro forma consolidated NA of the Group of RM262.57 million divided by total issued Shares of EURO upon completion of the Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Rights Issue (under the Maximum Scenario) of 5,246,337,422 Shares.

In our evaluation of the indicative issue price of the Rights Shares, we are of the view that a period of not more than six (6) months up to the LPD is a more reasonable assessment period as it reflects the current market sentiment and the more recent market prices of EURO Shares.

Based on the analysis above, we noted that the indicative issue price of the Rights Shares of RM0.040 per Share:

- (i) represents discounts ranging from 6.65% to 11.11% to the TERP based on the closing market price of EURO Shares as at the LPD, and over the five (5)-day, one (1)-month, three (3)-month and six (6)-month VWAP of EURO Shares up to and including the LPD;

- (ii) represents discounts ranging between 20.00% to 47.37% based on the audited consolidated NA per EURO Share as at 30 June 2025, unaudited consolidated NA per EURO Share as at 30 September 2025 and pro forma NA per EURO Share upon the completion of the Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Rights Issue (under the Maximum Scenario).

Notwithstanding the discounts, we are of the view that the indicative issue price of the Rights Shares is **justifiable** in view that:

- (i) the **discount** serves as an incentive to encourage the Undertaking Shareholders and Entitled Shareholders to subscribe for their entitlements under the Proposed Rights Issue, thereby improving the likelihood of full subscription and successful capital raising for the Company;
- (ii) the **discount** compensates shareholders for the opportunity cost and market risk associated with investing additional capital into the Company, particularly considering potential share price volatility and market liquidity;
- (iii) the **discount** takes into account potential trading restrictions or prevailing market sentiment that may affect shareholders' willingness or ability to subscribe for additional shares;
- (iv) the **discount** reflects a reasonable pricing approach that is consistent with market practice for rights issues of similar nature, while also maintaining fairness to existing shareholders. We have observed past comparable transactions as follows:

Listed Issuer	Date of Circular	Indicative Issue Price	TERP/TEAP	Discount	
		(RM)	(RM)	(RM)	(%)
Careplus Group Berhad	5 June 2025	0.120	0.1500	0.0300	20.00
Alliance Bank Malaysia Berhad	15 May 2025	2.800	3.5024	0.7024	20.05

The above comparable transactions were selected from rights issue exercises that did not involve the issuance of additional instruments, undertaken by companies listed on Bursa Securities within the past 12 months up to the LPD;

- (v) the **discount** may help mitigate the risk of under-subscription, thereby ensuring that the Company raises the intended level of funding to support its business operations, strategic initiatives, or working capital needs; and
- (vi) the discount will be fixed at not more than 20.00% to the TERP based on the 5-day VWAP of EURO Shares immediately preceding the price-fixing date(s).

We noted that the trading price of EURO Shares has ranged from RM0.045 to RM0.055 over the last 3 months prior to the LPD. Allowing for a discount of up to 20% for the Proposed Rights Issue will provide the Company with greater flexibility in determining the issue price of the Rights Shares in view of the prevailing share price levels.

Based on the foregoing, we conclude that the basis of fixing the issue price of Rights Shares at the discount of not more than 20% to the TERP is reasonable and not detrimental to the non-interested shareholders of the Company.

If non-interested shareholders of the Company do not subscribe to their rights entitlements under the Proposed Rights Issue, there will be a significant dilution of the shareholding of the non-interested shareholders of the Company from 61.55% to 28.05% after the Proposed Rights Issue under the Minimum Scenario, or to 43.81% after the Proposed Rights Issue under the Maximum Scenario, and would cause a significant transfer of value in the form of Rights Shares at a discount of 6.87% to the TERP of EURO Shares of RM0.0430 based on the five (5)-day VWAP up to and including the LPD to the participating shareholders in the Proposed Rights Issue based on the indicative issue price of RM0.040.

We noted that pursuant to the Rights Renunciation arrangement, Dato' Sri Lim has undertaken to renounce up to 25% and 50% of his entitlement under the Proposed Rights Issue to PH Performance and Datuk Lim, respectively. The effect of this arrangement is that part of the rights entitlement which would otherwise consolidate further under Dato' Sri Lim will instead be allocated to PH Performance and Datuk Lim.

We recognised that this provides certainty that the Undertaking Shareholders, collectively, will subscribe to the Proposed Rights Issue in full, thereby safeguarding the minimum subscription level and ensuring that the Company is able to raise the intended funds. It also moderates the potential concentration of shareholdings in the hands of a single shareholder by redistributing part of the entitlement among the Undertaking Shareholders.

As such, we are of the opinion that the Rights Renunciation arrangement is reasonable and not detrimental to the non-interested shareholders of the Company as it facilitates the full subscription of the Proposed Rights Issue while mitigating concerns of excessive concentration of shareholding in a single party.

Notwithstanding that Dato' Sri Lim and his PACs would be able to increase further their shareholdings at a price lower than the issue price for the Consideration Shares and Settlement Shares hence acquiring further control of the Company at a more discounted price, the said discount is intended to provide the Entitled Shareholders with an attractive opportunity to increase their participation in the Company on a pro-rata basis at a discount to the prevailing market price of EURO Shares and to reward the Entitled Shareholders for their continuous support to the Company.

Although through gaining further control Dato' Sri Lim and his PACs would be able to exert significant influence over the management and operations of the Company, this is mitigated by EURO having in place a Board which comprises four (4) independent Directors who are responsible to provide check and balance to the Board. The independent Directors would have a duty to protect the interest of the Company and its minority shareholders in relation to key business decisions.



Nevertheless, it should also be noted that the indicative issue price of the Placement Shares and indicative issue price of the Rights Shares are purely for illustration purpose and they will be determined and immediately announced by the Company at a later date, after obtaining the relevant approvals for Proposed Private Placement and Proposed Rights Issue respectively. As such, the discounts stated above are variable figures and may increase or decrease, depending on the actual issue price of the Placement Shares and Rights Shares.


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6.5 Salient terms of the SPA

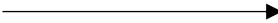
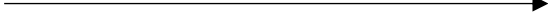
We have reviewed the salient terms of the SPA in its entirety as disclosed in **Appendix I** of the Circular and set out our comments as follows:


Salient terms of the SPA		Our comments
1.	<p>Sale and Purchase</p> <p>In consideration of ELSB (the “Purchaser”) agreeing to pay to the Vendor the total purchase consideration of RM56,000,000.00 (“Purchase Consideration”), the Vendor hereby agrees to sell and the Purchaser hereby agrees to purchase the Subject Property free from all encumbrances and with vacant possession, at the Purchase Consideration, subject to the terms and conditions contained in the SPA.</p>	<p>This term is justifiable as the Purchase Consideration were mutually agreed upon between the Vendor and the Purchaser. Please refer to our evaluation on the basis and justification of the Purchase Consideration and the issue price of Consideration Shares as set out in Sections 6.2 and 6.3.1 of this IAL, respectively.</p>
2.	<p>Purchase Consideration</p> <p>The Purchase Consideration shall be paid by the Purchaser to the Vendor in the following manner:</p> <p>(i) Deposit</p> <p>A sum of RM1,680,000.00 only which is equivalent to three per centum (3%) of the Purchase Consideration shall, within seven (7) working days from the date on which the Purchaser has complied with Clause 3.1(i) and Clause 3.1(iii) of the Appendix I of the Circular (i.e. procurement of approvals of EURO’s shareholders and the Purchaser’s shareholder at an extraordinary general meeting to be convened for the Proposed Acquisition), be paid by the Purchaser to the Purchaser’s solicitors as stakeholders (“Deposit”)*.</p> <p><i>Note:</i></p> <p>* <i>The Purchases and Vendor had, vide a supplemental letter dated 13 March 2025, mutually agreed to vary the term in relation to the payment of the Deposit set out in the SPA, i.e., the Deposit shall be paid within 7 working days from the date of the SPA, to extend the payment of the Deposit to within 7 working days from the procurement of approvals of EURO’s shareholders and the Purchaser’s shareholder at an extraordinary general meeting to be convened for the Proposed Acquisition.</i></p> <p>(ii) RPGT Retention Sum</p> <p>The Deposit retained by the Purchaser’s solicitors shall serve as the real property gains tax retention sum, payable by the Purchaser to the Director General of the Inland Revenue Board of Malaysia pursuant to the Real Property Gains Tax Act 1976 (“RPGT Retention Sum”).</p>	<p>This term is reasonable as the mode of settlement is mutually agreed upon between the Vendor and the Purchaser.</p> <p>We noted that the Purchase Consideration will be satisfied via cash of RM38.00 million which will be using internally-generated funds of the Group and proceeds to be raised from the Proposed Rights Issue.</p> <p>We are of the view that the partial settlement of the Purchase Consideration via the combination of cash and the issuance of Consideration Shares is reasonable as it enables the Group to conserve cash, mitigating any material impact on its cash flows compared to a full cash settlement.</p>

Salient terms of the SPA	Our comments
<p>(iii) Balance Purchase Consideration</p> <p>A sum of RM54,320,000.00 only which is equivalent to ninety-seven per centum (97%) of the Purchase Consideration, being the balance of the Purchase Consideration ("Balance Purchase Consideration") shall be paid by the Purchaser in the following manner, within the period of six (6) months from the Unconditional Date (as defined hereinafter) ("Completion Period");</p> <p>(a) A sum of RM36,320,000.00 only be paid in cash by the Purchaser to the Purchaser's solicitors as stakeholders.</p> <p>(b) A sum of RM18,000,000.00 only by way of allotment and issuance of Consideration Shares to the Vendor's nominee(s), namely Dato' Sri Lim at an issue price of RM0.045 per share.</p>	
<p>3. Conditions Precedent</p> <p>3.1 Conditions Precedent</p> <p>The sale and purchase of the Subject Property shall be subject to the fulfilment of all the following conditions precedent within six (6) months from the date of the SPA ("Conditional Period"), which shall be automatically be extended for a further six (6) months upon its expiry, or such other period, as may be mutually agreed between the Vendor and Purchaser in writing ("Extended Conditional Period");</p> <p>(i) the Purchaser having procured EURO to obtain the approval of its shareholders at an extraordinary general meeting to be convened for the acquisition of the Subject Property including the allotment and issuance of the Consideration Shares in accordance with the terms and conditions the SPA and the Proposed Exemption 1;</p> <p>(ii) the Purchaser having procured EURO to obtain the approval from Bursa Securities for the listing and quotation of the Consideration Shares;</p>	<p>The automatic six-month extension is reasonable as it allows sufficient time for approvals and processes outside the parties' control. This buffer minimises the need for repeated formal extensions and provides certainty for both Vendor and Purchaser in managing the transaction timeline.</p> <p>These terms are reasonable as they require the Purchaser and Vendor to procure the relevant requisite approvals and to be in compliance with the applicable laws and regulatory requirements.</p> 

Salient terms of the SPA	Our comments
<p>(iii) the Purchaser having procured its shareholders' approval in an extraordinary general meeting for the acquisition of the Subject Property as well as all other relevant regulatory and corporate approvals (if any);</p> <p>(iv) the Vendor and/or the Vendor's Nominee having obtained the Securities Commission Malaysia's approval for Proposed Exemption 1; and</p> <p>(v) the Vendor having obtained the state authority's consent for the transfer of the Subject Property in favour of the Purchaser.</p> <p>3.2 Non-Satisfaction/Waiver</p> <p>If any of the Conditions Precedent are not fulfilled or waived by the expiry of the Conditional Period or Extended Conditional Period, either party may terminate the SPA by notice in writing to the other whereupon the Purchaser's Solicitors shall refund the Deposit to the Purchaser within seven (7) working days from the termination of the SPA. Thereafter, the SPA shall be terminated and shall be of no further force and effect and neither party hereto shall have any claims against the other save and except for any other antecedent breach.</p> <p>3.3 Unconditionality</p> <p>The SPA will become unconditional on the date the Conditions Precedent set out in Clause 3.1 of the Appendix I of the Circular are all fulfilled (the "Unconditional Date").</p>	 <p>This term is acceptable as they serve to safeguard the interest of the Vendor and Purchaser. In the event the conditions precedent is not fulfilled and/or waived, either party may terminate the SPA with neither party shall have any claims against the other, save and except for any other antecedent breach.</p> <p>In the event the conditions precedent is fulfilled and/or waived, the Proposed Acquisition would be completed.</p>
<p>4. Extension of Completion Period</p> <p>4.1 Extended Completion Period</p> <p>In the event that the Balance Purchase Consideration or any part thereof is not settled within the Completion Period, the Vendor shall automatically grant to the Purchaser an extension of six (6) months immediately after the expiry of the Completion Period ("Extended Completion Period") to settle the Balance Purchase Consideration or such part thereof remaining outstanding subject to the terms of the SPA.</p>	<p>This term is acceptable as it provides reasonable timeframe to settle the Purchase Consideration via fund raising exercises undertaken by EURO Group, which is mutually agreed by the Vendor and Purchaser and is typical for transactions of such nature.</p>

Salient terms of the SPA		Our comments
<p>4.2 Mutually Agreed Extended Completion Period</p> <p>If the Purchaser is unable to settle the Balance Purchase Consideration due to unsuccessful Loan (as defined herein) or failure to obtain other financial assistance within the Extended Completion Period, the parties may mutually agree in writing to further extend the Extended Completion Period on such terms and conditions as they may deem fit to facilitate the Purchaser's further financing application ("Mutually Agreed Extended Completion Period").</p>		<p>This term is reasonable as it provides the Purchaser with greater flexibility to settle the Purchase Consideration within a mutually agreed extended period, allowing time to explore alternative funding options.</p>
<p>5. Termination</p> <p>5.1 Default by Purchaser</p> <p>In the event the Purchaser shall default in payment of the Balance Purchase Consideration in accordance with the SPA or in the event the Purchaser shall be in breach of any material provision of the SPA or the instrument of transfer of the Subject Property ("Transfer") is not accepted or is rejected for registration or is not registered due to the default, wilful neglect, omission or blameworthy conduct on the part of the Purchaser, and, thereafter such failure or breach is not remedied by the Purchaser within thirty (30) days after the Vendor have given written notice to the Purchaser's Solicitors for the Purchaser to remedy such failure or breach or such extended period to be granted by the Vendor PROVIDED THAT without any fault of the Vendor and the Vendor have complied with all the terms herein, the Vendor shall be entitled to terminate the SPA by giving written notice to the Purchaser and forfeit the Deposit as agreed liquidated damages but all other payments made towards the Purchase Consideration shall be refunded to the Purchaser free of interest within fourteen (14) days from the date of the notice of termination issued by the Vendor, the Purchaser shall, at its own cost and expenses, if applicable:</p> <ul style="list-style-type: none"> (i) re-deliver vacant possession of Subject Property to the Vendor without any rental or compensation being payable; (ii) forthwith remove all encumbrances and/or caveats, if any, on the Subject Property attributable to the Purchaser and/or the Purchaser's Financier (as defined hereinafter); and 		<p>These are standard terms of termination normally incorporated in an agreement for similar transactions. Thus, these terms are reasonable and not detrimental to the non-interested shareholders of EURO, as they set out the rights of the Purchaser and Vendor and the circumstances under which the SPA may be terminated.</p> 

Salient terms of the SPA	Our comments
<p>(iii) return or cause to be returned to the Vendor of all the relevant documents (if the same has already been delivered to the Purchaser and is still in its possession) with the Vendor's interest intact save and except for the Transfer which shall be redelivered to the Vendor after the Purchaser has made a claim for the refund of the stamp duty paid thereon, and the said stamp duty having been refunded and the Purchaser's receipt of the Transfer from the relevant stamp office (where applicable);</p> <p>whereupon the SPA shall terminate and cease to be of any further effect but without prejudice to any right, which either party may be entitled to against the other party in respect of any antecedent breach of the SPA.</p> <p>5.2 Default by Vendor</p> <p>In the event the Vendor shall fail to comply observe or be in breach of any provision of the SPA or in the event that any of the representations or warranties of the Vendor is untrue or incorrect or misleading in any respect or the Transfer is not accepted or is rejected for registration or is not registered for any reason whatsoever due to the default, wilful neglect, omission on the part of the Vendor, and such failure or breach or reason for non-registration is not remedied by the Vendor within thirty (30) days after the Purchaser have given written notice to the Vendor to remedy such failure or breach, the Purchaser shall be entitled at the cost and expense of the Vendor and at the Purchaser's sole discretion to the following remedies:</p> <p>(i) the remedy of specific performance of the SPA against the Vendor together with all reliefs flowing therefrom; or</p> <p>(ii) the Vendor shall, within fourteen (14) days of receipt by the Vendor of notice in writing from the Purchaser of such event, refund to the Purchaser all monies paid by the Purchaser towards the Purchase Consideration under the SPA free of interest together with an additional sum equivalent to the Deposit as agreed liquidated damages, the Purchaser shall, if applicable:</p> <p>(a) re-deliver vacant possession of the Subject Property to the Vendor without any rental or compensation being payable;</p> <p>(b) forthwith remove all encumbrances and/or caveats, if any, on the Subject Property attributable to the Purchaser and/or the Purchaser's Financier (as defined hereinafter); and</p>	<div style="text-align: center;">  </div> <p>This term is reasonable as it serves to safeguard and protect the interest of Purchaser in the event of default by the Vendor and this is typical term governing the possible termination of the SPA.</p> <div style="text-align: center;">  </div>

Salient terms of the SPA	Our comments
<p>(iii) return by the Purchaser to the Vendor of all the relevant documents (if the same have already been delivered to the Purchaser and are still in its possession) with the Vendor's interest intact save and except for the Transfer which shall be re-delivered to the Vendor after the Purchaser has made a claim for the refund of the stamp duty paid thereon, and the said stamp duty having been refunded and the Purchaser's receipt of the Transfer from the relevant stamp office (where applicable);</p> <p>whereupon the SPA shall terminate and cease to be of any further effect but without prejudice to any right, which either party may be entitled to against the other party in respect of any antecedent breach of the SPA.</p>	



Based on the above, we are of the view that the salient terms of the SPA are based on normal commercial terms and are reasonable and not detrimental to the non-interested shareholders of the Company.

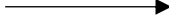
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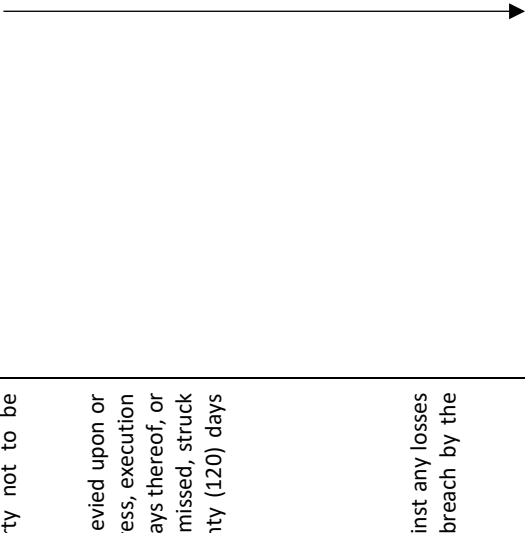
6.6 Salient terms of the Settlement Agreement

We have reviewed the salient terms of the Settlement Agreement in its entirety as disclosed in **Appendix II** of the Circular and set out our comments as follows:

Salient terms of the Settlement Agreement		Our comments
1.	<p>Settlement</p> <p>In consideration that EURO intended to settle the Debts owed by the Borrowers to the Lenders through the issuance of Settlement Shares, the Borrowers hereby agrees that the Settlement Shares shall be issued solely to Dato' Sri Lim, whereby the Debts shall be deemed fully repaid and settled by way of allotment and issuance of the Settlement Shares into the CDS Account of Dato' Sri Lim and subsequent listing and quotation of the Settlement Shares on the Main Market of Bursa Securities, subject to the terms and conditions contained in the Settlement Agreement ("Settlement").</p>	<p>This term is reasonable as the settlement via the issuance of Settlement Shares and that the Settlement Shares shall be issued solely to Dato' Sri Lim were mutually agreed upon between the Lenders and the Borrowers. Please refer to our evaluation on the issue price of Settlement Shares as set out in Section 6.3.1 of this IAL.</p>
2.	<p>Conditions Precedent</p> <p>2.1 Conditions Precedent</p> <p>The Settlement shall be subject to the fulfilment of all the following conditions precedent within six (6) months* from the date of the Settlement Agreement ("Conditional Period") or such other period, as may be mutually agreed between the Lenders and Borrowers ("the Parties") in writing:</p> <ul style="list-style-type: none"> (i) The approval of Bursa Securities for the listing and quotation of the Settlement Shares on the Main Market of Bursa Securities; (ii) The approval of the board of directors of the Borrowers in respect of the Settlement and the execution of the Settlement Agreement; (iii) The approval of the board of directors of Lenders in respect of the Settlement and the execution of the Settlement Agreement; (iv) The approval of the shareholders of EURO at an extraordinary general meeting to be held for the Settlement including the allotment and issuance of the Settlement Shares to Dato' Sri Lim pursuant to the Settlement Agreement and the Proposed Exemption 2. In addition, such approval shall not be amended, withdrawn, revoked, rescinded or cancelled on and before the date of the issuance of the Settlement Shares; (v) The approval of the shareholders of the Borrowers, excluding Dato' Sri Lim, for the Settlement and the execution of the Settlement Agreement; 	<p>These terms are reasonable as they require the Lenders and Borrowers to procure the relevant requisite approvals and to be in compliance with the applicable laws and regulatory requirements.</p>

Salient terms of the Settlement Agreement	Our comments
<p>(vi) The approval of the Securities Commission Malaysia for Proposed Exemption 2; and</p> <p>(vii) The procurement of such other necessary approvals, consents, permission or no objection (as the case may be) that is necessary from all the relevant regulatory authorities and third parties having been obtained for the Settlement and such approval, consent permission or no objection (as the case may be) shall not be amended, withdrawn, revoked, rescinded or cancelled on or before the date of the issuance of the Settlement Shares.</p> <p>(collectively, “Conditions Precedent”)</p> <p><i>Note:</i></p> <p>* <i>The Borrowers and the Lenders had, vide a supplemental letter dated 4 September 2025, mutually agreed to extend the period for fulfilment of the conditions precedent under the Settlement Agreement for an additional 6 months, i.e. up to and including 5 March 2026.</i></p> <p>2.2 Non-Satisfaction/Waiver</p> <p>In the event any of the Conditions Precedent is not fulfilled by the defaulting party and the non defaulting party does not or is not willing to waive such Conditions Precedent (provided such condition precedent is not mandatory required by any laws or relevant authorities and can be waived by the non-defaulting party), the non-defaulting party shall, at its absolute discretion, be entitled (but no obliged) to terminate the Settlement Agreement forthwith by way of notice of termination served on the defaulting party, without prejudice to the non-defaulting party's rights and remedies at law and/or hereunder in respect of any antecedent breaches by the defaulting party of the Settlement Agreement and the following terms shall apply:</p> <p>(i) the Settlement Agreement will be null and void and of no further effect;</p> <p>(ii) the Parties shall negotiate in good faith on the repayment of the Debts by the Borrowers to the Lenders; and</p> <p>(iii) the Parties shall cease to have any obligations arising from the Settlement Agreement against each other save for any antecedent breaches arises prior thereto.</p>	 <p>These terms are fair, as it allows the non-defaulting party to terminate the Settlement Agreement if any Conditions Precedent are not fulfilled and the non-defaulting party chooses not to, or is not willing to, waive such conditions (as long as those conditions are not legally required and can be waived). The clause also fairly provides for good faith negotiations on debt repayment and preserves rights for any prior breaches. Overall, the terms are reasonable and protect both sides.</p> 

Salient terms of the Settlement Agreement		Our comments
2.3	Unconditionality	In the event the Conditions Precedent are fulfilled and/or waived, the Proposed Debt Settlement would be completed.
	Completion of Settlement	This term is acceptable as it provides a reasonable timeframe to effect the issuance, listing, and quotation of the Settlement Shares on the Main Market of Bursa Securities. It also provides clarity on when the Proposed Debt Settlement will be deemed completed.
3.	<p>EURO shall allot and issue the Settlement Shares to Dato' Sri Lim by crediting the Settlement Shares into the CDS Account of Dato' Sri Lim within a period of eight (8) Market Days (as defined below) from the Unconditional Date, whereby EURO shall also cause the Settlement Shares to be listed and quoted on Main Market of Bursa Securities not later than five (5) Market Days from the date of allotment and issuance of the Settlement Share. Upon the listing and quotation of the Settlement Shares on the Main Market of Bursa Securities, the Settlement shall be deemed fully completed, and the Borrowers shall be discharged and released from all obligations related to the Debts owed to the Lenders.</p> <p>("Market Days" shall means as day on which the stock market of Bursa Securities is open for trading in securities.)</p>	
4.	<p>Termination</p> <p>Either party may terminate the Settlement Agreement immediately if the other party:</p> <ul style="list-style-type: none"> (i) commits a material breach of the terms or conditions of the Settlement Agreement, and such breach is not capable of being remedied, including breaches of any of the representations and warranties in the Settlement Agreement; (ii) commits breach any representation, warranty or covenant set out in the Settlement Agreement and shall fail to remedy such breach within thirty (30) days from the service of any written notice by the terminating party complaining of such breach; (iii) goes into voluntary liquidation or otherwise than for the purpose of reconstruction or amalgamation or reorganisation of its group, or if an order of the court is made for its compulsory liquidation; (iv) shall become insolvent or enter into any composition or arrangement with its creditors in general; 	<p>These are standard terms of termination normally incorporated in an agreement for similar transactions. Thus, these terms are reasonable and not detrimental to the non-interested shareholders of the Company, as it sets out the rights of Lenders and Borrowers and the circumstances under which the Settlement Agreement may be terminated.</p> 

Salient terms of the Settlement Agreement	Our comments
<p>(v) cease or threaten to cease to carry on the whole or most of its business other than in the course of reconstruction or amalgamation with the prior consent of the terminating party not to be unreasonably withheld; or</p> <p>(vi) if any distress or execution or other process of a court of competent jurisdiction is levied upon or issued against any substantial part of the assets or property of a party and such distress, execution or other process (as the case may be) is not satisfied by such party within thirty (30) days thereof, or unless any of the foregoing is contested in good faith within thirty (30) days and dismissed, struck off, withdrawn, suspended, set aside or discharged within one hundred and twenty (120) days thereof (or such longer period as may be agreed by the other Party),</p> <p>and the following terms shall apply:</p> <p>(i) the Settlement Agreement will be null and void and of no further effect;</p> <p>(ii) the defaulting party shall indemnify and hold the non-defaulting party harmless against any losses or damages that may be suffered by the non-defaulting party as a result of the breach by the defaulting party; and</p> <p>(iii) the Parties shall cease to have any obligations arising from the Settlement Agreement against each other save for any antecedent breaches arises prior thereto.</p>	

Based on the above, we are of the view that the salient terms of the Settlement Agreement are based on normal commercial terms and are reasonable and not detrimental to the non-interested shareholders of the Company.

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6.7 Effects of the Proposals

We noted that of the effects of the Proposals in **Section 13** of Part A of the Circular. We also noted that the effect of the shareholding structure of the substantial shareholders under different permutations are illustrated in **Sections 6.2 and 6.3** of Part A of the Circular.

We also take cognisance that the Proposed Exemptions, on a standalone basis, will not have any effect on the Company's issued share capital, the NA and gearing of the Group, the substantial shareholders' shareholdings in the Company and the earnings/losses and EPS/LPS of the Company.

Our evaluation on the pro forma effects of the Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Rights Issue on the Company's share capital, the NA and gearing of the Group, the substantial shareholders' shareholdings in the Company and the earnings/losses and EPS/LPS of the Company are based on the Minimum Scenario and Maximum Scenario, and where applicable the Only Private Placement and Rights Issue Scenario as further explained below:

Scenario	Assumptions
Minimum Scenario	1,473,837,611 Rights Shares to be issued, based on the following: (i) the Proposed Acquisition, Proposed Debt Settlement and Proposed Private Placement are completed prior to the implementation of the Proposed Rights Issue; and (ii) subscription by the Undertaking Shareholders pursuant to the Undertakings, and no other Entitled Shareholders subscribe for their entitlement under the Proposed Rights Issue.
Maximum Scenario	Up to 2,623,168,711 Rights Shares to be issued, based on the following: (i) the Proposed Acquisition, Proposed Debt Settlement and Proposed Private Placement are completed prior to the implementation of the Proposed Rights Issue; and (ii) subscription by the Undertaking Shareholders pursuant to the Undertakings, and all other Entitled Shareholders subscribe in full for their entitlements under the Proposed Rights Issue.
Only Private Placement and Rights Issue Scenario	1,473,837,611 Rights Shares to be issued, based on the following: (i) none of the Proposed Acquisition and Proposed Debt Settlement are implemented/completed prior to the implementation of the Proposed Rights Issue; (ii) the Proposed Private Placement is completed prior to the implementation of the Proposed Rights Issue; and (iii) subscription by the Undertaking Shareholders pursuant to the Undertakings, and no other Entitled Shareholders subscribe for their entitlements under the Proposed Rights Issue.

6.7.1 Issued share capital

The pro forma effects of the Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Rights Issue on the Company's share capital are as follows:

	Minimum Scenario		Maximum Scenario		Only Private Placement and Rights Issue Scenario	
	No. of Shares	RM'000	No. of Shares	RM'000	No. of Shares	RM'000
Issued share capital as at the LPD	1,327,967,100	95,508	1,327,967,100	95,508	1,327,967,100	95,508
Issuance of the Consideration Shares ⁽¹⁾	400,000,000	18,000	400,000,000	18,000	-	-
Issuance of the Settlement Shares ⁽²⁾	1,727,967,100	113,508	1,727,967,100	113,508	1,327,967,100	95,508
	563,209,911	25,344	563,209,911	25,344	-	-
Issuance of the Placement Shares ⁽³⁾	2,291,177,011	138,852	2,291,177,011	138,852	1,327,967,100	95,508
	331,991,700	14,940	331,991,700	14,940	331,991,700	14,940
Issuance of the Rights Shares ⁽⁴⁾	2,623,168,711	153,792	2,623,168,711	153,792	1,659,958,800	110,448
	1,473,837,611	57,404	2,623,168,711	103,377	1,473,837,611	57,404
Enlarged issued share capital	4,097,006,322	211,196	5,246,337,422	257,169	3,133,796,411	167,852

Notes:

- (1) Based on the issue price of RM0.045 per Consideration Share.
- (2) Based on the issue price of RM0.045 per Settlement Share.
- (3) Based on an indicative issue price of RM0.045 per Placement Share.
- (4) Based on an indicative issue price of RM0.040 per Rights Share and after taking into account the estimated expenses for the Proposals of RM1.55 million. In the event the Proposed Rights Issue is not implemented, the Group will utilise its internally-generated funds to fund the said estimated expenses for the Proposals.

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Our comments

We noted that the enlarged number of shares of EURO will increase from 1,327,967,100 Shares to up to 4,097,006,322 Shares (under the Minimum Scenario) or 5,246,337,422 Shares (under the Maximum Scenario) upon completion of the Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Rights Issue. Accordingly, the issued share capital of EURO will increase from RM95.51 million to RM211.20 million (under the Minimum Scenario) or RM257.17 million (under the Maximum Scenario) upon completion of the Proposals.

However, the pro forma effects of the Proposed Rights Issue on the issued share capital of the Company may vary depending on the actual issue price.

6.7.2 NA and gearing

The pro forma effects of the Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Rights Issue on the NA and gearing of the Group, based on the audited consolidated statement of financial position of the Company as at 30 June 2025 and assuming that the Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Rights Issue had been effected on that date, are as follows:

Minimum Scenario

	(I)		(II)		(III)		(IV)	
	(Audited) As at 30 June 2025	Subsequent events up to the LPD	After the Proposed Acquisition	After (I) and the Proposed Debt Settlement	After (II) and the Proposed Private Placement	After (III) and the Proposed Rights Issue		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Share capital	95,508	95,508	113,508 ⁽¹⁾	138,853 ⁽²⁾	153,792 ⁽³⁾	211,196 ⁽⁴⁾		
Revaluation reserve	35,258	35,258	35,258	35,258	35,258	35,258		
Accumulated losses	(29,858)	(29,858)	(29,858)	(29,858)	(29,858)	(29,858)		
Total equity	100,908	100,908	118,908	144,253	159,192	216,596		
No. of Shares ('000)	1,327,967	1,327,967	1,727,967	2,291,177	2,623,169	4,097,006		
NA per Share ⁽⁵⁾ (RM)	0.08	0.08	0.07	0.06	0.06	0.05		
Net borrowings ⁽⁶⁾	671	671 ⁽⁷⁾	671	671	671	671		
Gearing ratio ⁽⁸⁾ (times)	0.01	0.01	0.01	Neg	Neg	Neg		

Notes:

Neg Negligible. Being less than 0.01.

(1) Based on the issuance of 400,000,000 Consideration Shares at the issue price of RM0.045 per Consideration Share.

- (2) Based on the issuance of 563,209,911 Settlement Shares at the issue price of RM0.045 per Settlement Share.
- (3) Based on the issuance of 331,991,700 Placement Shares at the indicative issue price of RM0.045 per Placement Share.
- (4) Based on the issuance of 1,473,837,611 Rights Shares at the indicative issue price of RM0.040 per Rights Share and after taking into account the estimated expenses for the Proposals of RM1.55 million. In the event the Proposed Rights Issue is not implemented, the Group will utilise its internally-generated funds to fund the said estimated expenses.
- (5) Computed based on NA divided by the number of Shares in issue.
- (6) Computed based on total borrowings less fixed deposit and cash and bank balances.
- (7) After taking into consideration the repayment of bank borrowings for the period from 1 July 2024 until 30 June 2025 amounting to RM3.26 million.
- (8) Computed based on net borrowings divided by shareholders' equity.

Maximum Scenario

	(Audited) As at 30 June 2025	Subsequent events up to the LPD	(I)		(II)		(III)		(IV)	
			After the Proposed Acquisition	RM'000	After (I) and the Proposed Debt Settlement	RM'000	After (II) and the Proposed Private Placement	RM'000	After (III) and the Proposed Rights Issue	RM'000
Share capital	95,508	95,508	113,508 ⁽¹⁾	138,853 ⁽²⁾	153,792 ⁽³⁾	257,169 ⁽⁴⁾				
Revaluation reserve	35,258	35,258	35,258	35,258	35,258	35,258				
Accumulated losses	(29,858)	(29,858)	(29,858)	(29,858)	(29,858)	(29,858)				
Shareholders' equity	100,908	100,908	118,908	144,253	159,192	262,569				
No. of Shares ('000)	1,327,967	1,327,967	1,727,967	2,291,177	2,623,169	5,246,337				
NA per Share ⁽⁵⁾ (RM)	0.08	0.08	0.07	0.06	0.06	0.05				
Net borrowings ⁽⁶⁾	671	671 ⁽⁷⁾	671	671	671	671				
Gearing ratio ⁽⁸⁾ (times)	0.01	0.01	0.01	Neg	Neg	Neg				

Notes:

Neg Negligible. Being less than 0.01.

- (1) Based on the issuance of 400,000,000 Consideration Shares at the issue price of RM0.045 per Consideration Share.

- (2) Based on the issuance of 563,209,911 Settlement Shares at the issue price of RM0.045 per Settlement Share.
- (3) Based on the issuance of 331,991,700 Placement Shares at the indicative issue price of RM0.045 per Placement Share.
- (4) Based on the issuance of 2,623,168,711 Rights Shares at the indicative issue price of RM0.040 per Rights Share and after taking into account the estimated expenses for the Proposals of RM1.55 million. In the event the Proposed Rights Issue is not implemented, the Group will utilise its internally-generated funds to fund the said estimated expenses.
- (5) Computed based on NA divided by the number of Shares in issue.
- (6) Computed based on total borrowings less fixed deposit and cash and bank balances.
- (7) After taking into consideration the repayment of bank borrowings for the period from 1 July 2024 until 30 June 2025 amounting to RM3.26 million.
- (8) Computed based on net borrowings divided by shareholders' equity.

Only Private Placement and Rights Issue Scenario

	(i) Subsequent events up to the LPD	(ii) After (i) and the Proposed Private Placement	(iii) After (ii) and the Proposed Rights Issue
	(Audited) As at 30 June 2025		
	RM'000	RM'000	RM'000
Share capital	95,508	110,448 ⁽¹⁾	167,851 ⁽²⁾
Revaluation reserve	32,258	32,258	32,258
Accumulated losses	(29,858)	(29,858)	(29,858)
Total equity	100,908	115,848	173,251
No. of Shares ('000)	1,327,967	1,659,959	3,133,796
NA per Share ⁽³⁾ (RM)	0.08	0.07	0.06
Net borrowings ⁽⁴⁾	671	671	671
Gearing ⁽⁵⁾ (times)	0.01	0.01	Neg

Notes:

Neg Negligible. Being less than 0.01.

- (1) Based on the issuance of 331,991,700 Placement Shares at the indicative issue price of RM0.045 per Placement Share.
- (2) Based on the issuance of 1,473,837,611 Rights Shares at the indicative issue price of RM0.040 per Rights Share and after taking into account the estimated expenses for the Proposals of RM1.55 million.
- (3) Computed based on NA divided by the number of Shares in issue.
- (4) Computed based on total borrowings less fixed deposit and cash and bank balances.
- (5) Computed based on net borrowings divided by total equity.
- (6) After taking into consideration the repayment of bank borrowings for the period from 1 July 2024 until 30 June 2025 amounting to RM3.26 million.

Our comments

We noted that pursuant to the Proposals, the pro forma NA per EURO Share will decrease from RM0.08 as at the LPD to RM0.05 after the Proposals under both Minimum Scenario and Maximum Scenario. This is mainly due to the issuance of the Right Shares at the indicative issue price of RM0.040, which is below the pro forma NA per EURO Share of RM0.060 per Share (upon completion of the Proposed Acquisition, Proposed Debt Settlement and Proposed Private Placement).

Notwithstanding the drop in the pro forma NA per EURO Share due to the dilution effects of the Consideration Shares, Settlement Shares, Placement Shares, Rights Shares, the pro forma NA of EURO will increase from RM100.91 million to RM216.60 million (under the Minimum Scenario) or to RM262.60 million (under the Maximum Scenario).

Based on the audited consolidated financial statements of EURO as at 30 June 2025, EURO has net borrowings of RM0.67 million compared to its shareholders' equity of RM100.91 million. The gearing ratio of EURO as at the LPD of 0.01 times is expected to further reduce in tandem with the increase of the NA pursuant to the issuance of Consideration Shares, Settlement Shares, Placement Shares and Rights Shares.

However, the pro forma effects of the Proposed Private Placement and Proposed Rights Issue on the NA and gearing of the Group may vary depending on the actual issue price.

6.7.3 Substantial shareholders' shareholdings

The pro forma effects of the Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Rights Issue on the substantial shareholders' shareholdings in the Company are as follows:

Minimum Scenario

Name	As at the LPD			(I) After the Proposed Acquisition		
	No. of Shares	% ⁽¹⁾	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares	% ⁽²⁾
Dato' Sri Lim	1,783,500	0.13	-	401,783,500	-	23.25
PH Performance	285,000	0.02	-	285,000	-	0.02
S.P.A. Furniture	508,559,200	38.30	-	508,559,200	-	29.43
Datin Sri Ong Lely	-	-	510,627,700 ⁽⁶⁾	-	910,627,700 ⁽⁶⁾	52.70
Datin Chooi Moi	-	-	508,559,200 ⁽⁷⁾	-	508,559,200 ⁽⁷⁾	29.43
Datuk Lim	-	-	285,000 ⁽⁸⁾	-	285,000 ⁽⁸⁾	0.02
Total	510,627,700	38.45		910,627,700		52.70
Name	(II) After (I) and the Proposed Debt Settlement			(III) After (II) and the Proposed Private Placement		
	No. of Shares	% ⁽³⁾	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares	% ⁽⁴⁾
Dato' Sri Lim	964,993,411	42.12	-	964,993,411	-	36.79
PH Performance	285,000	0.01	-	285,000	-	0.01
S.P.A. Furniture	508,559,200	22.20	-	508,559,200	-	19.39
Datin Sri Ong Lely	-	-	1,473,837,611 ⁽⁶⁾	-	1,473,837,611 ⁽⁶⁾	56.19
Datin Chooi Moi	-	-	508,559,200 ⁽⁷⁾	-	508,559,200 ⁽⁷⁾	19.39
Datuk Lim	-	-	285,000 ⁽⁸⁾	-	285,000 ⁽⁸⁾	0.01
Total	1,473,837,611	64.33		1,473,837,611		56.19
Name	(IV) After (III) and the Proposed Rights Issue					
	No. of Shares	% ⁽⁵⁾	Indirect No. of Shares			
Dato' Sri Lim	1,206,241,765	29.44	-			
PH Performance	241,818,352	5.90	-			
S.P.A. Furniture	1,017,118,400	24.83	-			
Datin Sri Ong Lely	-	-	2,465,178,517 ⁽⁶⁾			
Datin Chooi Moi	-	-	1,017,118,400 ⁽⁷⁾			
Datuk Lim	482,496,705	11.78	241,818,352 ⁽⁸⁾			
Total	2,947,675,222	71.95				

Notes:

- (1) *Computed based on the total number of issued Shares of 1,327,967,100 as at the LPD.*
- (2) *Computed based on total number of issued Shares of 1,727,967,100 after the Proposed Acquisition.*
- (3) *Computed based on total number of issued Shares of 2,291,177,011 after the Proposed Debt Settlement.*
- (4) *Computed based on total number of issued Shares of 2,623,168,711 after the Proposed Private Placement.*
- (5) *Computed based on total number of issued Shares of 4,097,006,322 after the Proposed Rights Issue.*
- (6) *Deemed interested by virtue of her shareholding held in S.P.A Furniture and PH Performance pursuant to Section 8 of the Act and the shareholdings held by her spouse, namely Dato' Sri Lim, pursuant to Section 59(11)(c) of the Act.*
- (7) *Deemed interested by virtue of her shareholding held in S.P.A Furniture pursuant to Section 8 of the Act.*
- (8) *Deemed interested by virtue of her shareholding held in PH Performance pursuant to Section 8 of the Act.*

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Maximum Scenario

Name	As at the LPD			(I) After the Proposed Acquisition		
	Direct No. of Shares	% ⁽¹⁾	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares	% ⁽²⁾
Dato' Sri Lim	1,783,500	0.13	-	401,783,500	-	-
PH Performance	285,000	0.02	-	285,000	-	-
S.P.A. Furniture	508,559,200	38.30	-	508,559,200	-	-
Datin Sri Ong Lely	-	-	510,627,700 ⁽⁶⁾	-	910,627,700 ⁽⁶⁾	52.70
Datin Chooi Moi	-	-	508,559,200 ⁽⁷⁾	-	508,559,200 ⁽⁷⁾	29.43
Datuk Lim	-	-	285,000 ⁽⁸⁾	-	285,000 ⁽⁸⁾	0.02
Total	510,627,700	38.45		910,627,700		52.70

Name	(II) After (I) and the Proposed Debt Settlement			(III) After (II) and the Proposed Private Placement		
	Direct No. of Shares	% ⁽³⁾	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares	% ⁽⁴⁾
Dato' Sri Lim	964,993,411	42.12	-	964,993,411	-	-
PH Performance	285,000	0.01	-	285,000	-	-
S.P.A. Furniture	508,559,200	22.20	-	508,559,200	-	-
Datin Sri Ong Lely	-	-	1,473,837,611 ⁽⁶⁾	-	1,473,837,611 ⁽⁶⁾	56.19
Datin Chooi Moi	-	-	508,559,200 ⁽⁷⁾	-	508,559,200 ⁽⁷⁾	19.39
Datuk Lim	-	-	285,000 ⁽⁸⁾	-	285,000 ⁽⁸⁾	0.01
Total	1,473,837,611	64.33		1,473,837,611		56.19

Name	(IV) After (III) and the Proposed Rights Issue		
	Direct No. of Shares	% ⁽⁵⁾	Indirect No. of Shares
Dato' Sri Lim	1,206,241,765	22.99	-
PH Performance	241,818,352	4.61	-
S.P.A. Furniture	1,017,118,400	19.39	-
Datin Sri Ong Lely	-	-	2,465,178,517 ⁽⁶⁾
Datin Chooi Moi	-	-	1,017,118,400 ⁽⁷⁾
Datuk Lim	482,496,705	9.20	241,818,352 ⁽⁸⁾
Total	2,947,675,222	56.19	

Notes:

- (1) Computed based on the total number of issued Shares of 1,327,967,100 as at the LPD.
- (2) Computed based on total number of issued Shares of 1,727,967,100 after the Proposed Acquisition.
- (3) Computed based on total number of issued Shares of 2,291,177,011 after the Proposed Debt Settlement.
- (4) Computed based on total number of issued Shares of 2,623,168,711 after the Proposed Private Placement.
- (5) Computed based on total number of issued Shares of 5,246,337,422 after the Proposed Rights Issue.
- (6) Deemed interested by virtue of her shareholdings held in S.P.A Furniture and PH Performance pursuant to Section 8 of the Act and the shareholding held by her spouse, namely Dato' Sri Lim, pursuant to Section 59(11)(c) of the Act.
- (7) Deemed interested by virtue of her shareholding held in S.P.A Furniture pursuant to Section 8 of the Act.
- (8) Deemed interested by virtue of her shareholding held in PH Performance pursuant to Section 8 of the Act.

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Only Private Placement and Rights Issue Scenario

Name	As at the LPD			(I) After the Proposed Private Placement		
	Direct		Indirect	Direct		Indirect
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾
Dato' Sri Lim	1,783,500	0.13	-	-	1,783,500	0.11
PH Performance	285,000	0.02	-	-	285,000	0.02
S.P.A. Furniture	508,559,200	38.30	-	-	508,559,200	30.63
Datin Sri Ong Lely	-	-	510,627,700 ⁽⁴⁾	38.45	-	-
Datin Chooi Moi	-	-	508,559,200 ⁽⁵⁾	38.30	-	-
Datuk Lim	-	-	285,000 ⁽⁶⁾	0.02	-	-
Total	510,627,700	38.45			510,627,700	30.76

Name	(II) After (I) and the Proposed Rights Issue					
	Direct		Indirect			
	No. of Shares	% ⁽³⁾	No. of Shares	% ⁽³⁾	No. of Shares	% ⁽³⁾
Dato' Sri Lim	243,031,854	7.75	-	-	-	-
PH Performance	241,818,352	7.72	-	-	-	-
S.P.A. Furniture	1,017,118,400	32.45	-	-	-	-
Datin Sri Ong Lely	-	-	1,501,968,606 ⁽⁴⁾	47.93	-	-
Datin Chooi Moi	-	-	1,017,118,400 ⁽⁵⁾	32.46	-	-
Datuk Lim	482,496,705	15.40	241,818,352 ⁽⁶⁾	7.72	-	-
Total	1,984,465,311	63.32				

Notes:

(1) Computed based on the total number of issued Shares of 1,327,967,100 as at the LPD.

- (2) Computed based on the total number of issued Shares of 1,659,958,800 after the Proposed Private Placement.
- (3) Computed based on the total number of issued Shares of 3,133,796,411 after the Proposed Private Placement and Proposed Rights Issue.
- (4) Deemed interested by virtue of her shareholdings held in S.P.A Furniture and PH Performance pursuant to Section 8 of the Act and the shareholding held by her spouse, namely Dato' Sri Lim, pursuant to Section 59(11)(c) of the Act.
- (5) Deemed interested by virtue of her shareholding held in S.P.A Furniture pursuant to Section 8 of the Act.
- (6) Deemed interested by virtue of her shareholding held in PH Performance pursuant to Section 8 of the Act.

Pro forma substantial shareholders' shareholdings based on different permutations

In addition to the above illustrations of effects on the shareholdings of substantial shareholders pursuant to the implementation of the Proposals, we noted as disclosed in **Sections 6.2 and 6.3** of Part A of the Circular that the potential shareholdings of Dato' Sri Lim and his PACs in EURO based on other possible scenarios of implementation of the Proposals, can be illustrated as below:

(i) Scenario 1(A) – Assuming the Proposed Acquisition is not implemented (i.e. only Proposed Debt Settlement is implemented)

Name	As at the LPD No. of Shares	% ⁽¹⁾	After the Proposed Debt Settlement No. of Shares	% ⁽²⁾
Dato' Sri Lim	1,783,500	0.13	564,993,411	29.88
Datin Sri Ong Lely	-	-	-	-
Datin Chooi Moi	-	-	-	-
Datuk Lim	-	-	-	-
S.P.A. Furniture	508,559,200	38.20	508,559,200	26.89
PH Performance	285,000	0.02	285,000	0.02
Total	510,627,700	38.45	1,073,837,611	56.78

Notes:

- (1) Computed based on the total number of issued Shares of 1,327,967,100 as at the LPD.
- (2) Computed based on total number of issued Shares of 1,891,177,011 after the Proposed Debt Settlement.

(ii) **Scenario 1(B) – Assuming the Proposed Acquisition is implemented (i.e. both Proposed Acquisition and Proposed Debt Settlement are implemented)**

Name	(i) As at the LPD		(ii) After the Proposed Acquisition		(iii) After (ii) and the Proposed Debt Settlement	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽³⁾
Dato' Sri Lim	1,783,500	0.13	401,783,500	23.25	964,993,411	42.12
Datin Sri Ong Lely	-	-	-	-	-	-
Datin Chooi Moi	-	-	-	-	-	-
Datuk Lim	-	-	-	-	-	-
S.P.A. Furniture	508,559,200	38.20	508,559,200	29.43	508,559,200	22.20
PH Performance	285,000	0.02	285,000	0.02	285,000	0.01
Total	510,627,700	38.45	910,627,700	52.70	1,473,837,611	64.33

Notes:

(1) Computed based on the total number of issued Shares of 1,327,967,100 as at the LPD.

(2) Computed based on total number of issued Shares of 1,727,967,100 after the Proposed Acquisition.

(3) Computed based on total number of issued Shares of 2,291,177,011 after the Proposed Acquisition and Proposed Debt Settlement.

(iii) **Scenario 2(A) – Assuming only the Proposed Private Placement and Proposed Rights Issue (only Undertaking Shareholders subscribed to the Rights Shares pursuant to the Undertakings) are implemented**

Name	(i) As at the LPD		(ii) After the Proposed Private Placement		(iii) After (ii) and the Proposed Rights Issue*	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽³⁾
Dato' Sri Lim	1,783,500	0.13	1,783,500	0.11	243,031,854	7.75
Datin Sri Ong Lely	-	-	-	-	-	-
Datin Chooi Moi	-	-	-	-	-	-
Datuk Lim	-	-	-	-	482,496,705	15.40
S.P.A. Furniture	508,559,200	38.20	508,559,200	30.63	1,017,118,400	32.45
PH Performance	285,000	0.02	285,000	0.02	241,818,352	7.72
Total	510,627,700	38.45	510,627,700	30.76	1,984,465,311	63.32

Notes:

* Assuming subscription by Dato' Sri Lim, PH Performance, S.P.A. Furniture and Datuk Lim pursuant to the Undertakings.

(1) Computed based on the total number of issued Shares of 1,327,967,100 as at the LPD.

(2) Computed based on the total number of issued Shares of 1,659,958,800 after the Proposed Private Placement.

(3) Computed based on total number of issued Shares of 3,133,796,411 after the Proposed Private Placement and Proposed Rights Issue.

(iv) Scenario 2(B) – Assuming only Proposed Acquisition, Proposed Private Placement and Proposed Rights Issue (only Undertaking Shareholders subscribed to the Rights Shares pursuant to the Undertakings) are implemented

Name	(i) As at the LPD		(ii) After the Proposed Acquisition		(iii) After (ii) and the Proposed Private Placement		(iv) After (iii) and the Proposed Rights Issue*	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽³⁾	No. of Shares	% ⁽⁴⁾
Dato' Sri Lim	1,783,500	0.13	401,783,500	23.25	401,783,500	19.51	643,031,854	18.20
Datin Sri Ong Lely	-	-	-	-	-	-	-	-
Datin Chooi Moi	-	-	-	-	-	-	-	-
Datuk Lim	-	-	-	-	-	-	482,496,705	13.66
S.P.A. Furniture	508,559,200	38.20	508,559,200	29.43	508,559,200	24.69	1,017,118,400	28.78
PH Performance	285,000	0.02	285,000	0.02	285,000	0.01	241,818,352	6.84
Total	510,627,700	38.45	910,627,700	52.70	910,627,700	44.21	2,384,465,311	67.48

Notes:

* Assuming subscription by Dato' Sri Lim, PH Performance, S.P.A. Furniture and Datuk Lim pursuant to the Undertakings.

(1) Computed based on the total number of issued Shares of 1,327,967,100 as at the LPD.

(2) Computed based on total number of issued Shares of 1,727,967,100 after the Proposed Acquisition.

(3) Computed based on total number of issued Shares of 2,059,958,800 after the Proposed Acquisition and Proposed Private Placement.

(4) Computed based on total number of issued Shares of 3,533,796,411 after the Proposed Acquisition, Proposed Private Placement and Proposed Rights Issue.

(v) Scenario 2(C) – Assuming only Proposed Debt Settlement, Proposed Private Placement and Proposed Rights Issue (only Undertaking Shareholders subscribed to the Rights Shares pursuant to the Undertakings) are implemented

Name	(i) As at the LPD		(ii) After the Proposed Debt Settlement		(iii) After (ii) and the Proposed Private Placement		(iv) After (iii) and the Proposed Rights Issue*	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽³⁾	No. of Shares	% ⁽⁴⁾
Dato' Sri Lim	1,783,500	0.13	564,993,411	29.88	564,993,411	25.41	806,241,765	21.81
Datin Sri Ong Lely	-	-	-	-	-	-	-	-
Datin Chooi Moi	-	-	-	-	-	-	-	-
Datuk Lim	-	-	-	-	-	-	482,496,705	13.05
S.P.A. Furniture	508,559,200	38.20	508,559,200	26.89	508,559,200	22.88	1,017,118,400	27.51
PH Performance	285,000	0.02	285,000	0.02	285,000	0.01	241,818,352	6.54
Total	510,627,700	38.45	1,073,837,611	56.78	1,073,837,611	48.30	2,547,675,222	68.91

Notes:

* Assuming subscription by Dato' Sri Lim, PH Performance, S.P.A. Furniture and Datuk Lim pursuant to the Undertakings.

(1) Computed based on the total number of issued Shares of 1,327,967,100 as at the LPD.

(2) Computed based on total number of issued Shares of 1,891,177,011 after the Proposed Debt Settlement.

(3) Computed based on total number of issued Shares of 2,223,168,711 after the Proposed Debt Settlement and Proposed Private Placement.

(4) Computed based on total number of issued Shares of 3,697,006,322 after the Proposed Debt Settlement, Proposed Private Placement and Proposed Rights Issue.

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(vi) Scenario 2(D) – Assuming Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Rights Issue (only Undertaking Shareholders subscribed to the Rights Shares pursuant to the Undertakings) are implemented

Name	(i) As at the LPD		(ii) After the Proposed Acquisition		(iii) After (ii) and the Proposed Debt Settlement		(iv) After (iii) and the Proposed Private Placement		(v) After (iv) and the Proposed Rights Issue*	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽³⁾	No. of Shares	% ⁽⁴⁾	No. of Shares	% ⁽⁵⁾
Dato' Sri Lim	1,783,500	0.13	401,783,500	23.25	964,993,411	42.12	964,993,411	36.79	1,206,241,765	29.44
Datin Sri Ong Lely	-	-	-	-	-	-	-	-	-	-
Datin Chooi Moi	-	-	-	-	-	-	-	-	-	-
Datuk Lim	-	-	-	-	-	-	-	-	482,496,705	11.78
S.P.A. Furniture	508,559,200	38.20	508,559,200	29.43	508,559,200	22.20	508,559,200	19.39	1,017,118,400	24.83
PH Performance	285,000	0.02	285,000	0.02	285,000	0.01	285,000	0.01	241,818,352	5.90
Total	510,627,700	38.45	910,627,700	52.70	1,473,837,611	64.33	1,473,837,611	56.19	2,947,675,222	71.95

Notes:

* Assuming subscription by Dato' Sri Lim, PH Performance, S.P.A. Furniture and Datuk Lim pursuant to the Undertakings.

(1) Computed based on the total number of issued Shares of 1,327,967,100 as at the LPD.

(2) Computed based on total number of issued Shares of 1,727,967,100 after the Proposed Acquisition.

(3) Computed based on total number of issued Shares of 2,291,177,011 after the Proposed Acquisition and Proposed Debt Settlement.

(4) Computed based on total number of issued Shares of 2,623,168,711 after the Proposed Acquisition, Proposed Debt Settlement and Proposed Private Placement.

(5) Computed based on total number of issued Shares of 4,097,006,322 after the Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Rights Issue.

Our comments

Based on the above illustrations, we can summarise the pro forma effects of the Proposals on the shareholders' shareholdings under possible scenarios as follows:

No.	Scenario	Shareholding/Pro forma shareholding in EURO (%)		
		Dato' Sri Lim	Dato' Sri Lim and his PACs	Other shareholders / public
1.	As at the LPD	0.13	38.45	61.55
2.	After only Proposed Acquisition is implemented	23.25	52.70	47.30
3.	1(A) - Assuming the Proposed Acquisition is not implemented (i.e. only Proposed Debt Settlement is implemented)	29.88	56.78	43.22
4.	1(B) – Assuming the Proposed Acquisition is implemented (i.e. both Proposed Acquisition and Proposed Debt Settlement are implemented)	42.12	64.33	35.67
5.	2(A) - Assuming only the Proposed Private Placement and Proposed Rights Issue (only Undertaking Shareholders subscribed to the Rights Shares pursuant to the Undertakings) are implemented or Only Private Placement and Rights Issue Scenario	7.75	63.32	36.68
6.	2(B) - Assuming only Proposed Acquisition, Proposed Private Placement and Proposed Rights Issue (only Undertaking Shareholders subscribed to the Rights Shares pursuant to the Undertakings) are implemented	18.20	67.48	32.52
7.	2(C) - Assuming only Proposed Debt Settlement, Proposed Private Placement and Proposed Rights Issue (only Undertaking Shareholders subscribed to the Rights Shares pursuant to the Undertakings) are implemented	21.81	68.91	31.09
8.	2(D) - Assuming only Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Rights Issue (only Undertaking Shareholders subscribed to the Rights Shares pursuant to the Undertakings) are implemented or Minimum Scenario	29.44	71.95	28.05
9.	Maximum Scenario	22.99	56.19	43.81

In view of the above, we wish to highlight the followings:

- (i) the individual shareholding of Dato' Sri Lim is expected to increase from 0.13% as at the LPD to 42.12% after both the Proposed Acquisition and Proposed Debt Settlement are implemented. This is the only scenario where the individual shareholding of Dato Sri Lim will increase to more than 33%;
- (ii) the collective shareholdings of Dato' Sri Lim and his PACs are expected to increase from 38.45% as at the LPD to 52.70% after only Proposed Acquisition is implemented. We also noted that the collective shareholdings of Dato' Sri Lim and his PACs will increase to more than 50% in all possible scenarios; and
- (iii) the shareholding of other shareholders is expected to dilute the most from 61.55% as at the LPD to 28.05% after the Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Rights Issue (only Undertaking Shareholders subscribed to the Rights Shares pursuant to the Undertakings) are implemented or under the Minimum Scenario.

It is pertinent for the non-interested shareholders of the Company to note that their existing percentage of shareholding would be significantly diluted pursuant to the issuance of the Consideration Shares and Settlement Shares to Dato' Sri Lim, issuance of the Placement Shares to the third-party placee(s) and further diluted upon subscription of the Rights Shares by the Undertaking Shareholders, should they choose not to subscribe for the Rights Shares.

As per the pro forma effects illustrated above and as disclosed in **Section 7** of Part A of the Circular, the Proposals are not expected to result in any breach in the public shareholding spread requirement by the Company under Paragraph 8.02(1) of the Listing Requirements, which stipulates that a listed corporation must ensure that at least 25% of its total listed shares (excluding any treasury shares) are in the hands of public shareholders.

To prevent such potential breach of public shareholding spread requirement, the Proposed Private Placement is made a condition for the implementation of the Proposed Rights Issue as it will increase the shareholding of public as the Placement Shares will be placed to third-party investor(s).

However, the pro forma effects of the Proposed Rights Issue on the substantial shareholders' shareholdings may vary depending on the actual issue price.

6.7.4 Earnings/Losses and EPS/LPS

Barring any unforeseen circumstances, the realisation of the benefits from the utilisation of proceeds of the Proposed Private Placement and Proposed Rights Issue as disclosed in **Section 8** of Part A of the Circular is expected to contribute positively to the future earnings of the Group. However, there is no certainty on the realisation of the benefits arising from the utilisation of the proceeds.

The Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Rights Issue will not have any material effect on the consolidated earnings/losses of the Company for the FYE 30 June 2026.

The LPS is expected to be diluted as a result of the issuance of the Consideration Shares, Settlement Shares, Placement Shares and Rights Shares.

Based on the audited consolidated financial statements of the Company for the FYE 30 June 2025 and assuming the Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Rights Issue have been effected on 1 July 2024, being the beginning of the FYE 30 June 2025, the pro forma effects of the Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Rights Issue on the consolidated losses and LPS of the Company are as follows:

	(I) Audited as at 30 June 2025 (RM'000)	(II) After the Proposed Acquisition (RM'000)	(II) After (I) and the Proposed Debt Settlement (RM'000)	(III) After (II) and the Proposed Private Placement (RM'000)	After (III) and the Proposed Rights Issue Minimum Scenario (RM'000)	(IV) Maximum Scenario (RM'000)
LAT / Pro forma LAT	(4,170)	(4,170)	(4,170)	(4,170)	(4,170)	(4,170)
Weighted average no. of Shares ('000)	1,327,967	1,727,967 ⁽¹⁾	2,291,177 ⁽²⁾	2,623,169 ⁽³⁾	4,097,006 ⁽⁴⁾	5,246,337 ⁽⁵⁾
LPS / Pro forma LPS (sen) ⁽⁶⁾	(0.31)	(0.24)	(0.18)	(0.16)	(0.10)	(0.08)

Notes:

- (1) Computed based on the issuance of 400,000,000 Consideration Shares after the Proposed Acquisition.
- (2) Computed based on the issuance of 563,209,911 Settlement Shares after the Proposed Acquisition and Proposed Debt Settlement.
- (3) Computed based on the issuance of 331,991,700 Placement Shares after the Proposed Acquisition, Proposed Debt Settlement and Proposed Private Placement.
- (4) Computed based on the issuance of 1,473,837,611 Rights Shares after the Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Rights Issue (under Minimum Scenario).
- (5) Computed based on the issuance of 2,623,168,711 Rights Shares after the Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Rights Issue (under Maximum Scenario).
- (6) Computed based on the pro forma LAT divided by weighted average number of Shares.

6.7.5 Convertible securities

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

Premised on the above, we are of the view that the overall effects of the Proposals are not detrimental to the interest of the non-interested shareholders of the Company.

6.8 Economic outlook, industry overview and prospects of the Group

We noted the overview and outlook of the Malaysian economy, manufacturing and furniture industry, steel industry, and prospects and future plans of the Group as set out in **Section 12** of Part A of the Circular.

6.8.1 Overview and outlook of the Malaysian economy

Global growth was slower in the third quarter of 2025, as higher tariffs began affecting growth and uncertainty remained elevated. Growth in US was broadly sustained at 2.3% as resilient consumption offset slower investments. In China, slowed to 4.8% property sector downturn and weak sentiments continued to weigh on growth. Across Asia, Chinese Taipei and Indonesia sustained steady growth at 7.6% and 5.0% respectively, while Philippines and Singapore experienced weaker growth.

In the regional economies, trade activity eased largely due to lower trade in electrical and electronics (E&E), and machinery and equipment (M&E), after earlier surge to beat tariff deadlines. Headline inflation edged lower, especially in emerging economies as agricultural prices fell due to higher supply of selected beverage crops (e.g. cocoa, coffee) and grains.

Malaysia's GDP nevertheless recorded a stronger growth of 5.2% in 3Q 2025 (2Q: 4.4%), underpinned by sustained household spending, steady investment activity, and continued export growth led by E&E, robust tourism, and recovery in mining related exports. However, agriculture sector moderated led by slower performance in rubber, oil palm and other agriculture subsectors. On a quarter on quarter seasonally adjusted basis, the economy expanded by 2.4% (2Q: 2.2%).

Headline inflation remained stable at 1.3%, while core inflation edged higher to 2.0%. While the higher core inflation added impetus to headline inflation, this was offset by declines in selected administered prices, namely electricity and diesel, during the quarter. Labour market conditions remain positive. The unemployment rate remained unchanged at 3% in 3Q 2025 (2Q: 3%). Employment improved to 16.97 million persons in 3Q 2025 (2Q: 16.85 million persons) amid continued demand for labour. The ringgit appreciated against most trading partner currencies, supported by favourable domestic economic prospects and a weaker outlook for the US dollar, following the US Federal Reserve's policy rate cut in September.

Looking ahead, Malaysia's growth projection for 2025 remains within the range of 4.0%–4.8%, driven by resilient domestic demand. Household spending will continue to be supported by employment, wage growth, and income-related policy measures. The expansion in investment activity will be driven by the progress of multi-year projects in both the private and public sectors, the continued high realisation of approved investments, as well as the ongoing implementation of catalytic initiatives under national master plans and the Thirteenth Malaysia Plan (RMK13). Budget 2026 measures will also provide additional impetus to economic activity in 2026. Exports performance is expected to be impacted by tariffs and more moderate external demand. However, growth would be supported by continued demand for electrical and electronic goods, inbound tourism as well as the recovery in mining-related

(Source: Quarterly bulletin for the third quarter of 2025, Bank Negara Malaysia)

Malaysia's economy is projected to record steady growth, expanding between 4% and 4.8% in 2025, supported by firm domestic demand. Private consumption is expected to remain robust, driven by favourable labour market conditions, higher disposable income, targeted government assistance and strong tourism activities. Investment momentum will be sustained through implementation of multi-year projects and growing inflows into high-growth sectors such as semiconductors and data centres. From the supply side, growth will continue to be led by the services and manufacturing sectors, buoyed by resilient tourism, retail trade and the expansion of the digital economy.

In 2026, economic growth is anticipated to remain stable, ranging between 4% and 4.5%, underpinned by resilient domestic demand and a steady external sector. Private consumption will be supported by the implementation of Phase 2 of the Public Service Remuneration System, continued targeted assistance and strong tourism activities under Visit Malaysia 2026. Investment activity will remain firm, with capital expenditures focused on high-impact strategic sectors. The services and manufacturing sectors will continue to drive growth, complemented by steady expansion in construction and agriculture.

Over the medium term, Malaysia's economic outlook remains positive, supported by sound fiscal management, continued structural reforms and ongoing efforts to enhance productivity, innovation and digitalisation. The Government remains committed to maintaining fiscal sustainability while promoting inclusive growth, social protection and competitiveness.

(Source: Economic Outlook 2026, Ministry of Finance Malaysia)

6.8.2 Overview and outlook of manufacturing and furniture industry in Malaysia

Malaysia's furniture industry has demonstrated remarkable resilience and adaptability despite recent economic uncertainties. From January to August 2024, Malaysia's total global furniture trade surged 15.5%. Exports accounted for RM8.34 billion, reflecting an impressive 11.7% year-on-year growth compared to 2023. This strong performance highlights the industry's recovery, its ability to navigate shifting market dynamics, and its ability to strengthen its global competitiveness.

The sector's export-driven nature remains key to its success, with over 80% of production intended for international markets. Malaysian manufacturers have built a strong reputation for high-quality furniture and competitive pricing, positioning them among the world's top 10 furniture exporters. Malaysia's products cover various categories, including bedroom sets, kitchen furniture, office furnishings, and modular designs tailored for modern living.

However, Malaysian manufacturers face increasing competition from regional powerhouses such as China and Vietnam. China, the world's largest furniture exporter, benefits from economies of scale and cost efficiency, enabling it to offer products at highly competitive prices. Meanwhile, Vietnam has become a strong contender thanks to its lower labour costs and aggressive trade strategies. Lastly, we should closely watch out the potential tariff imposition by US on consumer products.

Despite these challenges, Malaysia's furniture industry has differentiated itself through product innovation, sustainable manufacturing practices, and superior craftsmanship. With a strong emphasis on eco-friendly production, Malaysian manufacturers have capitalised on sustainability trends, mainly using rubberwood, a renewable and environmentally friendly resource.

Looking ahead to 2025, Malaysia's furniture industry is poised for continued growth, driven by several key factors. One of the most significant influences is the strength of the US dollar, which makes Malaysian furniture more affordable to international buyers. If the Malaysian ringgit weakens against the US dollar, this could further boost export demand, making Malaysian products even more competitive globally.

Moreover, the devastating wildfires in Los Angeles have created an unexpected surge in demand for home furnishings. Reconstruction efforts are expected to drive significant furniture purchases in the US. Malaysian manufacturers, especially those offering durable and cost-effective furniture solutions, stand to benefit from this increased demand.

Beyond the US, Malaysia is also set to expand its footprint in emerging markets such as India and Southeast Asia, where rising disposable incomes and urbanisation trends fuel furniture consumption. India, in particular, is experiencing rapid growth in the home furnishing sector, presenting new opportunities for Malaysian exporters.

(Source: The Observer - Official Newsletter from MSWG, 7 February 2025)

6.8.3 Overview and outlook of steel industry in Malaysia

Malaysia's steel production has been closely tied to the country's rapid industrialisation and infrastructure development over the past few decades. The growth of the steel industry has been driven by government backed infrastructure projects, such as highways, railways, ports and urban development initiatives, under programmes like the 11th and 12th Malaysia Plans. These efforts, combined with a rising demand for steel from the construction and manufacturing sectors, fuelled steel consumption, which peaked in 2018 at 9.78 million tonnes.

Malaysia's per capita steel consumption remains modest compared to its regional peers, reflecting slower growth in domestic demand. The industry is characterised by a mix of private and state-owned companies, with significant reliance on imported raw materials, as Malaysia lacks substantial reserves of key minerals like nickel, compared to Indonesia. Despite these challenges, the government continues to prioritise the steel industry as a critical component of its economic and infrastructure development.

On August 15, 2023, Malaysia's Ministry of Investment, Trade and Industry ("MITI") implemented a two-year moratorium on the steel industry. This decision aimed to address existing challenges within the sector and realign its direction with NIMP 2030. The moratorium covers all activities related to applications, licensing, diversification and manufacturing, although exceptions may be granted on a case-by-case basis for licence applications that support the NIMP 2030 agenda.

Malaysia's construction market was valued at \$49.47 billion in 2024 and is projected to grow to \$82.96 billion by 2032, reflecting a CAGR of 9%. With the full resumption of infrastructure projects post-pandemic, alongside rising investments and government-sponsored mega projects, the demand for steel in Malaysia is expected to experience significant growth. Key infrastructure initiatives, such as transportation networks, residential developments and commercial buildings are likely to be the main drivers of this increased demand.

Malaysia's industrial strategies, including NIMP 2030 and NAP 2020, focus on leveraging the growing demand for EVs, with total automotive industrial volume projection to double to 1.22 million vehicles by 2030. A key priority is localising the supply chain, creating opportunities for the steel sector to align with automotive industry requirements. However, downstream upgrades are essential, as Malaysia's steel industry currently lacks advanced facilities for producing high-quality flat steel products, critical for automotive manufacturing.

(Source: Malaysian Iron and Steel Sector Overview – The Challenge of Decarbonisation, February 2025, Transition Asia)

6.8.4 Prospects and future plans of the Group

We noted that the Group is primarily involved in the manufacturing and trading of office furniture and has diversified into the trading of steel products to broaden its revenue base and improve financial performance. The disposal of its non-core property development subsidiary and the strategic relocation of its manufacturing operations from Rawang to Melaka reflect the Group's move to realign its operations and concentrate on its core furniture business and newly diversified steel business.

The Group intends to focus on the design and development activities for the creation of new innovative technology methods for use in its steel products business segment, as well as expanding its offering of steel-related items to complement the current offering of office furniture.

Looking ahead, the trading division of the Group intends to focus on growing its market for furniture products such as ergonomic office chairs, desks, and workstations by establishing new branches and showrooms within Asia, targeting countries including Singapore, Thailand, Vietnam, and Indonesia, with the aim to strengthen the Group's market presence and customer reach. The trading division will also explore export opportunities for products such as filing cabinets and modular furniture systems to further enhance revenue. Accordingly, additional headcount will be required across sales, marketing, and operations departments to manage the new branches and distribution channels. To expand into new markets, the Group may enter into a joint venture with other firms whose office furniture and steel products business divisions require specialised skill sets, experience and additional resources. While there are no firm plans for its property development activities as at the LPD, the Group remains open to exploring viable joint venture opportunities in industrial development projects that may contribute positively to its financial performance.

For FYE 30 June 2025, the revenue and profit contribution from the Group's office furniture and steel related products amounted to approximately RM115.05 million, all of which was generated from the Malaysia market. There is no contribution from other geographical markets.

The Group expects that near-term prospects will be challenging but manageable, due to external pressures from ongoing geopolitical tensions such as the Russia-Ukraine conflict, continued supply chain disruptions, inflation, and tighter monetary policies. These factors have impacted both demand for the Group's products and the broader operating environment for manufacturing and trading of office furniture. To navigate these challenges, the Group intends to closely monitor market and geopolitical developments, identify risks early, and take timely mitigating actions. In addition, the Group will continue to review its financial position, apply prudent decision-making, and implement strategies aimed at increasing revenue and managing costs to support business continuity and long-term sustainability.

In addition, we noted that the Group is actively adopting digital platforms and e-commerce channels to market its products, particularly within the Asian and European markets. This, along with its efforts to leverage on existing export customers and explore new markets, is expected to support business growth and mitigate risks associated with overdependence on any single market.

In view of the above and the favourable outlook for the manufacturing and steel industries in Malaysia, we are of the view that the Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Rights Issue are reasonable and are expected to contribute positively to the Group's long-term prospects and financial performance.

6.9 Risks associated with the Proposals

We take note of the risks relating to the Proposals as disclosed in **Section 11** of Part A of the Circular.

6.9.1 Risks relating to the Proposed Acquisition and Proposed Debt Settlement

(i) Risk of dilution to minority shareholders' interests and increased influence of the controlling shareholders in the Company

We noted that the collective shareholdings of Dato' Sri Lim and his PACs (including S.P.A. Furniture being the controlling shareholder of EURO) are expected to increase significantly from 38.45% as at the LPD to 71.95% upon completion of the Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Rights Issue (assuming only Undertaking Shareholders subscribed to the Rights Shares pursuant to the Undertakings). Correspondingly, the shareholdings of the non-interested shareholders will be diluted significantly, thereby diminishing the minority shareholders' rights.

However, in the event the Proposed Rights Issue is not approved/implemented, while the other Proposals are approved and implemented, the minority shareholders will not be able to increase their shareholding through subscription of their entitled Rights Shares to mitigate the dilutive effects pursuant to the completion of other Proposals. As a result, Dato' Sri Lim will emerge as the controlling shareholder of the Company as his shareholding will increase to 36.79% upon completion of the Proposed Acquisition, Proposed Debt Settlement and Proposed Private Placement.

Following this, Dato' Sri Lim and his PACs may be able to exert greater influence over the outcome of ordinary resolutions which require a simple majority of 50% plus 1 share, including the appointment of directors and other corporate exercises which require a simple majority of 50% plus 1 share, and the outcome of special resolutions which require at least 75% votes, unless Dato' Sri Lim, his PACs and persons connected to them are required to abstain from voting either by law and by relevant guidelines or regulations.

While we noted that Dato' Sri Lim and his PACs would be able to exert significant influence over the management and operations of the Company under the Minimum Scenario, EURO have in place a Board which comprises four (4) independent Directors who are responsible to provide check and balance to the Board. As such, the independent Directors would have a duty to protect the interest of the Company and its minority shareholders in relation to key business decisions.

Meanwhile, the non-interested shareholders of the Company will have the opportunity to mitigate the risk of dilution by participation in the Proposed Rights Issue.

(ii) Non-completion risks

We noted that the Proposed Acquisition is subject to the terms and conditions of the SPA. There is no assurance that either party will be able to fully comply with these terms and conditions. Notwithstanding that, we noted that the Company intends to take all reasonable steps within its control, such as conducting thorough due diligence and ensuring timely compliance with relevant regulatory and contractual requirements to ensure that the conditions of the SPA are met within the stipulated timeframe.

Similarly, the completion of the Proposed Debt Settlement is subject to the fulfilment of the relevant conditions within the specified period. Failure to do so may result in the termination of the Settlement Agreement, in which case the debt will become due and payable to the Lenders upon request by the Lenders, pursuant to the existing arrangement previously agreed between the parties. We noted that the Company will take reasonable steps that are within its control to ensure completion of the Proposed Debt Settlement, including but not limited to closely monitoring the progress and ensuring fulfilment of the conditions precedent as stipulated in the Settlement Agreement in timely manner.

For clarity, in the event the Proposed Debt Settlement is not completed for any reason, we note that the Company will consider other avenue to settle the Settlement Sum to the Lenders, such as undertaking further fundraising exercise(s) such as private placements or rights issues.

We are of the view that the non-completion risk for the Proposed Debt Settlement is common aspect of similar proposals or arrangements. In the event that the conditions precedent are not fulfilled within the stipulated time period, the Settlement Agreement may be terminated and the Settlement Sum shall remain outstanding and payable by the Borrowers to the Lenders. If the Proposed Debt Settlement is not completed, the potential benefits expected to arise from the Proposed Debt Settlement will not materialise.

In the event of non-completion of the Proposed Debt Settlement, as the Company undertakes to explore other fund-raising exercises, it should consider fund-raising avenues that would minimise potential dilution of the shareholdings of the non-interested shareholders of the Company, taking into account the financial position and capacity of the Company.

6.9.2 Risks relating to the Proposed Rights Issue

(i) Potential dilution of existing shareholders' shareholdings

We noted that the Entitled Shareholders who do not subscribe to their entitlements under the Proposed Rights Issue will experience dilution of their shareholdings upon completion of the exercise. As at the LPD, the total shareholding of shareholders of the Company (apart from Dato' Sri Lim and his PACs) is approximately 61.55%. The aggregate resultant shareholdings of Dato' Sri Lim and his PACs upon completion of Proposed Rights Issue under the Minimum Scenario, Maximum Scenario and Only Private Placement and Rights Issue Scenario are 71.95%, 56.19% and 63.32% respectively while the shareholdings of the other shareholders of the Company are 28.05%, 43.81% and 36.68% respectively. This dilution will also affect their proportionate entitlement to future dividends, rights, and other distributions. We noted that no dividend has been paid or declared by the Company for the current financial year as well as for the past four (4) financial years.

To attract the Entitled Shareholders' participation and mitigate the risk of dilution, the Board will fix the issue price of the Rights Shares at a later date at potential discount to the TERP. This pricing approach is consistent with market practice and serves to make the Proposed Rights Issue more appealing to the Entitled Shareholders.

(ii) Investment and capital market risks

We noted that the market price of the Rights Shares may be subject to price volatility due to various factors, including prevailing market conditions, the volatility of equity markets, the liquidity of EURO Shares, industry outlook, changes in regulatory requirements or market conditions as well as the financial performance of the Group. Accordingly, there is no assurance that the Rights Shares will trade above their issue price or the TERP upon or after their listing on the Main Market of Bursa Securities

Notwithstanding that, we noted that the Group endeavours to improve its financial performance and profitability, which may, over time, be positively reflected in the market price of EURO Shares. As disclosed in **Section 10.4** of Part A of the Circular, the Group has undertaken the following steps to improve its financial performance and strengthen its financial position:

- (i) the Group is using e-commerce and other digital platforms to market its furniture products intended to provide alternative sources of revenue to reach the market in Asia as well as Europe to mitigate the impact of COVID-19 on the Group's business activities;
- (ii) the Group has put in place a prudent measure to monitor its receivables turnover. The overseas customers are required to make a deposit upon confirmation of order and arrange for the balance payment prior to the delivery of the said order whilst for local customer, no credit terms will be granted except for some long-term customers with good payment track record whereby the credit terms provided will be between 30 to 60 days. As a result, the Group has achieved a lower impairment loss on trade receivables, reducing from RM4.83 million as at 30 June 2023 to RM2.44 million as at 30 June 2025;
- (iii) since second half of 2023, the Group had commenced its operations at the Subject Property which was rented from SPASB to expand its manufacturing facilities for office furniture and steel products. The Group has improved its gross earnings by improving pricing strategies and production costs which resulted in the Group recording a gross profit of RM5.29 million in FYE 30 June 2025 as compared to RM2.40 million in FYE 30 June 2024;
- (iv) the Group has diversified into trading of steel products and related business which was approved by the Company's shareholders at the EGM held on 28 April 2023 ("**Diversification**"). Since then, the Diversification has generated a total revenue of approximately RM128.0 million to the Group up to 31 December 2024; and

- (v) the Group had disposed its entire equity interest in Euroland & Development Sdn Bhd in June 2023 as part of the Group's effort to improve its financial performance and condition in view that the property development activities under the said entity has been recording losses before tax of RM44.28 million and RM12.62 million for the 18M-FPE 30 June 2023 and FYE 31 December 2021.

Further, we noted that the Group will constantly review its financial performance and exercise prudence in its decisions and will continue to implement strategies to increase its revenue and review its operations for any potential cost saving measures to improve the Group's financial performance and condition.

We concur that there can be no assurance that the Rights Shares will be traded above their issue price or the TERP, given the inherent uncertainties and factors beyond the Group's control. While the Group's efforts to improve its financial performance are positive, any potential appreciation in the market price of EURO Shares remains subject to market sentiment and external conditions, which may not necessarily correlate with the Group's fundamentals in the short term.

(iii) Delay or failure to implement the Proposed Rights Issue

We noted that the implementation of the Proposed Rights Issue may be exposed to unforeseen events including force majeure occurrences or adverse changes in political, economic or regulatory conditions that are beyond the Company's control. Such events may result in delays or even non-implementation of the Proposed Rights Issue. Furthermore, once the SC has provided its consent for any of the Proposed Exemptions, it should be implemented within six (6) months from the date of consent, failure which an application of extension of time from the SC would be required.

In the event of non-implementation, all monies received will be refunded without interest to subscribers. However, failure to refund within the prescribed period may result in interest being payable as required under the CMSA.

To mitigate this risk, we noted that the Company has procured Undertakings from Undertaking Shareholders to subscribe for their respective entitlements, thereby supporting the Minimum Subscription Level. Further, the Company will continue to take reasonable steps to obtain the necessary approvals and ensure the completion of the Proposed Rights Issue.

While we noted that measures would be taken by EURO to mitigate such risks associated with the Proposals, no assurance can be given that the risks will not occur and give rise to material adverse impact on the business and operation of the Group, its financial performance or prospects thereon.

In evaluating the Proposals, non-interested shareholders of the Company should carefully consider the said risk factors and mitigating factors prior to voting on the resolutions pertaining to the Proposals at the forthcoming EGM. Non-interested Shareholders should also note that the risk factors mentioned in the Circular and this IAL are not meant to be exhaustive.

6.10 Implications of the Proposed Exemptions

Pursuant to subparagraph 4.08(2) of the Rules, the SC may consider granting the Proposed Exemptions if Dato' Sri Lim and his PACs have satisfied the following conditions:

- (i) there is no acquisition of EURO Shares or instruments convertible into EURO Shares and options in respect of EURO Shares (other than subscription for new EURO Shares or new instruments convertible into or options in respect of new EURO Shares which have been disclosed in the Circular) by Dato' Sri Lim and his PACs in the six (6) months prior to the announcement of the Proposals on 6 March 2025, but subsequent to the negotiations, discussions or the reaching of understandings or agreements with the Board in relation to the Proposals until completion of the subscription; and

- (ii) approval has been obtained from the non-interested holders of voting shares or voting rights of EURO at a meeting of the holders of the relevant class of voting shares or voting rights to waive their rights to receive the Mandatory Offer from Dato' Sri Lim and persons acting in concert with him. The voting at the forthcoming EGM in relation to the Proposals shall be conducted by way of poll.

Any exemption granted will be invalidated if Dato' Sri Lim and/or his PACs have engaged or engage in a disqualifying transaction.

In addition, pursuant to Paragraph 18.02 of the Rules, upon your approvals for the Proposals, Dato' Sri Lim and persons acting in concert with him shall not acquire any EURO Shares within a period of six (6) months after the date of the EGM for the Proposals from a person who was a director or substantial shareholder of EURO at the time of the Proposed Exemptions, as such acquisition will be deemed to be a favourable deal under Rule 18 of the Rules. The SC may consider granting a waiver to Dato' Sri Lim and his PACs if such acquisition, if any, is *de minimis*.

The implication of the non-interested shareholders' votes on the Proposed Exemptions to be tabled at the forthcoming EGM in relation to the Proposals are set out in **Sections 6.9.1 and 6.9.2** of this IAL.

6.10.1 If the non-interested shareholders of the Company VOTE IN FAVOUR of the Proposed Exemptions

- (i) Dato' Sri Lim and his PACs would be able to submit an application for the Proposed Exemptions to the SC for its consideration. An approval from the SC for the Proposed Exemptions would then exempt Dato' Sri Lim and his PACs from the obligation to undertake the Mandatory Offer. Accordingly, the Proposed Exemption 1 is valid upon the issuance of Consideration Shares, Proposed Exemption 2 is valid upon the issuance of Settlement Shares and Proposed Exemption 3 is valid upon the issuance of Rights Shares.
- (ii) The approval of the Proposed Exemptions would imply that non-interested shareholders of the Company agree to waive their rights and exempt Dato' Sri Lim and his PACs from the obligation to undertake the Mandatory Offer under subsection 218(2) and 218(3) of the CMSA read together with subsection 15(2) of the Code (where applicable) and subparagraphs 4.01(a) and 4.01(b) of the Rules as a result of the Proposed Acquisition, Proposed Debt Settlement and Proposed Rights Issue (which shall be undertaken at a price no lower than the highest price paid by Dato' Sri Lim and his PACs for EURO Shares in the past 6 months preceding the commencement of the offer). As such, Dato' Sri Lim and his PACs will be able to increase their shareholdings in EURO without incurring an obligation to make a Mandatory Offer upon completion of the Proposed Acquisition, Proposed Debt Settlement and Proposed Rights Issue.
- (iii) Voting in favour of the Proposed Exemptions does not in any way impede the Entitled Shareholders' right to participate in the Proposed Rights Issue. However, should the Entitled Shareholders decide not to subscribe for their entitlements under the Proposed Rights Issue, the Entitled Shareholders' percentage of shareholdings in EURO will be diluted accordingly. Notwithstanding this, the shareholdings of the non-interested shareholders of the Company will be diluted upon completion of the Proposed Acquisition and Proposed Debt Settlement pursuant to the issuance of Consideration Shares and Settlement Shares to Dato' Sri Lim.
- (iv) You should note the following effects on the shareholdings of Dato' Sri Lim and his PACs as well as the shareholdings of the non-interested shareholders of the Company upon completion of the Proposals:

(a) Minimum Scenario

Upon completion of the Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Rights Issue, the collective shareholdings of Dato' Sri Lim and his PACs in EURO will increase from 38.45% (as at the LPD) to 71.95%. On the other hand, the shareholdings of the non-interested shareholders of the Company will decrease from 61.55% (as at the LPD) to 28.05%.

(b) Maximum Scenario

Upon completion of the Proposed Acquisition, Proposed Debt Settlement, Proposed Private Placement and Proposed Rights Issue, the collective shareholdings of Dato' Sri Lim and his PACs in EURO will increase from 38.45% (as at the LPD) to 56.19%. On the other hand, the shareholdings of the non-interested shareholders of the Company will decrease from 61.55% (as at the LPD) to 43.81%.

(c) Only Private Placement and Rights Issue Scenario

Upon completion of the Proposed Private Placement and Proposed Rights Issue only, the collective shareholdings of Dato' Sri Lim and his PACs in EURO will increase from 38.45% (as at the LPD) to 63.32%. On the other hand, the shareholdings of the non-interested shareholders of the Company will decrease from 61.55% (as at the LPD) to 36.68%.

In this regard, in view that the collective shareholdings of Dato' Sri Lim and his PACs will increase to more than 50.00% after completion of all or part of the Proposals (whether in combination or on standalone basis) under all possible scenarios/permutations as illustrated in **Section 6.7.3** of this IAL, the non-interested shareholders of the Company should note that moving forward Dato' Sri Lim and his PACs could collectively further increase their voting shares or voting rights in EURO without incurring any further obligation to undertake a mandatory offer, provided that Dato' Sri Lim and his PACs do not trigger such mandatory offer on an individual or single entity basis.

Further, with the collective shareholdings of Dato' Sri Lim and his PACs in EURO upon completion of the Proposals of between 56.19% and 71.95% under the Minimum Scenario, Maximum Scenario and Only Private Placement and Rights Issue Scenario, Dato' Sri Lim and his PACs will have statutory control over EURO and unless they are required to abstain from voting on resolutions sought at shareholders' general meeting, they will be able to determine the outcome of any ordinary resolution (which requires approval from simple majority of 50.00% of the total voting shares) and are likely to influence the outcome of any special resolution (which requires approval from at least 75.00% of the total voting shares).

In view of the inter-conditionality of the Proposed Acquisition, Proposed Debt Settlement and Proposed Rights Issue with the Proposed Exemption 1, Proposed Exemption 2 and Proposed Exemption 3, respectively, as set out in **Section 15** of Part A of the Circular, without the Proposed Exemptions, the Proposed Acquisition, Proposed Debt Settlement and Proposed Rights Issue will not be implemented. Therefore, voting in favour of the Proposed Exemptions will enable EURO to potentially benefit from the Proposals.

In the event that only the Proposed Rights Issue and Proposed Exemption 3 are approved by the non-interested shareholders of the Company, while the other Proposals are not approved at the forthcoming EGM, and that during the implementation of the Proposed Rights Issue, the Company is unable to achieve the Minimum Subscription Level for any reason whatsoever, the Company will not proceed with the Proposed Rights Issue. In such an event, the Company will return in full, without interest, all monies paid in respect of the subscription for the Rights Shares and/or excess Rights Shares.

6.10.2 If the non-interested shareholders of the Company **VOTE AGAINST** the Proposed Exemptions

- (i) Dato' Sri Lim and his PACs would not be able to submit an application for the Proposed Exemptions to the SC.
- (ii) In view that the Proposed Acquisition, Proposed Debt Settlement and Proposed Rights Issue are **inter-conditional** upon their respective Proposed Exemptions, in the event that the Proposed Exemptions are not approved, the implications to EURO Group are as follows:

- (a) Without the Proposed Exemption 1, the Proposed Acquisition will not be implemented. As such, EURO Group will not be able to realise the benefits from the Proposed Acquisition as explained in **Section 6.1.1** of this IAL.

However, the Company will still be able to undertake the Proposed Debt Settlement and the Proposed Rights Issue as they are not conditional upon the Proposed Acquisition, subject to their respective Proposed Exemptions being approved by the non-interested shareholders of the Company and the SC. In addition, the Proposed Rights Issue is further conditional upon the Proposed Private Placement being implemented.

As detailed out in **Section 8.2(i)** of Part A of the Circular, in the event the Proposed Acquisition and/or Proposed Exemption 1 are not approved by the non-interested shareholders of the Company, the entire proceeds allocated for the cash payment for the balance Purchase Consideration will then be channelled to the working capital of the Group.

If the Proposed Acquisition is not implemented due to Proposed Exemption 1 not being approved by the non-interested shareholders of the Company or the SC, the Group will continue to rely on rented premises for its operations. This would expose the Group to ongoing uncertainties relating to rental renewals, potential rent increases, and the risk of non-renewal of the tenancy.

The Group would also forgo the opportunity to benefit from any future appreciation in the property's value and would not be able to strengthen its NA through ownership of the property. In addition, the Group would continue to incur rental expenses, which could limit the flexibility of its cash flows for business operations and strategic plans.

- (b) Without the Proposed Exemption 2, the Proposed Debt Settlement will not be implemented. As such, EURO Group will not be able to realise the benefits from the Proposed Debt Settlement as explained in **Section 6.1.2** of this IAL.

However, the Company will still be able to undertake the Proposed Acquisition and the Proposed Rights Issue as they are not conditional upon the Proposed Debt Settlement, subject to their respective Proposed Exemptions being approved by the non-interested shareholders of the Company and consented by the SC.

Arising from the above, the Borrowers will have to re-engage the Lenders for the repayment of the Advances via other means to be mutually discussed and agreed upon.

- (c) Without the Proposed Exemption 3, the Proposed Rights Issue will not be implemented. As such, EURO Group will not be able to realise the benefits from the Proposed Rights Issue as explained in **Section 6.1.4** of this IAL.

However, the Company will still be able to undertake the Proposed Acquisition and the Proposed Debt Settlement as they are not conditional upon the Proposed Rights Issue, subject to their respective Proposed Exemptions being approved by the non-interested shareholders of the Company and the SC.

As disclosed in **Section 2.4** of Part A of the Circular, in the event the Proposed Acquisition is implemented but the Proposed Rights Issue is not implemented, the Group will utilise its internally-generated funds and/or bank borrowings to fund the cash payment for the balance Purchase Consideration. In such event, the exact proportion of funding will be decided at a later date depending on the Group's gearing level and working capital requirement at that juncture.

If the Proposed Rights Issue is not implemented due to Proposed Exemption 3 not being approved by the non-interested shareholders of the Company or the SC, the Company would forgo the opportunity to raise funds through the issuance of new Shares via a rights issue, which enables the Company to raise capital without incurring interest costs associated with bank borrowings and without diluting the proportionate shareholding of existing shareholders as compared to other equity fundraising exercises such as a private placement.

7. DIRECTORS' INTENTION TO VOTE

As at the LPD, save for the shareholding of Directors as disclosed below, none of the Directors have any interest (direct and indirect) in EURO. Accordingly, their intention to vote in relation to the Proposed Exemptions are as follows:

Name	Direct		Indirect		Intention to vote in relation to the Proposed Exemptions
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	
Datin Sri Ong Lely	-	-	510,627,700 ⁽²⁾	38.45	Abstain
Datuk Lim	-	-	285,000 ⁽³⁾	0.02	Abstain
Yong Teck Wee	1,296,000	0.098	-	-	Vote in favour

Notes:

- (1) Computed based on the total number of issued Shares of 1,327,967,100 as at the LPD.
- (2) Deemed interested by virtue of her shareholding held in S.P.A. Furniture and PH Performance pursuant to Section 8 of the Act and the shareholdings held by her spouse, namely Dato' Sri Lim, pursuant to Section 59(11)(c) of the Act.
- (3) Deemed interested by virtue of her shareholding held in PH Performance pursuant to Section 8 of the Act.

8. FUTURE PLANS OF THE GROUP AND ITS EMPLOYEES

In accordance with paragraph 8, Schedule 2, Part II of the Rules, Dato' Sri Lim and his PACs have confirmed that as at the LPD, they do not intend to effect any major change to the following:

- (i) the continuation of the business of the Group;
- (ii) the business of the Group, including any plans to liquidate any of the companies within the Group, sell any material assets or re-deploy the fixed assets of the Group or make any other major change in the business of the Group; and
- (iii) the continued employment of the employees of the Group;

except where such changes are in the ordinary course of the Group's business or are necessary to rationalise or improve the Group's operations and/or financial performance and is in the best interest of the Group.

Dato' Sri Lim and his PACs shall retain the flexibility at any time to consider any options which are in the best interest of the Group. Dato' Sri Lim and his PACs intend to maintain the listing status of EURO on the Main Market.

9. DIRECTORS' RESPONSIBILITY STATEMENT

This IAL has been seen and approved by the Board, who collectively and individually accept full responsibility for the accuracy of the information contained in this IAL and confirm that, after making all reasonable enquiries and to the best knowledge of the Board, all information relevant to the evaluation of the Proposals have been disclosed and that there is no omission of any material facts which would make any statement in this IAL false or misleading.

Further, the responsibility of the Board in respect of:

- (i) the information related to Dato' Sri Lim and his PACs (as provided by Dato' Sri Lim and his PACs) is limited to ensuring that such information is accurately reproduced in this IAL; and
- (ii) the independent advice and expression of opinion by DWA Advisory in relation to the Proposed Acquisition, Proposed Debt Settlement and Proposed Exemptions are limited to ensuring that accurate information in relation to the Group was provided to DWA Advisory for its evaluation of the Proposals and to ensure that all information in relation to the Group that are relevant to DWA Advisory's evaluation of the Proposed Acquisition, Proposed Debt Settlement and Proposed Exemptions have been completely disclosed to DWA Advisory and that there is no material fact, the omission of which would make any information provided to DWA Advisory false or misleading.

10. FURTHER INFORMATION

The non-interested Directors and non-interested shareholders of the Company are advised to refer to Part A of the Circular as well as the attached appendices for further information.

11. CONCLUSION AND RECOMMENDATION

The non-interested Directors and non-interested shareholders of the Company should carefully consider the merits and demerits of the Proposals based on all relevant and pertinent factors, including those set out in this IAL as well as those highlighted by the Board in its letter to the shareholders of EURO in relation to the Proposals as set out in Part A of the Circular, before voting on the resolution pertaining to the Proposals at the Company's forthcoming EGM.

In arriving at our opinion and recommendation, we have assessed and evaluated the Proposals in a holistic approach, taking into consideration the various factors set out in **Section 6** of this IAL and in accordance with Schedule 2: Part III of the Rules.

The Proposed Exemptions, if approved by the non-interested shareholders of EURO and granted by the SC, will allow EURO to undertake the Proposed Acquisition, Proposed Debt Settlement and Proposed Rights Issue (subject to the Proposed Private Placement being approved and implemented), assuming that the respective Proposal is also approved by the non-interested shareholders of EURO. In summary, the potential advantages and disadvantages of the Proposed Acquisition, Proposed Debt Settlement and Proposed Exemptions are as follows:

Potential Advantages	
(1)	<p>The Proposed Acquisition and Proposed Exemption 1 are inter-conditional. As such, the Proposed Acquisition will not be implemented in the event the non-interested shareholders of the Company do not approve any of the Proposed Acquisition and/or Proposed Exemption 1 and/or the SC does not approve the Proposed Exemption 1. As such, voting in favour of the Proposed Exemption 1 facilitates the implementation of the Proposed Acquisition, which will in turn enable EURO to reap the potential benefits arising from the Proposed Acquisition as follows:</p> <ul style="list-style-type: none"> (i) as it is part of the Group's strategic long-term business positioning, the Proposed Acquisition enables the Group to gain full control over the property, allowing it to utilise the space in line with evolving business needs while mitigating the risk of operational disruptions due to potential termination or non-renewal of tenancy agreement; (ii) provides potential cost savings by eliminating recurring rental expenses, while simultaneously strengthening the Group's asset base and financial position through the ownership of assets with potential value appreciation; and (iii) allows the Group to eliminate potential conflict of interest and risks associated with long-term transactions with related party(ies) and mitigate risks associated with rental uncertainties.
(2)	<p>The Proposed Debt Settlement and Proposed Exemption 2 are inter-conditional. The Proposed Debt Settlement will not be implemented in the event the non-interested shareholders of the Company do not approve any of the Proposed Debt Settlement and/or Proposed Exemption 2 and/or the SC does not approve the Proposed Exemption 2. As such, voting in favour of the Proposed Exemption 2 facilitates the implementation of the Proposed Debt Settlement, which will in turn enable EURO to reap the potential benefits arising from the Proposed Debt Settlement as follows:</p> <ul style="list-style-type: none"> (i) represents an opportunity for the Group to settle the indebtedness without incurring additional debt obligation or interest expenses that may be incurred by EURO via other forms of financing such as bank borrowings; (ii) enables the Company to reduce debt whilst conserving the Company's cash and bank balances, which can instead be used for other purposes including the working capital for its business; and (iii) allows the Company to strengthen its equity base as well as NA through the capitalisation of debt into equity and improve the overall financial position of the Company immediately after the issuance of Settlement Shares. However, as the said Shares issuance will enlarge the share base, despite the increase in NA, it will result in the same NA per EURO Share.
(3)	<p>The Proposed Rights Issue and Proposed Exemption 3 are inter-conditional. As such, the Proposed Rights Issue will not be implemented in the event the non-interested shareholders of the Company do not approve any of the Proposed Rights Issue and/or Proposed Exemption 3 and/or the SC does not approve the Proposed Exemption 3. As such, voting in favour of the Proposed Exemption 3 facilitates the implementation of the Proposed Rights Issue, which will in turn enable EURO to reap the potential benefits arising from the Proposed Rights Issue as follows:</p>

Potential Advantages	
(i)	allows the Company to raise funds expeditiously without incurring interest costs associated with bank borrowings or issuance of debt instruments that will result in cash outflow arising from interest servicing costs. Moreover, the Company will also be able to preserve such cash, which otherwise would be used for interest costs, for the Company's working capital requirements and/or to address any short-term obligations in a timely manner;
(ii)	the proceeds to be raised from the issuance of Rights Shares will strengthen the cash flow of the Company and utilisation of the said proceeds which include for working capital requirements of the Group's businesses and capital expenditures on existing facilities and/or investments in new business(es) as disclosed in Section 8.2 of Part A of the Circular is expected to contribute positively to the Company's future earnings and financial performance; and
(iii)	provides an opportunity to all Entitled Shareholders to participate in an equity offering in EURO on a pro-rata basis without diluting the Entitled Shareholders' shareholding in EURO (provided that all Entitled Shareholders subscribe in full for their respective entitlement of the Rights Shares).
(4)	The Entitled Shareholders would be able to subscribe for the Rights Shares at the issue price with discount of up to 20.00% to the TERP of EURO Shares. The indicative issue price of Rights Shares of RM0.040 represents a discount of 6.87% to the TERP based on the closing market price of EURO Shares on the LPD and discounts ranging from 6.65% to 10.51% to the TERP based on the five (5)-day, one (1)-month, three (3)-month and six (6)-month VWAP of EURO Shares up to and including the LPD.
(5)	Pursuant to the Proposed Rights Issue, the WACC of the Company will remain unchanged at 6.00%, compared to a higher WACC of 7.71% under the Debt Scenario. Furthermore, equity financing outweighs debt financing as the Group will have to incur interest expenses from the new bank borrowings and result in a higher cash outflow which would potentially reduce the Group's earnings. It is pertinent to note that the total bank borrowings of RM163.21 million (under Maximum Scenario) would result in an increase in gearing ratio from nil to 2.678 times under the Debt Scenario.
(6)	The Undertakings from the Undertaking Shareholders reaffirm Dato' Sri Lim's confidence and commitment to EURO Group and further aligns his interest to EURO Group while providing certainty to EURO in raising the minimum level of funds the Company intends to raise from the Proposed Rights Issue. The Proposed Exemption 3 enables Dato' Sri Lim and his PACs to provide strong support for the Proposed Rights Issue as a viable equity fundraising option for the Company which does not depend on the availability of underwriters nor be subject to the uncertainties of equity offering subscription levels.

Potential Disadvantages	
(1)	<p>Upon completion of the Proposed Acquisition, Proposed Debt Settlement and Proposed Rights Issue, the Proposed Exemptions will allow the collective shareholdings of Dato' Sri Lim and his PACs in EURO to increase from 38.45% (as at the LPD) to 71.95% (under the Minimum Scenario) or 56.19% (under the Maximum Scenario) without being required to undertake the Mandatory Offer.</p> <p>Moving forward Dato' Sri Lim and his PACs could collectively further increase their voting shares or voting rights in EURO without incurring any further obligation to undertake a mandatory offer, provided that Dato' Sri Lim and his PACs do not trigger such mandatory offer on an individual or single entity basis.</p>

Potential Disadvantages	
(2)	With the shareholdings of 56.19% and 71.95% in EURO on a collective basis under Maximum Scenario and Minimum Scenario respectively, Dato' Sri Lim and his PACs will have statutory control over EURO and unless they are required to abstain from voting on resolutions sought at shareholders' general meeting, they will be able to determine the outcome of any ordinary resolution (which requires approval from simple majority of 50% of the total voting shares) and are likely to influence the outcome of any special resolution (which requires approval from at least 75% of the total voting shares).
(3)	Non-interested shareholders of the Company who do not subscribe for or only partially subscribe for the Proposed Rights Issue entitlements will be significantly diluted given the Undertakings provided by the Undertaking Shareholders. The collective shareholding of the non-interested shareholders of the Company may potentially be diluted from 61.55% (as at the LPD) to 28.05% after the Proposed Rights Issue under the Minimum Scenario and based on the Indicative Issue Price, or from 61.55% (as at the LPD) to 43.81% after the Proposed Rights Issue under the Maximum Scenario based on the indicative issue price, subject to completion of the Proposed Acquisition, Proposed Debt Settlement and Proposed Private Placement.

After taking into consideration the advantages and disadvantages of the Proposals holistically, we are of the view that the advantages of the Proposals as a whole outweigh its disadvantages. Therefore, we are of the view that the Proposals as a whole are **FAIR AND REASONABLE** and **NOT DETRIMENTAL** to the non-interested shareholders of the Company.

In our evaluation of the Proposed Acquisition individually and in arriving at our opinion, we have taken into consideration various factors as follows:

- (a) the rationale for the Proposed Acquisition by the Board is reasonable and not detrimental to the non-interested shareholders of the Company;
- (b) the basis and justification of the Purchase Consideration supported by the independent valuation and update valuation of the Subject Property by the Valuer are justifiable;
- (c) the basis and justification for determining the issue price of Consideration Shares are fair and reasonable and not detrimental to the non-interested shareholders of the Company;
- (d) the salient terms of the SPA are reasonable and not detrimental to the non-interested shareholders of the Company;
- (e) the overall effects of the Proposals and Proposed Acquisition in particular, on the NA, gearing, substantial shareholders' shareholdings and earnings/losses and EPS/LPS of EURO are not detrimental to the interest of the non-interested shareholders of the Company; and
- (f) risks relating to the Proposed Acquisition and the mitigating factors.

Therefore, we are of the opinion that the Proposed Acquisition is **FAIR AND REASONABLE** insofar as to the non-interested shareholders of the Company are concerned and it is **NOT TO THE DETRIMENT** of non-interested shareholders of the Company.

In our evaluation of the Proposed Debt Settlement individually and in arriving at our opinion, we have taken into consideration various factors as follows:

- (a) the nature of the amount owing to the Lenders and rationale for the Proposed Debt Settlement by the Board, are reasonable and not detrimental to the non-interested shareholders of the Company;

- (b) the basis and justification for determining the issue price of Settlement Shares are fair and reasonable and not detrimental to the non-interested shareholders of the Company;
- (c) the salient terms of the Settlement Agreement are reasonable and not detrimental to the non-interested shareholders of the Company;
- (d) the overall effects of the Proposals and Proposed Debt Settlement in particular, on the NA, gearing, substantial shareholders' shareholdings and earnings/losses and EPS/LPS of EURO are not detrimental to the interest of the non-interested shareholders of the Company; and
- (e) risks relating to the Proposed Debt Settlement and the mitigating factors.

Therefore, we are of the opinion that the Proposed Debt Settlement is **FAIR AND REASONABLE** insofar as to the non-interested shareholders of the Company are concerned and it is **NOT TO THE DETRIMENT** of non-interested shareholders of the Company.

Accordingly, we:

- (i) advise the non-interested Directors to recommend the non-interested shareholders of the Company to **VOTE IN FAVOUR** of the ordinary resolutions in respect of the Proposed Acquisition, Proposed Debt Settlement and Proposed Exemptions to be tabled at the Company's forthcoming EGM in relation to the Proposals; and
- (ii) recommend that the non-interested shareholders of the Company **VOTE IN FAVOUR** of the ordinary resolutions in respect of the Proposed Acquisition, Proposed Debt Settlement and Proposed Exemptions to be tabled at the Company's forthcoming in relation to the Proposals.

NON-INTERESTED SHAREHOLDERS ARE ADVISED TO CAREFULLY CONSIDER THE INFORMATION AND RECOMMENDATION CONTAINED IN THIS IAL TOGETHER WITH THE LETTER TO SHAREHOLDERS IN PART A OF THE CIRCULAR AND THE ACCOMPANYING ATTACHMENTS, AND TO CAREFULLY CONSIDER THE RECOMMENDATIONS CONTAINED IN BOTH LETTERS BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSED EXEMPTIONS TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

Yours faithfully,
For and on behalf of
DWA ADVISORY SDN BHD

Sharil Hanri Yuen
Principal

Dato' Wan Asmadi Wan Ahmad
Managing Principal

INFORMATION ON EURO

1 HISTORY AND PRINCIPAL ACTIVITIES

EURO is a public limited company, incorporated and domiciled in Malaysia on 24 March 2004. It was listed on the Second Board of Bursa Securities on 25 January 2005 and transferred to the Main Market of Bursa Securities on 3 August 2009.

EURO is principally engaged in the business of investment holding. The principal activities of its subsidiaries are set out in Section 5 of Attachment I.

2. SHARE CAPITAL

2.1 Issued share capital

As at the LPD, the issued share capital of EURO is as stated in the table below:

	No. of EURO Shares	Amount (RM)
Issued share capital	1,327,967,100	95,508,076

As at the LPD, there is only one class of ordinary shares in EURO. All EURO Shares rank equally in all terms of voting rights and entitlements to any dividends, rights, allotments and/or distributions which may be declared, made or paid to the shareholders. EURO does not have any treasury shares.

2.2 Changes in the issued share capital

There are no changes in EURO's issued share capital from the end of the FYE 30 June 2025 up to the LPD.

2.3 Convertible securities

EURO does not have any convertible securities as at the LPD.

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INFORMATION ON EURO (cont'd)**3. SUBSTANTIAL SHAREHOLDERS**

As at the LPD, the substantial shareholders of EURO are as follows:

Name	Country of incorporation/ Nationality	Direct No. of EURO Shares ⁽¹⁾	%	Indirect No. of EURO Shares ⁽¹⁾	%
S.P.A. Furniture	Malaysia	508,559,200	38.30	-	-
Datin Sri Ong Lely	Malaysia	-	-	510,627,700 ⁽²⁾	38.45
Datin Chooi Moi	Malaysia	-	-	508,559,200 ⁽³⁾	38.30

Notes:

- (1) Based on the issued share capital of 1,327,967,100 as at the LPD.
- (2) Deemed interested by virtue of her shareholding held in S.P.A Furniture and PH Performance pursuant to Section 8 of the Act and the shareholdings held by her spouse, namely Dato' Sri Lim, pursuant to Section 59(11)(c) of the Act.
- (3) Deemed interested by virtue of her shareholding held in S.P.A Furniture pursuant to Section 8 of the Act.

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INFORMATION ON EURO (cont'd)**4. DIRECTORS OF EURO**

As at the LPD, the details of the Board and their respective shareholdings in EURO are as follows:

Name	Nationality	Designation	Address	Direct		Indirect	
				No. of Shares⁽¹⁾	%	No. of Shares⁽¹⁾	%
Lt Gen (R) Dato' Sri Sabri bin Adam	Malaysian	Independent Non-Executive Chairman	21, Jalan BM 6/7D, Seksyen 6, Bandar Bukit Mahkota, 43000 Kajang, Selangor	-	-	-	-
Datin Sri Ong Lely	Malaysian	Group Managing Director	978, Jalan Bukit Katil, Batu 6/12, Batu Katil, 75450 Melaka, Melaka	-	-	510,627,700 ⁽²⁾	38.45
Datuk Lim Sze Way	Malaysian	Group Deputy Managing Director	No. 42, Jalan CU 2, Taman Cheng Utama, Cheng, 75250 Melaka, Melaka	-	-	285,000 ⁽³⁾	0.02
Yong Teck Wee	Malaysian	Executive Director	No 24, Jalan D3, Taman Dahlia, Bukit Beruang, 75450 Melaka, Melaka	1,296,000	0.10	-	-
Tan Poh Ling	Malaysian	Non-Independent Non-Executive Director	No. 80, Sunway Montana, 12, Jalan Desa Melawati, 53100 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	-	-	-	-
Chua Yeow Fatt	Malaysian	Independent Non-Executive Director	15, Jalan Bidalan U2/12, Taman TTDI Jaya, 40150 Shah Alam, Selangor	-	-	-	-
Datuk Haji Azmi bin Hussain	Malaysian	Independent Non-Executive Director	889-1, KM 8.8, Bukit Lintang, 75460 Melaka, Melaka	-	-	-	-
Yip Kit Weng	Malaysian	Independent Non-Executive Director	No. 85, Jalan BU 10 /2, Bandar Utama, 47800 Petaling Jaya, Selangor	-	-	-	-

Notes:

(1) Based on the issued share capital of 1,327,967,100 as at the LPD.

(2) Deemed interested by virtue of her shareholding held in S.P.A Furniture and PH Performance pursuant to Section 8 of the Act and the shareholdings held by her spouse, namely Dato' Sri Lim, pursuant to Section 59(11)(c) of the Act.

(3) Deemed interested by virtue of her shareholding held in PH Performance pursuant to Section 8 of the Act.

INFORMATION ON EURO (cont'd)**5. SUBSIDIARY COMPANIES**

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

Name	Country of incorporation	Effective percentage of ownership (%)	Principal activities
<u>Subsidiaries of EURO:</u>			
Euro Chairs Manufacturer (M) Sdn. Bhd.	Malaysia	100.00	Manufacturing and marketing of furniture.
Euro Chairs System Sdn. Bhd.	Malaysia	100.00	Trading of furniture, furnishing fabric materials and other furniture components.
Eurosteel System Sdn. Bhd.	Malaysia	100.00	Trading of storages and steel furniture.
Euro Space Industries (M) Sdn. Bhd.	Malaysia	100.00	Manufacturing and trading of office furniture, partitions, chairs and panels.
Euro Space System Sdn. Bhd.	Malaysia	100.00	Trading of office furniture.
Eurosteel Line Sdn. Bhd.	Malaysia	100.00	Trading of steel products.
Euro Chairs (M) Sdn. Bhd.	Malaysia	100.00	Holds the industrial designs and trademarks of EURO products.

As at the LPD, EURO does not have any associate company.

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INFORMATION ON EURO (cont'd)**6. PROFIT AND DIVIDEND RECORD**

The profit and dividend record of the Group based on the audited consolidated financial statements for the FYE 31 December 2021, 18M-FPE 30 June 2023, FYE 30 June 2024 and FYE 30 June 2025 as well as unaudited financial statements for the 3M-FPE 30 September 2025 are as follows:

	FYE 31 December 2021 (RM'000)	18M-FPE 30 June 2023 (RM'000)	Audited FYE 30 June 2024* (RM'000)	FYE 30 June 2025 (RM'000)	Unaudited 3M-FPE 30 September 2025 (RM'000)
Revenue	79,381	225,898	79,179	115,054	16,548
Loss before tax	(21,986)	(12,379)	(16,684)	(8,111)	(1,878)
LAT	(21,736)	(12,395)	(20,779)	(7,529)	(1,890)
Total comprehensive income/(loss) attributable to:					
- Owners of the Company	(21,736)	1,385	(20,743)	(4,170)	(1,890)
- Non-controlling interests	(85)	(125)	(36)	-	-
Weighted average number of EURO Shares in issue (units '000)	801,900	1,063,397 ⁽²⁾	1,327,967 ⁽³⁾	1,327,967	1,327,967
Net earnings/(loss) per share (sen) ⁽¹⁾	(2.71)	0.13	(1.56)	(0.31)	(0.14)
Net dividend per share (sen)	-	-	-	-	-

(Sources: Annual reports of EURO for the FYE 31 December 2021, 18M-FPE 30 June 2023, FYE 30 June 2024 and FYE 30 June 2025 of EURO as well as the unaudited consolidated financial statements for the 3M-FPE 30 September 2025 of EURO.)

Notes:

* Restated.

(1) Based on the total comprehensive income or loss (as the case may be) attributable to owners of the Company over the weighted average number of EURO Shares in issue for the respective FYEs and FPE.

(2) The increase in number of Shares in issue from 801,900,000 to 1,063,397,000 is pursuant to the issuance of 181,497,100 EURO shares to settle the debts owing to Dato' Sri Lim in 2023.

(3) The increase in number of Shares in issue from 1,063,397,000 to 1,327,967,000 is pursuant to the issuance of 44,095,000 EURO shares for the private placement exercise completed in 2024.

There were no material exceptional items in the audited consolidated financial statements of the Group for the FYE 31 December 2021, 18M-FPE 30 June 2023, FYE 30 June 2024 and FYE 30 June 2025 of EURO as well as the unaudited consolidated financial statements for the 3M-FPE 30 September 2025.

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INFORMATION ON EURO (cont'd)
7. STATEMENT OF ASSETS AND LIABILITIES

The statements of assets and liabilities of the Group based on the audited consolidated financial statements as at FYE 31 December 2021, 18M-FPE 30 June 2023, FYE 30 June 2024 and FYE 30 June 2025 and the unaudited consolidated financial statements for the 3M-FPE 30 September 2025 are as follows:

As at	Audited			Unaudited	
	31 December 2021 (RM'000)	30 June 2023 (RM'000)	30 June 2024* (RM'000)	30 June 2025 (RM'000)	30 September 2025 (RM'000)
ASSETS					
Non-current assets					
Property, plant and equipment	38,576	51,346	90,920	99,159	98,184
Right-of-use assets	2	13,512	9,294	4,640	3,399
Total non-current assets	38,578	64,858	100,214	103,799	101,583
Current assets					
Inventories	43,170	24,459	34,859	14,065	15,164
Trade receivables	5,484	-	20	24,397	24,403
Other receivables	7,069	25,469	2,085	8,934	7,312
Contract assets	5,793	-	-	-	-
Amount due from a related party	-	-	1,055	-	-
Current tax assets	397	757	226	356	345
Fixed deposits with licensed banks	6,757	2,404	6	-	-
Cash and bank balances	2,141	3,362	632	52	414
Assets classified as held for sale	-	-	17,300	-	-
Total current assets	70,811	56,451	56,183	47,804	47,638
TOTAL ASSETS	109,389	121,309	156,397	151,603	149,221
EQUITY AND LIABILITIES					
Share capital	48,402	79,281	95,508	95,508	95,508
Reserves	1,591	13,780	9,570	35,258	35,258
Accumulated losses	(5,665)	(18,060)	-	(29,858)	(31,748)
Equity attributable to the owners of the Company	44,328	75,001	105,078	100,908	99,018
Non-controlling interests	(789)	677	-	-	-
TOTAL EQUITY	43,539	75,678	105,078	100,908	99,018

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INFORMATION ON EURO (cont'd)

As at	Audited			Unaudited	
	31 December 2021 (RM'000)	30 June 2023 (RM'000)	30 June 2024* (RM'000)	30 June 2025 (RM'000)	30 September 2025 (RM'000)
Non-current liabilities					
Loans and borrowings	7,769	6,460	-	-	-
Lease liabilities	-	9,507	5,172	88	59
Deferred tax liabilities	-	1,531	8,408	7,533	7,495
Total non-current liabilities	7,769	17,498	13,580	7,621	7,554
Current Liabilities					
Trade payables	9,794	941	3,857	542	547
Other payables	14,901	2,868	3,966	3,389	3,390
Contract liabilities	1,546	2,104	864	373	373
Amount due to a related parties	-	-	15,851	31,549	33,175
Amount due to directors	10,875	4,290	6	17	10
Amount due to related companies	-	2,662	-	-	-
Loans and borrowings	20,438	10,271	3,980	723	-
Lease liabilities	3	4,491	5,287	5,281	3,904
Current tax liabilities	524	506	2,721	1,200	1,250
Liabilities classified as held for sale	-	-	1,207	-	-
Total current liabilities	58,081	28,133	37,739	43,074	42,649
TOTAL LIABILITIES	65,850	45,631	51,319	50,695	50,203
TOTAL EQUITY AND LIABILITIES	109,389	121,309	156,397	151,603	149,221

(Sources: Annual reports of EURO for the FYE 31 December 2021, 18M-FPE 30 June 2023, FYE 30 June 2024 and FYE 30 June 2025 as well as the unaudited consolidated financial statements for the 3M-FPE 30 September 2025 of EURO.)

Note:

* Restated.

As at the LPD, there is no known material change in the financial position of the Group, subsequent to the latest audited consolidated financial statements for the FYE 30 June 2025 and latest unaudited consolidated financial statements for the 3M-FPE 30 September 2025.

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INFORMATION ON EURO (cont'd)
8. BORROWINGS

As at 30 June 2025, the total outstanding borrowings of the Group of approximately RM0.723 million are as set out below:

Borrowings	(RM'000)
Short-term borrowings:	
Term loan	723
Long-term borrowings:	
Term loan	-
Total borrowings	723

9. CHANGES IN ACCOUNTING POLICIES

Based on the audited consolidated financial statements of EURO for the FYE 31 December 2021, 18M-FPE 30 June 2023, FYE 30 June 2024 and FYE 30 June 2025 as well as the latest unaudited consolidated financial statements for the 3M-FPE 30 September 2025, the financial statements have been prepared in accordance with approved accounting standards and there was no audit qualification for EURO's financial statements for the respective years under review.

There is no change in the accounting standards adopted by EURO, which would result in a material variation to the comparable figures for the audited consolidated financial statements of EURO for the FYE 31 December 2021, 18M-FPE 30 June, FYE 30 June 2024 and FYE 30 June 2025 as well as unaudited consolidated financial statements for the 3M-FPE 30 September 2025.

10. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

Save as disclosed below, as at the LPD, the Board confirms that there are no material commitments and contingent liabilities incurred or known to be incurred by the Company or EURO Group, which after becoming enforceable, may have a material and adverse impact on the financial results/position of EURO Group:

	(RM'000)
Material Litigations:	
Writ and Statement of Claims	11,852
Corporate guarantees given to:	
Licensed banks for banking facilities granted to subsidiaries	3,955
Total contingent liabilities	15,807

INFORMATION ON EURO (cont'd)

11. MATERIAL LITIGATION

Save as disclosed below, as at the LPD, the Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, and the Board has no knowledge of any proceedings pending or threatened against the Group or any facts which are likely to give rise to any proceedings, which may materially and adversely affect the business or financial position of EURO Group:

(i) **Malacca High Court Case No. MA-22NCC-22-10/2023. Surian Creations Sdn Bhd v Dato' Sri Lim & 26 Ors**

Surian Creations Sdn Bhd has made a claim that EURO and its subsidiaries, Eurosteel Line Sdn Bhd, Euro Space Industries (M) Sdn Bhd and Euro Space System Sdn Bhd had conspired with Dato' Sri Lim (former director of EURO) and the other defendants in the suit to create fictitious documents and/or transactions with an intention to injure Surian Creations Sdn Bhd. The sum claimed to have been illegally obtained was RM19,285,007.35.

On 3 September 2024, Malacca High Court struck out the entire suit filed by Surian Creations Sdn Bhd against EURO and its subsidiaries, Eurosteel Line Sdn Bhd, Euro Space Industries (M) Sdn Bhd and Euro Space System Sdn Bhd with costs of RM2,500.00.

On 24 September 2024, Surian Creations Sdn Bhd had filed an appeal against the Malacca High Court's decision under Court of Appeal No. M-02(IM)(NCC)-1684-09/2024. The appeal was allowed by the Court of Appeal during the hearing held on 13 November 2025.

The matter will be reverted to the Malacca High Court for trial. As of 1 December 2025, the Malacca High Court has yet to fix any case management date to provide its directions for the conduct of the trial.

The solicitor in charge is of the view that EURO and its subsidiaries have a reasonably good prospect in defending Surian Creations Sdn Bhd's claims.

(ii) **Kuala Lumpur High Court Case No. WA-22NCC-137-03/2021. M South Marketing Sdn. Bhd. ("M South") v All Ways Builder Sdn. Bhd. ("AWB") and EURO**

EURO had been served with a writ and statement of claim both dated 20 January 2021, by M South wherein M South alleged that M South had supplied goods to AWB and EURO had guaranteed the payment for the goods supplied to AWB. M South had claimed for, amongst others, a total principal sum of RM315,880.27, late payment interest of RM121,076.52 as at 31 December 2020 and interest on the principal sum at the rate of 1.5% per annum from 1 January 2021 until full settlement.

EURO had filed the statement of defence and counterclaim on 1 March 2021 to counter claim against M South, AWB, Choong Yuen Keong @ Tong Yuen Keong, Tong Yun Mong and ADY Marketing Sdn Bhd for conspiracy to defraud.

The case has been consolidated with WA-22NCC-246-06/2020 and WA-22NCC-632-12/2020.

The hearing has been concluded and the court ordered as follows:

- (i) AWB and EURO were ordered to pay the principal sum of RM315,880.27 to M South;
- (ii) late payment interest of RM121,076.52 is awarded, payable by AWB and EURO to M South;
- (iii) interest at the rate of 1.5% per annum on the principal sum is payable by AWB and EURO to M South from 1 January 2021 until full and final settlement;

INFORMATION ON EURO (<i>cont'd</i>)
--

- (iv) costs are awarded in favour to M South; and
- (v) EURO's counterclaim is dismissed, and costs are awarded in favour of the respondents to the counterclaim.

EURO had filed an appeal on 30 June 2025 under appeal No. W-02(NCC)(W)-1239-07/2025, and case management is fixed on 18 December 2025.

The solicitor in charge is of the view that the prospects of success for the appeal are limited at this stage.

(iii) **Kuala Lumpur High Court Case No. WA-22NCC-632-12/2020. ADY Marketing Sdn. Bhd. ("ADY") v. All Ways Builder Sdn. Bhd. ("AWB"), EURO, Wong Kin Sing and Chia Chiw Hoon ("Defendants")**

EURO had been served with a sealed writ dated 1 July 2020 and a sealed amended statement of claim dated 6 July 2020 for, amongst others, a principal sum of RM493,634.03 ("Principal Sum") and late payment interest of RM137,746.74 owing and accumulated by AWB where EURO acts as guarantor for full repayment of the overdue debt owing by AWB to ADY.

EURO had subsequently on 14 August 2020 filed the statement of defence and counterclaim, wherein EURO had counterclaimed against ADY, Choong Yuen Keong @ Tong Yuen Keong, Tong Yun Mong, AWB and M South Marketing Sdn Bhd for, inter alia, the following:

- (i) a declaration that ADY had conspired with the conspirators vide unlawful means to cheat and/or to deceive EURO which caused EURO to suffer losses;
- (ii) a declaration that ADY had conspired with the conspirators with the intention or purpose to injure and/ or affect EURO and/or to cause EURO to suffer losses; and
- (iii) damages to be assessed by the Court for the losses suffered by EURO based on conspiracy actions of ADY and the conspirators against EURO.

This case has been consolidated with WA-22NCC-246-06/2020 and WA-22NCC-137 03/2021.

The hearing has been concluded and the court ordered as follows:

- (i) the Principal Sum of RM493,634.03, as outstanding on 16 September 2019, is payable to ADY. Wong Kin Sing is liable only in respect of the period up to 31 May 2018, amounting to RM53,428.44 of the Principal Sum, for which he is jointly and severally liable together with AWB, EURO and Chia Chiw Hoon. The balance of the Principal Sum is payable to ADY by AWB, EURO and Chia Chiw Hoon;
- (ii) the agreed late payment interest of RM137,746.74, calculated as of 16 September 2019, is awarded to ADY, with Wong Kin Sing's liability limited to RM26,149.90 and the balance being payable by AWB, EURO and Chia Chiw Hoon;
- (iii) additional late payment interest of RM62,387.03 is imposed for the period from 17 September 2019 to 31 May 2020, payable by AWB, EURO and Chia Chiw Hoon to ADY;
- (iv) late payment interest at the rate of 1.5% per month on the Principal Sum is payable by the Defendants to ADY, from 1 June 2020 until full and final settlement;
- (v) costs are awarded in favour to ADY; and

INFORMATION ON EURO (<i>cont'd</i>)
--

- (vi) EURO's counterclaim is dismissed, and costs are awarded in favour of the respondents to the counterclaim.

EURO had filed an appeal on 30 June 2025 under appeal No. W-02(NCC)(W)-1235-07/2025, and the case management is fixed on 18 December 2025.

The solicitor in charge is of the view that the prospects of success for the appeal are limited at this stage.

(iv) **Kuala Lumpur High Court Case No. N/4-22NCC-246-06/2020. ADY Marketing Sdn. Bhd. ("ADY") v. Euroland & Development Sdn. Bhd. ("ELD") and EURO**

EURO has been served with a sealed writ dated 17 June 2020 and a sealed amended statement of claim dated 18 August 2020 for, amongst others, a principal sum of RM1,416,753.60 owing and accumulated by ELD, where EURO acts as guarantor for full repayment of the overdue debt owing by ELD to ADY. ADY has further claimed against ELD for the remaining sum of RM120,329.69 which exceeded the limit guaranteed by EURO together with the outstanding late payment interest of RM479,688.07 incurred.

EURO has subsequently on 3 September 2020 filed the amended statement of defence and counter claim dated 26 August 2020, where EURO has counterclaimed against ADY, Choong Yuen Keong @ Tong Yuen Keong, Tong Yun Mong, AWB and M South Marketing Sdn Bhd for, inter alia, the followings:

- (i) a declaration that ADY has conspired with the conspirators vide unlawful means to cheat and/or to deceive EURO and ELD which caused them to suffer losses: and
- (ii) damages to be assessed by the Court for the losses suffered by EURO and ELD based on the conspiracy action of ADY and the conspirators against them.

ELD has entered a consent judgment with ADY in November 2023 to settle all the outstanding sums despite the alleged conspiracy issue in the matter.

The matter had been consolidated with WA-22NCC-137-03/2021 and WA-22NCC-632-12/2020.

The hearing has been concluded and the court ordered as follows:

- (i) EURO were ordered to pay the principal sum of RM1,416,753.60 to ADY;
- (ii) costs are awarded in favour of ADY; and
- (iii) EURO's counterclaim is dismissed, and costs are awarded in favour of the respondents to the counterclaim.

As of 1 December 2025, no order is made by the court in respect of the remaining sum of RM120,329.69 and the late payment interest of RM479,688.07.

EURO had filed an appeal on 30 June 2025 under appeal No. W-02(NCC)(W)-1227-07/2025, and the case management is fixed on 18 December 2025.

The solicitor in charge is of the view the prospects of success for the appeal are limited at this stage.

INFORMATION ON EURO (cont'd)

- (v) **Kuala Lumpur High Court Case No. WA-22NCC-355-08/2021 consolidated and new case number under Kuala Lumpur High Court Case No. WA 22NCC-550-12/2021. All Ways Builder Sdn. Bhd. ("AWB") v. Euroland & Development Sdn. Bhd. ("ELD") and EURO**

EURO had been served with a writ and statement of claim both dated 13 August 2021, by AWB for, amongst others, to jointly and severally pay a sum of RM8,767,031.97 with interest to AWB as the outstanding sum owed. AWB claimed that it is the main contractor of ELD for the project to be developed and it has completed the project with the "Conditional Certificate of Practical Completion"

EURO has on 6 October 2021 filed their Defence and Counterclaim against AWB, Chia Chiew Hoon, Wong Kin Sing, Choong Yuen Keong @ Tong Yuen Keong, Tong Yun Mong and Tong Kah Hoe to counterclaim for, amongst others, conspiring in causing ELD and EURO funds to be channelled out through the project.

ELD entered a consent judgment with AWB in November 2023 to settle all the outstanding sums despite the alleged conspiracy issue in the matter.

The hearing has been concluded, whereby AWB's claim has been withdrawn and the court ordered that EURO's counterclaim be dismissed, with costs awarded in favour of the respondents to the counterclaim.

EURO had filed an appeal on 30 June 2025 under appeal No. W-02(NCC)(W)-1237-07/2025, and the case management is fixed on 18 December 2025.

The solicitor in charge is of the view that the prospects of success for the appeal are limited at this stage.

12. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered in the ordinary course of business of the Group) that the Group has entered during the 2 years prior the announcement of the Proposals on 6 March 2025.

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INFORMATION ON EURO (cont'd)**13. HISTORICAL PRICES**

The highest and lowest daily transacted prices of EURO Shares for the past 12 months before the date of this IAL as set out below:

	High (RM)	Low (RM)
2024		
December	0.055	0.050
2025		
January	0.070	0.050
February	0.055	0.050
March	0.055	0.045
April	0.055	0.045
May	0.055	0.045
June	0.055	0.045
July	0.050	0.045
August	0.050	0.045
September	0.060	0.045
October	0.055	0.045
November	0.050	0.045
Last transacted market price on 5 March 2025 (being the last trading day prior to the announcement of the Proposals)		0.050
Last transacted market price on 8 December 2025 (being the LPD)		0.050

During the above period, we noted that:

- (i) the highest transacted price was RM0.070, which was transacted on 3 January 2025; and
- (ii) the lowest transacted price was RM0.045, which was transacted on 7 March 2025.

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INFORMATION ON DATO' SRI LIM AND HIS PACS
1. INFORMATION ON DATO' SRI LIM AND HIS PACS

As disclosed in **Section 2.2** of Part A of the Circular, Dato' Sri Lim and his PACs will submit an application to the SC for the Proposed Exemptions from a Mandatory Offer obligation after obtaining the approval for the Proposed Exemptions from the non-interested shareholders of the Company at the forthcoming EGM of the Company.

Accordingly, the details of Dato' Sri Lim and his PACs are as follows:

Name	Age	Country of incorporation/ Nationality	Nature of relationship
Dato' Sri Lim ⁽¹⁾	43	Malaysian	<ul style="list-style-type: none"> • Shareholder with 0.13% equity interest in EURO • Son of Dato' Lim Chaw Teng and Datin Chooi Moi, spouse of Datin Sri Ong Lely and brother of Datuk Lim
S.P.A. Furniture ⁽²⁾	-	Malaysia	<ul style="list-style-type: none"> • Controlling shareholder with 38.30% equity interest in EURO • Directors and shareholders are Datin Sri Ong Lely and Datin Chooi Moi, who have 50.00% equity interest each in S.P.A. Furniture • A PAC to Dato' Sri Lim by virtue of subsection 216(2) of the CMSA
PH Performance	-	Malaysia	<ul style="list-style-type: none"> • Shareholder with 0.02% equity interest in EURO • Directors and shareholders are Datin Sri Ong Lely and Datuk Lim, who have 50.00% equity interest each in PH Performance • A PAC to Dato' Sri Lim by virtue of subsection 216(2) of the CMSA
Datuk Lim	45	Malaysian	<ul style="list-style-type: none"> • Group Deputy Managing Director • Director and shareholder of PH Performance • Sister of Dato' Sri Lim • Daughter of Dato' Lim Chaw Teng and Datin Chooi Moi and sister-in-law of Datin Sri Ong Lely • A PAC to Dato' Sri Lim by virtue of paragraph 216(3)(h) of the CMSA
Datin Sri Ong Lely ⁽³⁾	43	Malaysian	<ul style="list-style-type: none"> • Group Managing Director • Director and shareholder of S.P.A. Furniture • Director and shareholder of PH Performance • Spouse of Dato' Sri Lim • Daughter-in-law of Datin Chooi Moi and sister-in-law of Datuk Lim • A PAC to Dato' Sri Lim by virtue of paragraph 216(3)(h) of the CMSA

INFORMATION ON DATO' SRI LIM AND HIS PACS (cont'd)

Name	Age	Country of incorporation/ Nationality	Nature of relationship
Datin Chooi Moi ⁽⁴⁾	70	Malaysian	<ul style="list-style-type: none"> • Director and shareholder of S.P.A. Furniture • Spouse of Dato' Lim Chaw Teng • Mother to Dato' Sri Lim and Datuk Lim • Mother-in-law to Datin Sri Ong Lely • A PAC to Dato' Sri Lim by virtue of paragraph 216(3)(h) of the CMSA

Notes:

- (1) *Dato' Sri Lim was an indirect major shareholder of EURO as he is deemed interested by virtue of his shareholding held in S.P.A. Furniture from 11 January 2020 until cessation of deemed interest of his shareholding on 22 November 2024 arising from the transfer of his shares in S.P.A. Furniture ("Transfer") to his spouse, Datin Sri Ong Lely. He was also the Group Managing Director of the Company from 27 May 2020 until his resignation on 1 November 2023. He is currently an indirect major shareholder of the Company by virtue of his spouse, Datin Sri Ong Lely's 50% direct interest in S.P.A. Furniture.*
- (2) *S.P.A. Furniture emerged as the controlling shareholder of EURO since 11 February 2020 pursuant to the acquisition of 51% equity interest in EURO from a group of shareholders via direct business transaction.*
- (3) *Datin Sri Ong Lely became the major shareholder of EURO since November 2024 pursuant to the Transfer from her spouse, Dato' Sri Lim to her.*
- (4) *Datin Chooi Moi became the major shareholder of EURO since November 2024 pursuant to the Transfer from her spouse, Dato' Lim Chaw Teng to her.*

2. S.P.A. FURNITURE
2.1 HISTORY AND PRINCIPAL ACTIVITIES

S.P.A. Furniture was incorporated in Malaysia on 21 April 2010 as a private limited company. The principal activity of S.P.A. Furniture is investment holding.

2.2 SHARE CAPITAL

As at the LPD, the issued share capital of S.P.A. Furniture is as follows:

	No. of shares	RM
Issued share capital	1,000,002	1,000,002

As at the LPD, S.P.A. Furniture does not have any convertible securities.

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INFORMATION ON DATO' SRI LIM AND HIS PACS (cont'd)**2.3 SHAREHOLDERS**

As at the LPD, the shareholders of S.P.A. Furniture and their respective shareholdings in S.P.A. Furniture are as follows:

	Direct		Indirect	
	No. of shares	(%) ⁽¹⁾	No. of shares	(%) ⁽¹⁾
Datin Sri Ong Lely	500,001	50.00	-	-
Datin Chooi Moi	500,001	50.00	-	-
Dato' Sri Lim	-	-	500,001	50.00 ⁽²⁾

Notes:

(1) Based on the issued share capital of 1,000,002 S.P.A. Furniture shares as at the LPD.

(2) Deemed interest by virtue of the interest in S.P.A. Furniture held by his spouse.

2.4 DIRECTORS

As at the LPD, the directors of S.P.A. Furniture and their respective shareholdings in S.P.A. Furniture are as follows:

Name	Nationality	Designation	Address	Direct		Indirect	
				No. of shares	(%) ⁽¹⁾	No. of shares	(%) ⁽¹⁾
Datin Sri Ong Lely	Malaysian	Director	No. 139, Jalan Bukit Duyong, 75460 Melaka, Melaka	500,001	50.00	-	-
Datin Chooi Moi	Malaysian	Director	No. 42, Jalan CU2, Taman Cheng Utama, 75250 Melaka, Melaka	500,001	50.00	-	-

Notes:

(1) Based on the issued share capital of 1,000,002 S.P.A. Furniture shares as at the LPD.

2.5 SUBSIDIARY, ASSOCIATE COMPANIES AND JOINT VENTURES

As at the LPD, S.P.A. Furniture does not have any subsidiary, associate companies and joint ventures.

3. PH PERFORMANCE**3.1 HISTORY AND PRINCIPAL ACTIVITIES**

PH Performance was incorporated in Malaysia on 9 March 2007 as a private limited company. The principal activities of PH Performance include export and trading of automotive parts.

INFORMATION ON DATO' SRI LIM AND HIS PACS (cont'd)**3.2 SHARE CAPITAL**

As at the LPD, the issued share capital of PH Performance is as follows:

	No. of shares	RM
Issued share capital	760,500	760,500

As at the LPD, PH Performance does not have any convertible securities.

3.3 SHAREHOLDERS

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

	Direct		Indirect	
	No. of shares	(%)⁽¹⁾	No. of shares	(%)⁽²⁾
Datin Sri Ong Lely	380,250	50.00	-	-
Datuk Lim	380,250	50.00	-	-
Dato' Sri Lim	-	-	380,250	50.00 ⁽²⁾

Notes:

(1) Based on the issued share capital of 760,500 PH Performance shares as at the LPD.

(2) Deemed interest by virtue of the interest in PH Performance held by his spouse.

3.4 DIRECTORS

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

Name	Nationality	Designation	Address	Direct		Indirect	
				No. of shares	(%)⁽¹⁾	No. of shares	(%)⁽¹⁾
Datin Sri Ong Lely	Malaysian	Director	No. 139, Jalan Bukit Duyong, 75460 Melaka, Melaka	380,250	50.00	-	-
Datuk Lim	Malaysian	Director	No. 42, Jalan CU2, Taman Cheng Utama, 75250 Melaka, Melaka	380,250	50.00	-	-

Notes:

(1) Based on the issued share capital of 760,500 PH Performance shares as at the LPD.

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INFORMATION ON DATO' SRI LIM AND HIS PACS (<i>cont'd</i>)
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3.5 SUBSIDIARY, ASSOCIATE COMPANIES AND JOINT VENTURES

As at the LPD, the subsidiary of PH Performance is set out below:

Name	Country of incorporation	Effective percentage of ownership (%)	Principal activities
<u>Subsidiaries of PH Performance:</u>			
Mewah Komuniti Sdn Bhd	Malaysia	100.00	Money lending services

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FURTHER INFORMATION

DISCLOSURE OF INTEREST AND DEALINGS IN SHARES

1.1 By EURO

(i) Dealing in own securities of EURO

EURO has not dealt, directly or indirectly, in its own voting shares or convertible securities of EURO during the period beginning 6 months before the date of the announcement of the Proposals on 6 March 2025 and ending on the LPD.

1.2 By the Directors of EURO

(i) Disclosure of interest in EURO

As at the LPD, save as disclosed in **Section 4, Attachment I** of this IAL, the Directors do not have any other interest, direct or indirect, in any voting shares or convertible securities in EURO.

(ii) Dealing in securities of EURO

The directors of EURO have not dealt, directly or indirectly, in any voting shares or convertible securities of EURO during the period beginning 6 months before the announcement of the Proposals on 6 March 2025 and ending on the LPD.

1.3 By Dato' Sri Lim and his PACs

(i) Disclosure of interest in EURO

As at the LPD, save as disclosed below, Dato' Sri Lim and his PACs do not have any other interest, direct or indirect, in any voting shares or convertible securities in EURO:

	Direct No. of Shares	(%) ⁽¹⁾	Indirect No. of Shares	(%) ⁽¹⁾
Dato' Sri Lim	1,783,500	0.13	-	-
<u>PACs</u>				
Datin Sri Ong Lely	-	-	510,627,700	38.45 ⁽³⁾
Datin Chooi Moi	-	-	508,559,200	38.30 ⁽⁴⁾
Datuk Lim	-	-	285,000	0.02 ⁽²⁾
PH Performance	285,000	0.02	-	-
S.P.A. Furniture	508,559,200	38.30	-	-

Notes:

(1) Based on the issued share capital of 1,327,967,100 EURO Shares as at the LPD.

(2) Deemed interested by virtue of her shareholding held in PH Performance pursuant to Section 8(4) of the Act.

(3) Deemed interested by virtue of her shareholdings held in S.P.A Furniture and PH Performance pursuant to Section 8(4) of the Act and the shareholding held by her spouse, namely Dato' Sri Lim, pursuant to Section 59(11)(c) of the Act.

(4) Deemed interested by virtue of her shareholding held in S.P.A Furniture pursuant to Section 8(4) of the Act.

FURTHER INFORMATION

(ii) Dealing in securities of EURO

As at the LPD, Dato' Sri Lim and his PACs have not dealt, directly or indirectly, in any voting shares or convertible securities in EURO during the period beginning 6 months before the announcement of the Proposals on 6 March 2025 and ending on the LPD.

1.4 By the persons with whom EURO or any persons acting in concert with it has any arrangement

As at the LPD, there are no persons with whom EURO or any persons acting in concert with it have entered into any agreement including any arrangement involving rights over shares, any indemnity arrangement, any agreement or understanding, formal or informal, or whatever nature, relating to relevant securities which may be an inducement to deal or to refrain from dealing pursuant to the Proposals.

1.5 By the persons with whom EURO or any persons acting in concert with it has borrowed or lent

As at the LPD, there are no persons with whom EURO or any persons acting in concert with it have borrowed or lent any voting shares or convertible securities of EURO.

1.6 By DWA Advisory**(i) Disclosure of interest in EURO**

As at the LPD, DWA Advisory does not have any interest, whether direct or indirect, in any voting shares or convertible securities of EURO.

(ii) Disclosure of dealings in securities of EURO

DWA Advisory has not dealt, directly or indirectly, in EURO Shares during the period beginning 6 months before the date of the announcement of the Proposals on 6 March 2025 and ending on the LPD.

(iii) Disclosure of interest in EURO by funds whose investments are managed by DWA Advisory on a discretionary basis

As at the LPD, DWA Advisory is not involved in management of funds on a discretionary basis.

1.7 By the persons with whom Dato' Sri Lim and his PACs have any arrangement

As at the LPD, there are no persons with whom Dato' Sri Lim and his PACs have entered into any agreement including any arrangement involving rights over shares, any indemnity arrangement, any agreement or understanding, formal or informal, or whatever nature, relating to relevant securities which may be an inducement to deal or to refrain from dealing pursuant to the Proposals.

1.8 By the persons with whom Dato' Sri Lim and his PACs has borrowed or lent

As at the LPD, there are no persons with whom Dato' Sri Lim and his PACs have borrowed or lent any voting shares or convertible securities of EURO.

1.9 By the persons who have irrevocably committed themselves to vote in favour or against the Proposals

As at the LPD, there is no person who has irrevocably committed himself/herself to vote in favour or against the Proposals.

FURTHER INFORMATION

2. ARRANGEMENT AFFECTING DIRECTORS

- (i) As at the LPD, no payments or other benefits will be made or given to any directors as compensation for loss of office or otherwise in connection with the Proposals.
- (ii) As at the LPD, there are no agreements or arrangements between any director and any other person which is conditional on or dependent after the outcome of the Proposals or otherwise connected with the outcome of the Proposals.
- (iii) As at the LPD, Dato' Sri Lim and his PACs have not entered into any material contract in which any director has a material personal interest.
- (iv) As at the LPD, there are no agreements, arrangements or understanding existing between Dato' Sri Lim and his PACs with any of the directors or recent directors, holders of voting shares or voting rights or recent holders of voting shares or voting rights of EURO having any connection with or dependence after the Proposals. For clarity purposes, voting in favour of the resolutions relating to the Proposals does not, in itself, constitute an agreement, arrangement or understanding.

3. SERVICE CONTRACTS

As at the LPD, neither EURO nor its subsidiaries have any service contracts with any Directors or proposed Directors, which have been entered into or amended within 6 months before the date of the announcement of the Proposals on 6 March 2025 or which are fixed term contracts more than 12 months to run.

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

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SALIENT TERMS OF THE SPA

The salient terms of the SPA are as follows:

1. SALE AND PURCHASE

In consideration of the ELSB (“**Purchaser**”) agreeing to pay to the Vendor the total purchase consideration of RM56,000,000.00 (“**Purchase Consideration**”), the Vendor hereby agrees to sell and the Purchaser hereby agrees to purchase the Subject Property free from all encumbrances and with vacant possession, at the Purchase Consideration, subject to the terms and conditions contained in the SPA.

2. PURCHASE CONSIDERATION

The Purchase Consideration shall be paid by the Purchaser to the Vendor in the following manner:

(i) Deposit

A sum of **RM1,680,000.00 only** which is equivalent to three per centum (3%) of the Purchase Consideration shall, within seven (7) working days from the date on which the Purchaser has complied with **Clause 3.1(i)** and **Clause 3.1(iii)** of this Appendix I (i.e. procurement of approvals of EURO’s shareholders and the Purchaser’s shareholder at an extraordinary general meeting to be convened for the Proposed Acquisition as well as all other relevant regulatory and corporate approvals, if any), be paid by the Purchaser to the Purchaser’s solicitors as stakeholders (“**Deposit**”)*.

Note:

* *The Purchaser and Vendor had, vide a supplemental letter dated 13 March 2025, mutually agreed to vary the term in relation to the payment of the Deposit set out in the SPA, i.e., the Deposit shall be paid within 7 working days from the date of the SPA, to extend the payment of the Deposit to within 7 working days from the procurement of approvals of EURO’s shareholders and the Purchaser’s shareholder at an extraordinary general meeting to be convened for the Proposed Acquisition as well as all other relevant regulatory and corporate approvals (if any).*

(ii) RPGT Retention Sum

The Deposit retained by the Purchaser’s solicitors shall serve as the real property gains tax retention sum, payable by the Purchaser to the Director General of the Inland Revenue Board of Malaysia pursuant to the Real Property Gains Tax Act 1976 (“**RPGT Retention Sum**”).

(iii) Balance Purchase Consideration

A sum of **RM54,320,000.00 only** which is equivalent to ninety-seven per centum (97%) of the Purchase Consideration, being the balance of the Purchase Consideration (“**Balance Purchase Consideration**”) shall be paid by the Purchaser in the following manner, within the period of six (6) months from the Unconditional Date (as defined hereinafter) (“**Completion Period**”):

- (a) A sum of **RM36,320,000.00 only** be paid in cash by the Purchaser to the Purchaser’s solicitors as stakeholders.
- (b) A sum of **RM18,000,000.00 only** by way of allotment and issuance of Consideration Shares to the Vendor’s nominee(s), namely Dato’ Sri Lim at an issue price of RM0.045 per share.

3. CONDITIONS PRECEDENT

3.1 Conditions Precedent

The sale and purchase of the Subject Property shall be subject to the fulfilment of all the following conditions precedent within six (6) months from the date of the SPA (“**Conditional Period**”), which shall be automatically be extended for a further six (6) months upon its expiry, or such other period, as may be mutually agreed between the Vendor and Purchaser in writing (“**Extended Conditional Period**”):

SALIENT TERMS OF THE SPA (CONT'D)

- (i) the Purchaser having procured EURO to obtain the approval of its shareholders at an extraordinary general meeting to be convened for the acquisition of the Subject Property including the allotment and issuance of the Consideration Shares in accordance with the terms and conditions the SPA and the Proposed Exemption 1;
- (ii) the Purchaser having procured EURO to obtain the approval from Bursa Securities for the listing of and quotation for the Consideration Shares;
- (iii) the Purchaser having procured its shareholders' approval in an extraordinary general meeting for the acquisition of the Subject Property as well as all other relevant regulatory and corporate approvals (if any);
- (iv) the Vendor and/or the Vendor's Nominee having obtained the Securities Commission Malaysia's approval for Proposed Exemption 1; and
- (v) the Vendor having obtained the state authority's consent for the transfer of the Subject Property in favour of the Purchaser.

(Collectively, the "**Conditions Precedent**")

3.2 Non-Satisfaction/Waiver

If any of the Conditions Precedent are not fulfilled or waived by the expiry of the Conditional Period or Extended Conditional Period, either party may terminate the SPA by notice in writing to the other whereupon the Purchaser's Solicitors shall refund the Deposit to the Purchaser within seven (7) working days from the termination of the SPA. Thereafter, the SPA shall be terminated and shall be of no further force and effect and neither party hereto shall have any claims against the other save and except for any other antecedent breach.

3.3 Unconditionality

The SPA will become unconditional on the date the Conditions Precedent set out in **Clause 3.1** of this Appendix I are all fulfilled (the "**Unconditional Date**").

4. EXTENSION OF COMPLETION PERIOD**4.1 Extended Completion Period**

In the event that the Balance Purchase Consideration or any part thereof is not settled within the Completion Period, the Vendor shall automatically grant to the Purchaser an extension of **six (6) months** immediately after the expiry of the Completion Period ("**Extended Completion Period**") to settle the Balance Purchase Consideration or such part thereof remaining outstanding subject to the terms of the SPA.

4.2 Mutually Agreed Extended Completion Period

If the Purchaser is unable to settle the Balance Purchase Consideration due to unsuccessful Loan (as defined herein) or failure to obtain other financial assistance within the Extended Completion Period, the parties may mutually agree in writing to further extend the Extended Completion Period on such terms and conditions as they may deem fit to facilitate the Purchaser's further financing application ("**Mutually Agreed Extended Completion Period**").

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SALIENT TERMS OF THE SPA (CONT'D)

5. Termination**5.1 Default by Purchaser**

In the event the Purchaser shall default in payment of the Balance Purchase Consideration in accordance with the SPA or in the event the Purchaser shall be in breach of any material provision of the SPA or the instrument of transfer of the Subject Property (“**Transfer**”) is not accepted or is rejected for registration or is not registered due to the default, wilful neglect, omission or blameworthy conduct on the part of the Purchaser, and, thereafter such failure or breach is not remedied by the Purchaser within **thirty (30) days** after the Vendor have given written notice to the Purchaser’s Solicitors for the Purchaser to remedy such failure or breach or such extended period to be granted by the Vendor PROVIDED THAT without any fault of the Vendor and the Vendor have complied with all the terms herein, the Vendor shall be entitled to terminate the SPA by giving written notice to the Purchaser and forfeit the Deposit as agreed liquidated damages but all other payments made towards the Purchase Consideration shall be refunded to the Purchaser free of interest within fourteen (14) days from the date of the notice of termination issued by the Vendor, the Purchaser shall, at its own cost and expenses, if applicable:

- (i) re-deliver vacant possession of Subject Property to the Vendor without any rental or compensation being payable;
- (ii) forthwith remove all encumbrances and/or caveats, if any, on the Subject Property attributable to the Purchaser and/or the Purchaser’s Financier (as defined hereinafter); and
- (iii) return or cause to be returned to the Vendor of all the relevant documents (if the same has already been delivered to the Purchaser and is still in its possession) with the Vendor’s interest intact save and except for the Transfer which shall be redelivered to the Vendor after the Purchaser has made a claim for the refund of the stamp duty paid thereon, and the said stamp duty having been refunded and the Purchaser’s receipt of the Transfer from the relevant stamp office (where applicable);

whereupon the SPA shall terminate and cease to be of any further effect but without prejudice to any right, which either party may be entitled to against the other party in respect of any antecedent breach of the SPA.

5.2 Default by Vendor

In the event the Vendor shall fail to comply observe or be in breach of any provision of the SPA or in the event that any of the representations or warranties of the Vendor is untrue or incorrect or misleading in any respect or the Transfer is not accepted or is rejected for registration or is not registered for any reason whatsoever due to the default, wilful neglect, omission on the part of the Vendor, and such failure or breach or reason for non-registration is not remedied by the Vendor within thirty (30) days after the Purchaser have given written notice to the Vendor to remedy such failure or breach, the Purchaser shall be entitled at the cost and expense of the Vendor and at the Purchaser’s sole discretion to the following remedies:

- (i) the remedy of specific performance of the SPA against the Vendor together with all reliefs flowing therefrom; or
- (ii) the Vendor shall, within fourteen (14) days of receipt by the Vendor of notice in writing from the Purchaser of such event, refund to the Purchaser all monies paid by the Purchaser towards the Purchase Consideration under the SPA free of interest together with an additional sum equivalent to the Deposit as agreed liquidated damages, the Purchaser shall, if applicable:
 - (a) re-deliver vacant possession of the Subject Property to the Vendor without any rental or compensation being payable;

SALIENT TERMS OF THE SPA (CONT'D)

- (b) forthwith remove all encumbrances and/or caveats, if any, on the Subject Property attributable to the Purchaser and/or the Purchaser's Financier (as defined hereinafter); and
- (c) return or cause to be returned to the Vendor of all the relevant documents (if the same has already been delivered to the Purchaser and is still in its possession) with the Vendor's interest intact save and except for the Transfer which shall be redelivered to the Vendor after the Purchaser has made a claim for the refund of the stamp duty paid thereon, and the said stamp duty having been refunded and the Purchaser's receipt of the Transfer from the relevant stamp office (where applicable);

whereupon the SPA shall terminate and cease to be of any further effect but without prejudice to any right, which either party may be entitled to against the other party in respect of any antecedent breach of the SPA.

5.3 Mutual Termination

The Vendor acknowledges that the Purchaser intends to obtain the credit facility from financial institution ("**Purchaser's Financier**") ("**Loan**") or other financial assistance to finance the payment of the Purchase Consideration or any part thereof. In the event where the Purchaser is unable to secure the Loan or any other financial assistance within the Mutually Agreed Extended Completion Period in accordance with the terms of the SPA, the parties may mutually agree in writing to terminate the SPA.

In the event that the parties mutually agree to terminate the SPA, the Vendor shall within fourteen (14) days from the date of written termination refund to the Purchaser all money paid by and on behalf of the Purchaser to the Vendor and Purchaser's solicitors towards the Purchase Consideration and all other monies (if any) payable by the Purchaser to the Vendor pursuant to and under the terms of the SPA in respect of the purchase of the Subject Property, free of interest, including the Deposit, and in simultaneous exchange for, if applicable:-

- (i) re-delivery of vacant possession of the Subject Property by the Purchaser to the Vendor without any rental or compensation being payable;
- (ii) removal of all encumbrances and/or caveats by the Purchaser, if any, on the Subject Property attributable to the Purchaser and/or the Purchaser's Financier; and
- (iii) return by the Purchaser to the Vendor of all the relevant documents (if the same have already been delivered to the Purchaser and are still in its possession) with the Vendor's interest intact save and except for the Transfer which shall be re-delivered to the Vendor after the Purchaser has made a claim for the refund of the stamp duty paid thereon, and the said stamp duty having been refunded and the Purchaser's receipt of the Transfer from the relevant stamp office (where applicable);

whereupon the SPA shall terminate and cease to be of any further effect but without prejudice to any right, which either party may be entitled to against the other party in respect of any antecedent breach of the SPA.

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SALIENT TERMS OF THE SETTLEMENT AGREEMENT

The salient terms of the Settlement Agreement are as follows:

1. SETTLEMENT

In consideration that EURO intended to settle the Debts owed by the Borrowers to the Lenders through the issuance of Settlement Shares, the Borrowers hereby agrees that the Settlement Shares shall be issued solely to Dato' Sri Lim, whereby the Debts shall be deemed fully repaid and settled by way of allotment and issuance of the Settlement Shares into the CDS Account of Dato' Sri Lim and subsequent listing and quotation of the Settlement Shares on the Main Market of Bursa Securities, subject to the terms and conditions contained in the Settlement Agreement ("**Settlement**").

2. CONDITIONS PRECEDENT

2.1 Conditions Precedent

The Settlement shall be subject to the fulfilment of all the following conditions precedent within six (6) months* from the date of the Settlement Agreement ("**Conditional Period**") or such other period, as may be mutually agreed between the Lenders and Borrowers ("**the Parties**") in writing:

- (i) The approval of Bursa Securities for the listing of and quotation for the Settlement Shares on the Main Market of Bursa Securities;
- (ii) The approval of the board of directors of the Borrowers in respect of the Settlement and the execution of the Settlement Agreement;
- (iii) The approval of the board of directors of Lenders in respect of the Settlement and the execution of the Settlement Agreement;
- (iv) The approval of the shareholders of EURO at an extraordinary general meeting to be held for the Settlement including the allotment and issuance of the Settlement Shares to Dato' Sri Lim pursuant to the Settlement Agreement and the Proposed Exemption 2. In addition, such approval shall not be amended, withdrawn, revoked, rescinded or cancelled on and before the date of the issuance of the Settlement Shares;
- (v) The approval of the shareholders of the Borrowers, excluding Dato' Sri Lim, for the Settlement and the execution of the Settlement Agreement;
- (vi) The approval of the Securities Commission Malaysia for Proposed Exemption 2; and
- (vii) The procurement of such other necessary approvals, consents, permission or no objection (as the case may be) that is necessary from all the relevant regulatory authorities and third parties having been obtained for the Settlement and such approval, consent permission or no objection (as the case may be) shall not be amended, withdrawn, revoked, rescinded or cancelled on or before the date of the issuance of the Settlement Shares.

(Collectively, "**Conditions Precedent**")

Note:

* *The Borrowers and the Lenders had, vide a supplemental letter dated 4 September 2025, mutually agreed to extend the period for fulfilment of the conditions precedent under the Settlement Agreement for an additional 6 months, i.e. up to and including 5 March 2026.*

SALIENT TERMS OF THE SPA (CONT'D)

2.2 Non-Satisfaction/Waiver

In the event any of the Conditions Precedent is not fulfilled by the defaulting party and the non-defaulting party does not or is not willing to waive such Conditions Precedent (provided such condition precedent is not mandatory required by any laws or relevant authorities and can be waived by the non-defaulting party), the non-defaulting party shall, at its absolute discretion, be entitled (but not obliged) to terminate the Settlement Agreement forthwith by way of notice of termination served on the defaulting party, without prejudice to the non-defaulting party's rights and remedies at law and/or hereunder in respect of any antecedent breaches by the defaulting party of the Settlement Agreement and the following terms shall apply:

- (i) the Settlement Agreement will be null and void and of no further effect;
- (ii) the Parties shall negotiate in good faith on the repayment of the Debts by the Borrowers to the Lenders; and
- (iii) the Parties shall cease to have any obligations arising from the Settlement Agreement against each other save for any antecedent breaches arising prior thereto.

2.3 Unconditionality

The Settlement Agreement will become unconditional on the date on which the last of the Conditions Precedent set out in **Clause 2.1** of this Appendix II has been fulfilled within the Conditional Period or such extended time as the Parties may agree in writing (the "**Unconditional Date**").

3. COMPLETION OF SETTLEMENT

EURO shall allot and issue the Settlement Shares to Dato' Sri Lim by crediting the Settlement Shares into the CDS Account of Dato' Sri Lim within a period of eight (8) Market Days (as defined below) from the Unconditional Date, whereby EURO shall also cause the Settlement Shares to be listed and quoted on Main Market of Bursa Securities not later than five (5) Market Days from the date of allotment and issuance of the Settlement Share. Upon the listing and quotation of the Settlement Shares on the Main Market of Bursa Securities, the Settlement shall be deemed fully completed, and the Borrowers shall be discharged and released from all obligations related to the Debts owed to the Lenders.

("Market Days" shall mean as day on which the stock market of Bursa Securities is open for trading in securities.)

4. TERMINATION

Either party may terminate the Settlement Agreement immediately if the other party:

- (i) commits a material breach of the terms or conditions of the Settlement Agreement, and such breach is not capable of being remedied, including breaches of any of the representations and warranties in the Settlement Agreement;
- (ii) commits breach any representation, warranty or covenant set out in the Settlement Agreement and shall fail to remedy such breach within thirty (30) days from the service of any written notice by the terminating party complaining of such breach;
- (iii) goes into voluntary liquidation or otherwise than for the purpose of reconstruction or amalgamation or reorganisation of its group, or if an order of the court is made for its compulsory liquidation;
- (iv) shall become insolvent or enter into any composition or arrangement with its creditors in general;

SALIENT TERMS OF SETTLEMENT AGREEMENT (CONT'D)

- (v) cease or threaten to cease to carry on the whole or most of its business other than in the course of reconstruction or amalgamation with the prior consent of the terminating party not to be unreasonably withheld; or
- (vi) if any distress or execution or other process of a court of competent jurisdiction is levied upon or issued against any substantial part of the assets or property of a party and such distress, execution or other process (as the case may be) is not satisfied by such party within thirty (30) days thereof, or unless any of the foregoing is contested in good faith within thirty (30) days and dismissed, struck off, withdrawn, suspended, set aside or discharged within one hundred and twenty (120) days thereof (or such longer period as may be agreed by the other Party),

and the following terms shall apply:

- (i) the Settlement Agreement will be null and void and of no further effect;
- (ii) the defaulting party shall indemnify and hold the non-defaulting party harmless against any losses or damages that may be suffered by the non-defaulting party as a result of the breach by the defaulting party; and
- (iii) the Parties shall cease to have any obligations arising from the Settlement Agreement against each other save for any antecedent breaches arises prior thereto.

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VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY



Trust | Integrity | Expertise

Laurelcap Sdn. Bhd.

200801005326 (806610-U)
SUITE E-6-2, E-7-2, W-6-1 & W-7-1,
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Jalan SS 15/4G, 47500 Subang Jaya,
Selangor Darul Ehsan, MALAYSIA.

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laurelcap@laurelcap.com.my

VALUATION CERTIFICATE

Date : 16 December 2024
Our Ref No. : LC/ VAL/24/018106/KA (A)-CV

PRIVATE & CONFIDENTIAL

Board of Directors

Euro Holdings Berhad ("EURO")

Menara Euro
Lot 20111, Jalan TTC12
Kawasan Perindustrian Cheng
Mukim Cheng, Daerah Melaka Tengah
75250 Melaka

Dear Sirs,

VALUATION CERTIFICATE OF A PARCEL OF INDUSTRIAL LAND ERECTED WITH FOUR (4) BLOCKS OF INDUSTRIAL BUILDINGS BEARING POSTAL ADDRESS LOT NO. 19400-1, JALAN TTC 12, TAMAN TEKNOLOGI CHENG, 75250 CHENG, MELAKA HELD UNDER TITLE NO. PN 65466, LOT NO. 20111 (FORMERLY KNOWN AS HSD 82284, PT 9666 & PN 54142, LOT 19400), MUKIM OF CHENG, DISTRICT OF MELAKA TENGAH, STATE OF MELAKA (HEREIN REFERRED TO AS "SUBJECT PROPERTY")

We refer to the instructions by **EURO HOLDINGS BERHAD ("EURO")** to advise on the current **Market Value ("MV")** of the abovementioned property ("**Subject Property**") for the purpose of submission to **Bursa Malaysia Securities Berhad ("Bursa Securities")** and for the inclusion in the circular to shareholders of EURO in respect of the proposed acquisition of the Subject Property by Eurosteel Line Sdn Bhd, a wholly-owned subsidiary of EURO, from Supreme Power Auto Sdn Bhd ("**SPASB**").

The Subject Property was inspected on 16 December 2024. The relevant date of valuation for this valuation exercise coincides with the date of inspection, i.e. 16 December 2024.

The Valuation had been carried out in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards ("**MVS**") issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia (BOVAEAP) and with the necessary professional responsibility and due diligence.

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

The Valuation Certificate should be read in conjunction with the full Report (Ref No: LC/VAL/24/018106/KA) prepared by Laurelcap Sdn. Bhd. for submission to Bursa Securities which detailed the basis under which the valuation has been prepared.



- Registered Valuers
- Property Managers
- Estate Agents
- Development Consultants
- Project Managers
- Researchers



VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (CONT'D)



IDENTIFICATION OF THE SUBJECT PROPERTY

Address:	Lot No. 19400-1, Jalan TTC 12, Taman Teknologi Cheng, 75250 Cheng, Melaka
Type of Property:	<p>A parcel of industrial land erected with four (4) blocks of industrial buildings comprising:-</p> <ul style="list-style-type: none"> i. Three (3) blocks of single storey warehouses (Blocks A, B & C); and ii. A block of single storey warehouse with a basement and a mezzanine floor (Block D)
Date of Inspection:	16 December 2024
Date of Valuation:	For the purpose of this valuation exercise, the material date of valuation is the date of inspection, i.e. 16 December 2024.
Registered Owner:	The registered owner of the Subject Property is Supreme Power Auto Sdn Bhd.
Title Particular:	Title No. PN 65466, Lot No. 20111 (Formerly Known As HSD 82284, PT 9666 & PN 54142, Lot 19400), Mukim of Cheng, District of Melaka Tengah, State of Melaka
Tenure:	Leasehold for 99 years. Term expiring on 23 December 2109. Leaving an unexpired term of approximately 85 years as at the date of valuation
Category of Land Use:	"Perusahaan"
Express Condition:	For industrial use only
Restriction in Interest:	This land is not allowed to be transferred or leased in any way except after obtaining written permission from the State Authority. This restriction of interest is exempted for first transfer or lease
Titled Land Area (as per title):	3.121 hectares (approximately 335,944.44 square feet ("sq. ft."))
Gross Floor Area:	About 22,911.57 square metres (246,620.00 sq. ft.)

VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (CONT'D)



Location of the Property:

The Subject Property is situated along Jalan TTC 12 within an industrial estate known as Taman Teknologi Cheng. It lies approximately 10.00 kilometres due north-west and south-west of Jonker Street and the Melaka International Trade Centre respectively. It is also located about 145.00 kilometres south-east of Kuala Lumpur City Centre. The Subject Property is accessible from Jonker Street via Jalan Tun Tan Cheng Lock and Jalan Tengker, turning off onto Jalan Pandan, thereonto Lebu AMJ (Alor Gajah - Melaka Tengah - Jasin), Jalan Mohd Zin Dsh and finally onto Jalan TTC 12 leading to where the Subject Property is located.

Description of the Subject Property:

i- The Site

The Subject site is a near rectangular shaped parcel of land encompassing a titled land area of 31,210.00 square metres ("**sq.m**") (335,944.44 sq. ft.). It has a direct frontage of approximately 150.62 metres (494.20 feet) onto Jalan TTC 12, and an average depth of about 226.92 metres (744.49 feet). The physical terrain of the site is generally flat and lies slightly above the frontage road. The site boundaries are demarcated with a mixture of plastered brick walls, chain link fencing and metal wall claddings topped with a mixture of metal grills and barbed wires. The main entrance is secured with a guard house and heavy-duty metal cladding sheet sliding gate. The entire industrial compound is laid over with reinforced concrete flooring and finished with cement rendering.

During the course of our inspection, we have noted that Weng Chun Association Cemetery is situated approximately 100.00 metres due north-west of the Subject Property. The existence of a cemetery located adjacent to Taman Teknologi Cheng and opposite of the Subject Property does not have an impact to the Market Value of the Subject Property, as the stigma of cemeteries applies mainly to residential developments and rarely to industrial estates. Hence, we do not foresee the close proximity having a negative impact on the value of the Subject Property.

ii- The Buildings

Lot 20111 currently comprises of four industrial building blocks, identified as Blocks A, B, C and D. Initially, the property comprised only Block D, which was completed and received a Certificate of Fitness for Occupation ("**CFO**") under Reference No. 01116/95 on 9 November 1995. Subsequently, three additional blocks were constructed and granted with a Certificate of Completion and Compliance ("**CCC**") under Reference No. LJM/M/0250 on 31 May 2015. Hence, the age of the buildings are as follows:-

- i. Three (3) blocks of single storey warehouses (Blocks A, B & C's building age: 9 years)
- ii. A block of single storey warehouse with a basement and mezzanine floor (Block D's building age: 29 years).

The Approved Building Plans for Blocks A, B and C were made available to us at the date of valuation, with the exception of Block D. We were provided with only the building amendment plan for Block D, as we were informed by SPASB that the Approved Building Plan for Block D was not provided to them when they purchased the property. Verbal enquiries were made at the Majlis Bandaraya Melaka Bersejarah (MBMB) Building

VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (CONT'D)



Section over the original Approved Building Plan of Block D, and several attempts to retrieve a copy were carried out but to no avail, as we were verbally informed that the Approved Building Plans are only kept for up to 7 years and are irretrievable. As such, SPASB had resubmitted the building plans to the local council and on 13 December 2024, received approval from the director of *Jabatan Kawalan Bangunan* MBMB via a certification on its as built plan Ref No MBMB/JKB00034 JLD 12.

Notwithstanding the above, visual inspection of the warehouses did not indicate any infringement of the Uniform Building By-Laws 1984 ("UBBL 1984") and MBMB Building Guidelines. Furthermore, the buildings have been certified by the Fire Department of Malaysia and issued with an annual Fire Certificate.

Coupled with the CFO and CCC for all four (4) blocks, no material breach of relevant laws, regulations, rules and requirements in relation to the Subject Property was discovered.

Occupancy Status:

At the date of our inspection, we noted that the Subject Property is tenanted to Euro Space Industries (M) Sdn Bhd. Block B is then sub-tenanted to Shopee Express Malaysia Sdn Bhd with tenancy expiring on 31 December 2024.

Planning Details:

Verbal Enquiries with the planning department of MBMB as well as extracts from the "Melaka State Structure Plan 2035" revealed that the Subject Property is located within an area designated for industrial use. The current plot ratio permissible is 1:2.

METHOD OF VALUATION

In arriving at the Market Value of the Subject Property, we have adopted the Cost Approach and Income Approach by way of "Investment Method".

COST APPROACH

The Cost Approach involves the valuation of the land by comparison with evidence of values of comparable land and adding to its current replacement cost of the building(s) less depreciation, if necessary. The current replacement cost involves in the construction cost, financial charges, advertising charges, professional fees, other incidental expenses and developer's profit.

Land Value

To determine the value of the land, the analysed apportion value attributed to the land is adopted using the Comparison Approach to determine the value of the land by comparing and adopting as a yardstick recent transactions and sales evidences involving other similar properties in the vicinity. Where dissimilarities exist, adjustments are made.

As there is a dearth of comparable transaction of similar properties within the industrial area, we have adopted only one (1) comparable situated within the same scheme, i.e. Taman Teknologi Cheng; and two (2) comparables situated within Kawasan Perindustrian Krubong and Kawasan Perindustrian Tasik Utama, which are situated approximately 1.3 kilometres and 8.2 kilometres from the Subject Property respectively. We have taken into consideration that these comparables adopted are recently transacted, situated closest, similar tenure and zoning.

VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (CONT'D)



The recent transactions of industrial land within the neighbourhood which are pertinent to substantiate a value indication for the Subject Property are reviewed and these sales are listed below:

COMPARABLES	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Source	Jabatan Penilaian dan Perkhidmatan Harta Malaysia (JPPH)	Jabatan Penilaian dan Perkhidmatan Harta Malaysia (JPPH)	Jabatan Penilaian dan Perkhidmatan Harta Malaysia (JPPH)
Description	Industrial land	Industrial land	Industrial land
Address	Lot 23935, Jalan PK 31, Perindustrian Krubong, Melaka	Lot 19445 (18258), Jalan Autocity, Kawasan Perindustrian Tasik Utama, Melaka	Lot 4422, Jalan TTC 6, Taman Teknologi Cheng, Melaka
Distance from Subject Property	Approximately 4.00 kilometres due north-east of the Subject Property	Approximately 8.20 kilometres due north-east of the Subject Property	Approximately 1.30 kilometres due south of the Subject Property
Title Particulars	Pajakan Negeri 67965, Lot No. 23935, Mukim of Krubong, District of Melaka Tengah, State of Melaka	HS(M) 5950, PT 19445, Mukim of Bukit Katil, District of Melaka Tengah, State of Melaka	Pajakan Negeri 20478, Lot No. 4422, Mukim of Cheng, District of Melaka Tengah, State of Melaka
Transaction Date	14/06/2022	20/07/2022	23/01/2020
Vendor	Faithview Group Development Sdn Bhd	Prospek Kini Sdn Bhd	Panasonic Appliances Refrigeration Devices Malaysia Sdn Bhd
Purchaser	Ta Chuan Recycle Sdn Bhd	Loongsen Plastics (M) Sdn Bhd	AFA Technologies Sdn Bhd
Tenure	Leasehold for 99 years. Term expiring on 28 April 2112. Leaving an unexpired term of approximately 90 years as the date of transaction	Leasehold for 99 years. Term expiring on 23 June 2104. Leaving an unexpired term of approximately 82 years as the date of transaction	Leasehold for 99 years. Term expiring on 14 August 2096. Leaving an unexpired term of approximately 76 years as the date of transaction.
Land Area	48,780.00 sq.m (525,067.92 sq. ft. or 12.05 acres)	51,072.00 sq.m (549,739.01 sq. ft. or 12.62 acres)	12,382.00 sq.m (133,278.61 sq. ft. or 3.06 acres)
Type of Title (Individual / Strata)	Individual	Individual	Individual
Consideration	RM 21,002,540.00	RM 25,800,000.00	RM 6,817,570.00
Price per square feet ("psf")	RM 40.00 psf	RM 46.93 psf	RM 51.15 psf
Adjustments	General adjustments are made for time and various factors inclusive of location, accessibility, tenure, shape, size and improved land.		
Adjusted Price (psf)	RM 53.76 psf	RM 64.55 psf	RM 56.83 psf

We have applied the Comparison Approach in deriving the industrial land value for the Cost Approach by identifying three relevant land transactions within the vicinity, and adjustment for time and various factors inclusive of location, tenure, size, shape and improved land.

After making adjustments for time factor to Comparables 1, 2 & 3, it is noted that the land price transactions were hovering between RM 42.00/sq. ft. and RM 56.27/sq. ft. Further adjustments were made to reflect the difference for other factors as stated above, to arrive at a final adjusted price of RM 53.76/sq. ft. to RM 64.55/sq. ft. The total adjustments between the comparable ranges from 1.00% to 31.00%. The adjustments made to the comparables were due to the difference in size (10.00%), followed by improved land (5.00%), shape (10.00%), tenure (1.00% to 6.00%) and location (5.00%).

VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (CONT'D)



Taking into consideration of the differences of the Subject Property and the comparables, we have placed greater emphasis on Comparable 3 due to the following characteristics: -

- a) The comparable is leasehold in tenure which is similar to the Subject Property;
- b) The comparable located closest to the Subject Property; and
- c) The comparable has the least quantum of adjustment among the other comparables.

With Comparable 3 as the most suitable comparable, we have adopted the rate of RM 56.00/sq. ft. (rounded from RM 56.83/sq. ft.) as the industrial land value for Cost Approach which amounts to RM 18,812,888.64.

Building Construction Cost

In determining the value of the buildings, current estimates on construction costs to build similar buildings are adopted. Necessary adjustments are then made due to the physical, functional and economical obsolescence. The breakdown of construction costs from various sources.

Sources	Construction Costing Range (RM)	
Range	Minimum (RM)	Maximum (RM)
JUBM Group Construction Cost Handbook Malaysia 2024 (Based on Heavy duty Flatted factories & Warehouse in Kuala Lumpur)	1,980.00/ square metres (183.95/sq. ft.)	2,340.00/ square metres (217.39/sq. ft.)
JUBM Group Construction Cost Handbook Malaysia 2024 (Based on Heavy duty Flatted factories & Warehouse in Johor Bahru)	1,895.00/ square metres (176.05/sq. ft.)	2,330.00/ square metres (216.46/sq. ft.)
BCISM Costbook 2023 (Based on Warehouse)	1,820.00/ square metres (169.08/sq. ft.)	2,550.00/ square metres (236.90/sq. ft.)

Sources	Construction Costing Range (RM)	
Range	Minimum (RM)	Maximum (RM)
Cost Opinion letter by independent quantity surveyor Basar & Harun Sdn		
a. Block A, B & C	2,691.00/ square metres (250.00/sq. ft.)	3,229.20/ square metres (300.00/sq. ft.)
b. Block D	2,152.80/ square metres (200.00/sq. ft.)	2,691.00/ square metres (250.00/sq. ft.)
c. Post Guard	861.12/ square metres (80.00/sq. ft.)	1,291.68/ square metres (120.00/sq. ft.)
d. TNB Substation	1,076.40/ square metres (100.00/sq. ft.)	2,152.80/ square metres (200.00/sq. ft.)

We have adopted the following construction costings for the buildings:

Buildings	Construction costings
	Gross Floor Area
Block A, B, & C	RM 275.00/ sq. ft.
Block D	RM 225.00/ sq. ft.
Guard House	RM 100.00/ sq. ft.
TNB Substation	RM 150.00/ sq. ft.

VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (CONT'D)



We then add both the Land Value and Building Value to arrive at a Market Value of RM 56,978,628.64.

The valuation analysis and pertinent factors taken into consideration using the Cost Approach to determine the Market Value of the Subject Property are as follows:-

- i. The Subject Property is leasehold in tenure and requires State Authority approval for the land to be transferred, charged, leased and etc. This is common for most leasehold properties in Malaysia, and therefore do not foresee this feature as a hindrance to this transaction.
- ii. The existence of a cemetery located adjacent to Taman Teknologi Cheng and opposite of the Subject Property does not have an impact to the Market Value of the Subject Property, as the stigma of cemeteries applies mainly to residential developments and rarely to industrial estates. Hence, we do not foresee the close proximity as having any negative impact on the value of the Subject Property.
- iii. We noted that the market rates for derived from the JUBM Group Construction Cost Handbook Malaysia 2024 and BCISM Costbook 2023 are different from the opinion provided by the registered Quantity Surveying firm Basar & Harun Sdn. We have given more emphasis on the opinion of the registered Quantity Surveyor as the building was designed and constructed to cater for a heavy floor loading to support heavy machineries and a steel racking system.
- iv. Hence, we have adopted the average construction costs based on the Construction Cost Opinion letter by Basar & Harun Sdn, a registered Quantity Surveying firm via Ref No. BHS/MISC/21/2024 dated 16 December 2024.
- v. During the course of our inspection, we noted that the buildings are meant for heavy duty storage, logistics and manufacturing. Hence, the wear and tear on the structure would be higher and we opined that the lifespan of the building is lower. Thus, we have adopted a rounded adjustment depreciation rate of 2.00% per annum based on the current age of the building. The adopted depreciation rate is based on the average lifespan for buildings of 50 years which is approximately 2.00% per annum. The total depreciation rate for Block D is 58.00% whilst the depreciation for Block A, B & C is 18.00% based on their respective building age, i.e. 29 and 9 years.

INCOME APPROACH BY WAY OF "INVESTMENT METHOD"

In the Income Approach by way of "Investment Method", the Market Value is derived from an estimate of the Market Rental, which means the estimated amount for which an interest in real property should be leased/tenanted on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. Outgoings or operating expenses, such as repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annual rental income is capitalized at an appropriate current market yield to arrive at its indicative market value.

As there is a dearth of comparable asking rental prices of similar properties within the industrial area, we have adopted only three (3) comparables situated within Cheng Industrial Estate and Perindustrian Krubong, all of which are situated closest to the Subject Property.

VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (CONT'D)


Due to the lack of sufficient meaningful concluded rental transactions within the vicinity, we have relied on recently posted asking rentals of the similar properties in the vicinity to determine the Market Rental Value of the Subject Property under the Income Approach by way of the Investment Method. The asking rentals exhibit a consistent pattern of values, which enhances the reliability of the information used.

Recent asking rental prices of factories/warehouses within the neighbourhood which are pertinent to substantiate a value indication for the Subject Property are reviewed and these asking rentals are listed below.

Address	Gross Floor Area	Monthly Asking Rental	Date
1) A detached factory located within Cheng Industrial Estate, Melaka – (Source : iProperty.com)	32,400.00 sq. ft. (3,010.03 square metre)	RM 50,000.00 (RM 1.54/sq. ft.)	November 2024
2) A detached factory located within Cheng Industrial Estate, Melaka – (Source : iProperty.com)	12,800.00 sq. ft. (1,189.15 square metre)	RM 27,000.00 (RM 2.11/sq. ft.)	November 2024
3) A detached factory located within Perindustrian Krubong, Melaka – (Source : iProperty.com)	18,900.00 sq. ft. (1,755.85 square metre)	RM 24,000.00 (RM 1.27/sq. ft.)	November 2024

In determining the Rental Value of the warehouses, we have analyzed all of the Comparable(s) and found that the asking rental/sq. ft. for detached factories located within a 5.00-kilometres radius from the Subject Property ranges from RM 1.27/sq. ft. to RM 2.11/sq. ft..

In arriving at the Rental Rate of the Subject Property, we have taken into consideration each aspect of the Comparable(s) in terms of location, size, accessibility and asking price.

In reconciling our opinion of rental rate of the detached factory, we have placed greater emphasis on Comparable 1 due to the following characteristics:-

- a) The comparable is situated within the same industrial scheme as the Subject Property;
- b) The comparable is almost the same size as the Subject Property; and
- c) The comparable has one of the least factor adjustments among the comparables.

With Comparable 1 as the most suitable comparable, we have adopted the base rental rate of RM 1.40/sq. ft. (rounded from RM 1.39/sq. ft.) for Block A. Further internal adjustments were then made for Blocks B, C & D based on the differences in size. After making the necessary adjustments, we have arrived at RM 1.50/sq. ft., RM 1.50/sq. ft. and RM 1.20/sq. ft. for Block B, Block C & Block D respectively.

VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (CONT'D)



i. Yield

In order to arrive at the reversionary yield, we have analysed on the surroundings yield of industrial factories/warehouses ranging from 4.83% to 6.94% which comes at an average of about 5.69%. This yield was derived by analysing three comparable asking rental rates from the surrounding areas of Ayer Keroh Tasik Utama Industrial Estate, Bukit Rambai Industrial Estate and Rembia Industrial Estate, details of which were obtained from iproperty.com. Asking rental were adopted due to the availability of sufficient data on asking rental rates of industrial premises, which enable the establishment of a consistent and reliable value pattern that accurately reflect the current market trends in Taman Teknologi Cheng. To ensure the accuracy, adjustments were made to the asking rental rates for factors such as asking price and built-up area. After making adjustments, the rental rates were divided by the respective transacted prices to calculate individual net yields. These individual net yields were then averaged within each grouping, resulting in three average net yields. Finally, the three average net yields were further averaged to arrive at the final net yield. Similarly, we have also made a cross check for similar property transaction in considering the yield.

We have also adopted a 50 basis point difference between the reversionary yield and the term yield. Hence, we have adopted 5.00% (Term Yield) and 5.50% (Reversionary Yield) as a fair and reasonable rate in arriving at the Market value using the Income Approach by way of "Investment Method", as detailed in the Income Approach Notes at the end of the Report.

ii. Annual Sinking Fund

Annual sinking fund is a fund containing money set aside or saved to pay off a debt, bond and contingencies usage. In this case, we have adopted the rate of 3.00% as annual sinking fund after analysing the fixed deposit rate among financial institutions.

iii. Corporate Tax

We have adopted 24.00% Malaysia corporate tax in the computation of the Market Value.

iv. Void

We have taken into consideration a void allowance of 5.00% in arriving the Market Value for the possible future vacancies and rent-free periods. Industry standards reveal that it takes about two (2) months to rent out an industrial property in Melaka for a tenancy period of 3 years on average. Hence, the void period would be two months over thirty six months which amounts to 5.55%. Therefore, we have adopted 5.00% as a fair and reasonable rate in arriving at the Market Value using the Income Approach by way of "Investment Method".

The following are some of the pertinent factors considered in arriving at the Market Value for the Subject Property:

- i) In determining the Market Value for the warehouses, we did not consider the current sub-tenancy details of Block B. This decision was based on the sub-tenancy's short duration (less than one year) and its higher rental rate of RM 1.93/sq. ft. per month, which deviates from the standard rental rates for tenancies of one year or more in the same area. As such, the sub-tenancy rental rate does not provide a fair representation of the market rental rate under the Income Approach. Adopting this rate could lead to distortions or inaccuracies in the Market Value assessment. Consequently, we relied on rental rates from comparable properties to ensure a more accurate and representative valuation.
- ii) Only the main floor area and ancillary floor area of Block A, B, C & D are considered in our computations. The TNB substation and guard house are excluded in the Income Approach as these buildings are accessories to the Subject Property as a whole.

VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (CONT'D)



- iii) It should be noted that the common practice for calculating rental of warehouses is based on the gross floor area. The market in general does not make the distinction between Net Lettable Area (NLA) and Gross Floor Area (GFA), as all rental rates advertised and concluded are based on GFA and is unlike other property segments. Hence, for the purpose of this valuation exercise, we have considered both the measurements for NLA and GFA of the Subject Property to be the same.
- iv) We adopted the term rental rate from the existing tenancy agreement whereas we arrived at the base rental rate for the reversionary term by comparing the rental rates from asking rental of factories within the vicinity. Hence, the term gross rental rate adopted is about RM 1.01/sq. ft. whilst the reversionary term base rental rate adopted is RM 1.40/sq. ft. for Block A. The reversionary term base rental rate is then further adjusted for Block B, Block C & Block D based on the differences in size. We then arrived at RM 1.50/sq. ft., RM 1.50/sq. ft. and RM 1.20/sq. ft. for the reversionary gross rental rate of Block B, Block C & Block D respectively. The average reversionary gross rental rate of the Subject Property is at RM 1.40/sq. ft..
- v) The have noted several extensions which are in breach of the local planning guidelines and annual outgoing is adopted from the annual expenditure for the quit rent, assessment and fire insurance premiums provided to us by the client. We have also included an additional maintenance cost for the building of 2% of the Gross Annual Rental as part of the overall cost to maintain the Subject Property.
- vi) The net annual rental is capitalized for the respective remaining unexpired terms at a net yield of 5.00% for the term and 5.50% for the reversionary term, a sinking fund rate of 3.00% and Malaysia corporate tax rate of 24.00%.

RECONCILIATION OF VALUE

The various approaches have been applied to value the Subject Property in arriving at the Market Value. The value indication from the two (2) valuation approaches are as follows:

a)	Cost Approach	:	RM 57,000,000.00
b)	Income Approach by way of "Investment Method"	:	RM 56,000,000.00

From the above valuation approaches, we have concluded that the best approach in arriving at the Market Value of the Subject Property is the Cost Approach. This approach is the most suitable in this instance because it is more of a reflection of the brick and mortar value and the property is purpose built for a specific industry. On hindsight, the Income Approach by way of Investment Method is only suitable to serve as a secondary approach (cross check), due to the dearth of actual data of rental or lease in Melaka to establish a more accuracy rental rate and yield. In addition, the rental rates and yields in the area are volatile and hence difficult to establish a consistent pattern of values as most of the industrial and commercial properties in the surrounding area are mostly owner occupiers and not for investment.

As such, the information available may skew or cause inaccuracy in deriving the Market Value of the Subject Property thus we have adopted the value derived using the Cost Approach.

VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (CONT'D)



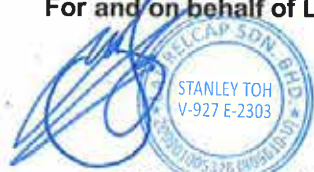
Having taken into consideration all the relevant and pertinent factors, we are of the opinion that the Market Value of a leasehold interest with an unexpired term of approximately 85 years in a parcel of industrial land erected with four (4) blocks of industrial buildings comprising:-

- i. Three (3) blocks of single storey warehouses (Blocks A, B & C); and
- ii. A block of single storey warehouse with a basement and mezzanine floor (Block D),

bearing postal address Lot No. 19400-1, Jalan TTC 12, Taman Teknologi Cheng, 75250 Cheng, Melaka Held Under Title No. PN 65466; Lot No. 20111, Mukim of Cheng, District of Melaka Tengah, State of Melaka in its existing physical condition with vacant possession and subject to its title being free from encumbrances, good, marketable and registerable as of **16 December 2024** based on the **TERMS OF REFERENCE** as stated herein are as follows:-

Market Value : RM 57,000,000.00 (Ringgit Malaysia : Fifty Seven Million Only)

The above Report and Valuation has been carried out by Sr Stanley Toh Kim Seng,
For and on behalf of Laurelcap Sdn. Bhd.



Sr STANLEY TOH KIM SENG
BSc (Hons) Estate Management,
MRISM, MRICS, MPEPS, MMIPFM, ICVS, MBVAM
Registered Valuer (V-927)

Note : This Valuation Certificate was peer reviewed by Sr Tan San Yew (Peer Reviewer)(V-607) from Laurelcap (HQ) Sdn. Bhd.

VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (CONT'D)



Trust | Integrity | Expertise

Date : 1 October 2025
Our Ref No. : LC/VAL/25/020573/SRH

PRIVATE & CONFIDENTIAL

Board of Directors
Euro Holdings Berhad ("EURO")
Menara Euro
Lot 20111, Jalan TTC12
Kawasan Perindustrian Cheng
Mukim Cheng, Daerah Melaka Tengah
75250 Melaka.

Laurelcap Sdn. Bhd.

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Dear Sirs,

UPDATE VALUATION OF A PARCEL OF INDUSTRIAL LAND ERECTED WITH FOUR (4) BLOCKS OF INDUSTRIAL BUILDINGS BEARING POSTAL ADDRESS LOT NO. 19400-1, JALAN TTC 12, TAMAN TEKNOLOGI CHENG, 75250 CHENG, MELAKA HELD UNDER TITLE NO. PN 65466, LOT NO. 20111 (FORMERLY KNOWN AS HSD 82284, PT 9666 & PN 54142, LOT 19400), MUKIM OF CHENG, DISTRICT OF MELAKA TENGAH, STATE OF MELAKA ("SUBJECT PROPERTY")

We refer to the instructions by **Euro Holdings Berhad ("EURO" or the "Company")**, to provide an update opinion of the Market Value of the abovementioned property ("**Subject Property**") for the purpose of submission to **Bursa Malaysia Securities Berhad ("Bursa Securities")** and for the inclusion in the circular to shareholders of EURO in respect of the acquisition of the Subject Property by Eurosteel Line Sdn Bhd, a wholly-owned subsidiary of EURO, from Supreme Power Auto Sdn Bhd ("**SPASB**").

We confirm that we have valued the Subject Property in accordance with the requirements as set out in the Asset Valuations Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia and with the necessary professional responsibility and due diligence.

The Subject Property was inspected by Sr Stanley Toh Kim Seng (V-927) and Sarah Yasreen binti Mohammad Shukri (PV- 2798) of Laurelcap Sdn. Bhd. on 1 October 2025. The date of valuation for this update valuation exercise is 1 October 2025.

It must be noted that this update valuation certificate is not an independent valuation and must be read in conjunction with the Report & Valuation bearing the Reference No. LC/VAL/24/018106/KA dated 16 December 2024.

Page 1 of 6



- Registered Valuers
- Property Managers
- Estate Agents
- Development Consultants
- Project Managers
- Researchers



VE(1) 0213

VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (CONT'D)



IDENTIFICATION OF THE SUBJECT PROPERTY

Name **And** : Lot No. 19400-1, Jalan TTC 12, Taman Teknologi Cheng, 75250 Cheng,
Address Melaka.

A. *Physical Aspect*

During our site inspection on 1 October 2025, we have noted no physical changes to the Subject Property. The terrain of the land is generally flat and slightly above the frontage road. The site boundaries are demarcated with a mixture of plastered brick walls, chain link fencing and metal wall claddings topped with a mixture of metal grills and barbed wires. The main entrance is secured with a guard house and heavy-duty metal cladding sheet sliding gate. The entire industrial compound is laid over with reinforced concrete flooring and finished with cement rendering.

Lot 20111 currently comprises of four industrial building blocks, identified as Blocks A, B, C and D. Initially, the property comprised only Block D, which was completed and received a Certificate of Fitness for Occupation ("CFO") under Reference No. 01116/95 on 9 November 1995. Subsequently, three additional blocks were constructed and granted with a Certificate of Completion and Compliance ("CCC") under Reference No. LJM/M/0250 on 31 May 2015.

Coupled with the CFO and CCC for all four (4) blocks, no material breach of relevant laws, regulations, rules and requirements in relation to the Subject Property was discovered.

In essence, the physical condition of the land and buildings still remains the same since our site inspection for the valuation report and the valuation certificate dated 16 December 2024 via Ref No. LC/VAL/24/018106/KA.

B. *Legal Aspect*

Our title searches conducted at the Registry of Land Titles Melaka in Ayer Keroh dated 1 October 2025 revealed that there are no changes to the title document, hence the information contained in the title is the same as what was reported in the valuation report and the valuation certificate dated 16 December 2024 via Ref No. LC/VAL/24/018106/KA. In addition, verbal enquiries at the planning department of Majlis Bandaraya Melaka Bersejarah (MBMB) also revealed that the land is still zoned for industrial use.

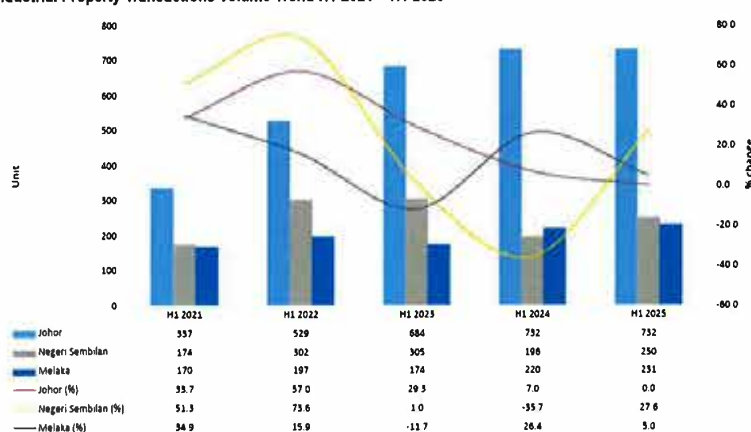
VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (CONT'D)



C. Market Aspect

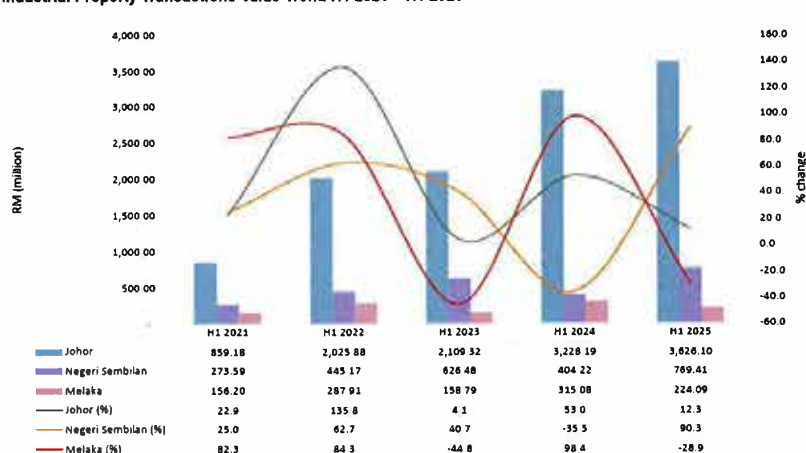
We have made updates to the property market in general from the valuation report dated 16 December 2024 vide Ref No. LC/VAL/24/018106/KA. The industrial property market showed a modest improvement in both transaction volume and value in the Southern Region. The number of transactions rose by 5.7% to 1,213 in H1 2025, while the total value climbed by 17.0% (H1 2024: RM 4.6 billion). Johor continued to dominate the market, accounting for 732 transactions or 60.3% of the region's total volume. Meanwhile, Negeri Sembilan and Melaka also recorded positive growth, with increases of 27.6% (H1 2024: 196 units) and 5.0% (H1 2024: 220 units) respectively.

Industrial Property Transactions Volume Trend H1 2021 – H1 2025



In terms of transaction value, Negeri Sembilan recorded the highest growth at 90.3%, followed by Johor with an increase of 12.3%. In contrast, Melaka registered a decline of 28.9% compared to H1 2024.

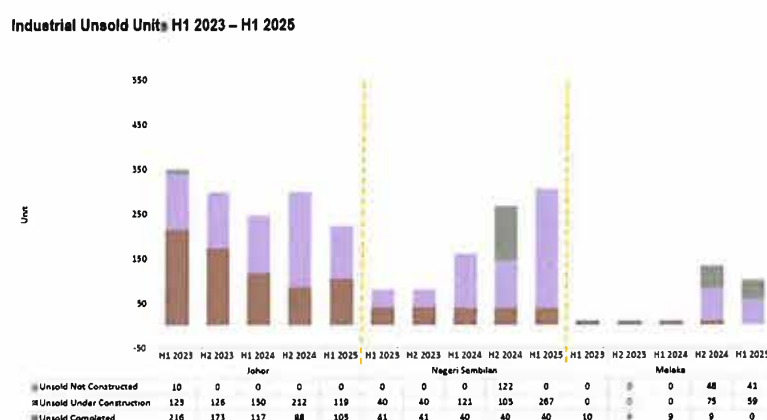
Industrial Property Transactions Value Trend H1 2021 – H1 2025



VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (CONT'D)



The Southern Region experienced a moderate industrial property market, supported by a reduction in unsold completed units. However, the trend for unsold units under construction varied across states. Johor registered the sharpest decline at 43.9%, while Negeri Sembilan posted the largest increase, more than doubling compared to H2 2024. However, Melaka has shown the lowest unsold units as compared to Johor and Negeri Sembilan. The unsold units in Melaka continue to decline since the H2 of 2025.



Industrial property prices were mostly stable throughout the region. Negeri Sembilan recorded the highest increase and decrease in average price changes in the region.

(Source : Southern Region Property Market Report First Half 2025 Published By Valuation And Property Services Department, Ministry of Finance, Malaysia)

D. Basis of Valuation

The basis of valuation adopted herein is the **Market Value** of the Subject Property in its existing physical condition with vacant possession and subject to its title being free from encumbrances, good, marketable and registrable.

The term “**Market Value**” used in the above context is defined by the Malaysian Valuation Standards as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

In arriving at the Market Value of the Subject Property, we have adopted the Cost Approach and Income Approach by way of “Investment Method”.

VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (CONT'D)

***D1. Cost Approach***

The Cost Approach involves the valuation of the land by comparison with evidence of values of comparable land and adding to its current replacement cost of the building(s) less depreciation, if necessary. The current replacement cost involves in the construction cost, financial charges, advertising charges, professional fees, other incidental expenses and developer's profit.

We have conducted our due diligence and analyse the transactions of the industrial lands and cost of the buildings in arriving to our opinion of value. There are no changes in our comparables in arriving at the Market Value of the Subject Property. Based on the data available and present market conditions, we are of the view that the Market Value of the Subject Property based on Cost Approach remains unchanged as per our report dated 16 December 2024.

D2. Income Approach by way of "Investment Method"

In the Income Approach by way of "Investment Method", the Market Value is derived from an estimate of the Market Rental, which means the estimated amount for which an interest in real property should be leased/tenanted on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. Outgoings or operating expenses, such as repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annual rental income is capitalized at an appropriate current market yield to arrive at its indicative market value.

Due to the lack of sufficient meaningful concluded rental transactions within the vicinity, we have relied on asking rentals of the similar properties in the vicinity to determine the Market Rental Value of the Subject Property under the Income Approach by way of the "Investment Method".

We have conducted our due diligence and analyse the asking rentals in arriving to our opinion of value. There are no changes in our asking rentals in determining the Market Rental Value of the Subject Property. Based on the data available and present market conditions, we are of the view that the Market Value of the Subject Property based on Income Approach by way of the "Investment Method" remains unchanged as per our report dated 16 December 2024.

VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (CONT'D)



E. Conclusion

Having taken into consideration all the relevant and pertinent factors, we are of the opinion that the Market Value of leasehold interest with an unexpired term of approximately 84 years in a parcel of industrial land erected with four (4) blocks of industrial buildings comprising:-

- i. Three (3) blocks of single storey warehouses (Blocks A, B & C); and
- ii. A block of single storey warehouse with a basement and mezzanine floor (Block D),

bearing postal address Lot No. 19400-1, Jalan TTC 12, Taman Teknologi Cheng, 75250 Cheng, Melaka Held Under Title No. PN 65466, Lot No. 20111, Mukim of Cheng, District of Melaka Tengah, State of Melaka, in its existing physical condition with vacant possession and subject to its title being free from encumbrances, good, marketable and registerable as of **1 October 2025**, based on the Cost Approach of Valuation, is:-

Market Value : RM 57,000,000.00 (Ringgit Malaysia : Fifty Seven Million Only)

Yours faithfully,

For and on behalf of Laurelcap Sdn. Bhd.

Sr STANLEY TOH KIM SENG

BSc (Hons) Estate Management,
MRISM, MRICS, MPEPS, MMIPFM, ICVS, MBVAM
Registered Valuer (V-927)

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board who collectively and individually accepts full responsibility for the accuracy of the information contained in this Circular. Our Board confirms that, after making all reasonable enquiries and to the best of their knowledge, there are no false or misleading statements contained in this Circular or other facts, the omission of which would make any statement in this Circular false or misleading.

All statements and information in relation to the Vendor, the Lenders, Dato' Sri Lim and his PACs (save for Datin Sri Ong Lely and Datuk Lim) in this Circular were extracted from publicly available information and/or obtained from and confirmed by the Vendor, the Lenders, Dato' Sri Lim and his PACs (save for Datin Sri Ong Lely and Datuk Lim). The sole responsibility of our Board is therefore limited to ensuring that such information is accurately reproduced in this Circular.

2. CONSENTS AND CONFLICT OF INTEREST

2.1 TA Securities

TA Securities, being the Principal Adviser to our Company for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which it appears in this Circular.

TA Securities confirms that there is no circumstance that exists or is likely to exist which would give rise to a possible conflict of interest situation in its capacity as the Principal Adviser to our Company for the Proposals.

2.2 DWA Advisory

DWA Advisory, being the Independent Adviser for the Proposed Acquisition, Proposed Debt Settlement and the Proposed Exemptions, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the independent advice letter as set out in Part B of this Circular and all references thereto in the form and context in which it appears in this Circular.

DWA Advisory confirms that there is no circumstance that exists or is likely to exist which would give rise to a possible conflict of interest situation in its capacity as the Independent Adviser for the Proposed Acquisition, Proposed Debt Settlement and the Proposed Exemptions.

2.3 Laurelcap

Laurelcap, being the Independent Property Valuer for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the valuation certificate for the Subject Property and all references thereto in the form and context in which it appears in this Circular.

Laurelcap confirms that there is no circumstance that exists or is likely to exist which would give rise to a possible conflict of interest situation in its capacity as the Independent Property Valuer for the Proposed Acquisition.

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FURTHER INFORMATION (CONT'D)

3. MATERIAL LITIGATION, CLAIMS AND ABRITRATION

As at the LPD, save as disclosed below, our Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the financial position of our Company and our Group. Our Board confirms that there are no proceedings pending or threatened, or of any facts likely to give rise to any proceedings, which might materially and adversely affect the financial position or business of our Group:

(i) **Malacca High Court Case No. MA-22NCC-22-10/2023. Surian Creations Sdn Bhd v Dato' Sri Lim & 26 Ors**

Surian Creations Sdn Bhd has made a claim that EURO and its subsidiaries, Eurosteel Line Sdn Bhd, Euro Space Industries (M) Sdn Bhd and Euro Space System Sdn Bhd had conspired with Dato' Sri Lim (former director of EURO) and the other defendants in the suit to create fictitious documents and/or transactions with an intention to injure Surian Creations Sdn Bhd. The sum claimed to have been illegally obtained was RM19,285,007.35.

On 3 September 2024, Malacca High Court struck out the entire suit filed by Surian Creations Sdn Bhd against EURO and its subsidiaries, Eurosteel Line Sdn Bhd, Euro Space Industries (M) Sdn Bhd and Euro Space System Sdn Bhd with costs of RM2,500.00.

On 24 September 2024, Surian Creations Sdn Bhd had filed an appeal against the Malacca High Court's decision under Court of Appeal No. M-02(IM)(NCC)-1684-09/2024. The appeal was allowed by the Court of Appeal during the hearing held on 13 November 2025.

The matter will be reverted to the Malacca High Court for trial. As of 1 December 2025, the Malacca High Court has yet to fix any case management date to provide its directions for the conduct of the trial.

The solicitor in charge is of the view that EURO and its subsidiaries have a reasonably good prospect in defending Surian Creations Sdn Bhd's claims.

(ii) **Kuala Lumpur High Court Case No. WA-22NCC-137-03/2021. M South Marketing Sdn. Bhd. ("M South") v All Ways Builder Sdn. Bhd. ("AWB") and EURO**

EURO had been served with a writ and statement of claim both dated 20 January 2021, by M South wherein M South alleged that M South had supplied goods to AWB and EURO had guaranteed the payment for the goods supplied to AWB. M South had claimed for, amongst others, a total principal sum of RM315,880.27, late payment interest of RM121,076.52 as at 31 December 2020 and interest on the principal sum at the rate of 1.5% per annum from 1 January 2021 until full settlement.

EURO had filed the statement of defence and counterclaim on 1 March 2021 to counterclaim against M South, AWB, Choong Yuen Keong @ Tong Yuen Keong, Tong Yun Mong and ADY Marketing Sdn Bhd for conspiracy to defraud.

The case has been consolidated with WA-22NCC-246-06/2020 and WA-22NCC-632-12/2020.

The hearing has been concluded and the court ordered as follows:

- (i) AWB and EURO were ordered to pay the principal sum of RM315,880.27 to M South;
- (ii) late payment interest of RM121,076.52 is awarded, payable by AWB and EURO to M South;

FURTHER INFORMATION (CONT'D)

- (iii) interest at the rate of 1.5% per annum on the principal sum is payable by AWB and EURO to M South from 1 January 2021 until full and final settlement;
- (iv) costs are awarded in favour to M South; and
- (v) EURO's counterclaim is dismissed, and costs are awarded in favour of the respondents to the counterclaim.

EURO had filed an appeal on 30 June 2025 under appeal No. W-02(NCC)(W)-1239-07/2025, and case management is fixed on 18 December 2025.

The solicitor in charge is of the view that the prospects of success for the appeal are limited at this stage.

(iii) **Kuala Lumpur High Court Case No. WA-22NCC-632-12/2020. ADY Marketing Sdn. Bhd. ("ADY") v. All Ways Builder Sdn. Bhd. ("AWB"), EURO, Wong Kin Sing and Chia Chiw Hoon ("Defendants")**

EURO had been served with a sealed writ dated 1 July 2020 and a sealed amended statement of claim dated 6 July 2020 for, amongst others, a principal sum of RM493,634.03 ("**Principal Sum**") and late payment interest of RM137,746.74 owing and accumulated by AWB where EURO acts as guarantor for full repayment of the overdue debt owing by AWB to ADY.

EURO had subsequently on 14 August 2020 filed the statement of defence and counterclaim, wherein EURO had counterclaimed against ADY, Choong Yuen Keong @ Tong Yuen Keong, Tong Yun Mong, AWB and M South Marketing Sdn Bhd for, inter alia, the following:

- (i) a declaration that ADY had conspired with the conspirators vide unlawful means to cheat and/or to deceive EURO which caused EURO to suffer losses;
- (ii) a declaration that ADY had conspired with the conspirators with the intention or purpose to injure and/ or affect EURO and/or to cause EURO to suffer losses; and
- (iii) damages to be assessed by the Court for the losses suffered by EURO based on conspiracy actions of ADY and the conspirators against EURO.

This case has been consolidated with WA-22NCC-246-06/2020 and WA-22NCC-137 03/2021. The hearing has been concluded and the court ordered as follows:

- (i) the Principal Sum of RM493,634.03, as outstanding on 16 September 2019, is payable to ADY. Wong Kin Sing is liable only in respect of the period up to 31 May 2018, amounting to RM53,428.44 of the Principal Sum, for which he is jointly and severally liable together with AWB, EURO and Chia Chiw Hoon. The balance of the Principal Sum is payable to ADY by AWB, EURO and Chia Chiw Hoon;
- (ii) the agreed late payment interest of RM137,746.74, calculated as of 16 September 2019, is awarded to ADY, with Wong Kin Sing's liability limited to RM26,149.90 and the balance being payable by AWB, EURO and Chia Chiw Hoon;
- (iii) additional late payment interest of RM62,387.03 is imposed for the period from 17 September 2019 to 31 May 2020, payable by AWB, EURO and Chia Chiw Hoon to ADY;
- (iv) late payment interest at the rate of 1.5% per month on the Principal Sum is payable by the Defendants to ADY, from 1 June 2020 until full and final settlement;

FURTHER INFORMATION (CONT'D)

- (v) costs are awarded in favour to ADY; and
- (vi) EURO's counterclaim is dismissed, and costs are awarded in favour of the respondents to the counterclaim.

EURO had filed an appeal on 30 June 2025 under appeal No. W-02(NCC)(W)-1235-07/2025, and the case management is fixed on 18 December 2025.

The solicitor in charge is of the view that the prospects of success for the appeal are limited at this stage.

(iv) **Kuala Lumpur High Court Case No. N/4-22NCC-246-06/2020. ADY Marketing Sdn. Bhd. ("ADY") v. Euroland & Development Sdn. Bhd. ("ELD") and EURO**

EURO has been served with a sealed writ dated 17 June 2020 and a sealed amended statement of claim dated 18 August 2020 for, amongst others, a principal sum of RM1,416,753.60 owing and accumulated by ELD, where EURO acts as guarantor for full repayment of the overdue debt owing by ELD to ADY. ADY has further claimed against ELD for the remaining sum of RM120,329.69 which exceeded the limit guaranteed by EURO together with the outstanding late payment interest of RM479,688.07 incurred.

EURO has subsequently on 3 September 2020 filed the amended statement of defence and counter claim dated 26 August 2020, where EURO has counterclaimed against ADY, Choong Yuen Keong @ Tong Yuen Keong, Tong Yun Mong, AWB and M South Marketing Sdn Bhd for, inter alia, the following:

- (i) a declaration that ADY has conspired with the conspirators vide unlawful means to cheat and/or to deceive EURO and ELD which caused them to suffer losses; and
- (ii) damages to be assessed by the Court for the losses suffered by EURO and ELD based on the conspiracy action of ADY and the conspirators against them.

ELD has entered a consent judgment with ADY in November 2023 to settle all the outstanding sums despite the alleged conspiracy issue in the matter.

The matter had been consolidated with WA-22NCC-137-03/2021 and WA-22NCC-632-12/2020.

The hearing has been concluded and the court ordered as follows:

- (i) EURO were ordered to pay the principal sum of RM1,416,753.60 to ADY;
- (ii) costs are awarded in favour of ADY; and
- (iii) EURO's counterclaim is dismissed, and costs are awarded in favour of the respondents to the counterclaim.

As of 1 December 2025, no order is made by the court in respect of the remaining sum of RM120,329.69 and the late payment interest of RM479,688.07.

EURO had filed an appeal on 30 June 2025 under appeal No. W-02(NCC)(W)-1227-07/2025, and the case management is fixed on 18 December 2025.

The solicitor in charge is of the view that the prospects of success for the appeal are limited at this stage.

FURTHER INFORMATION (CONT'D)

- (v) **Kuala Lumpur High Court Case No. WA-22NCC-355-08/2021 consolidated and new case number under Kuala Lumpur High Court Case No. WA 22NCC-550-12/2021. All Ways Builder Sdn. Bhd. (“AWB”) v. Euroland & Development Sdn. Bhd. (“ELD”) and EURO**

EURO had been served with a writ and statement of claim both dated 13 August 2021, by AWB for, amongst others, to jointly and severally pay a sum of RM8,767,031.97 with interest to AWB as the outstanding sum owed. AWB claimed that it is the main contractor of ELD for the project to be developed and it has completed the project with the “Conditional Certificate of Practical Completion”.

EURO has on 6 October 2021 filed their Defence and Counterclaim against AWB, Chia Chiew Hoon, Wong Kin Sing, Choong Yuen Keong @ Tong Yuen Keong, Tong Yun Mong and Tong Kah Hoe to counterclaim for, amongst others, conspiring in causing ELD and EURO funds to be channelled out through the project.

ELD entered a consent judgment with AWB in November 2023 to settle all the outstanding sums despite the alleged conspiracy issue in the matter.

The hearing has been concluded, whereby AWB’s claim has been withdrawn and the court ordered that EURO’s counterclaim be dismissed, with costs awarded in favour of the respondents to the counterclaim.

EURO had filed an appeal on 30 June 2025 under appeal No. W-02(NCC)(W)-1237-07/2025, and the case management is fixed on 18 December 2025.

The solicitor in charge is of the view that the prospects of success for the appeal are limited at this stage.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

4.1 Material commitments

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

4.2 Contingent liabilities

As at the LPD, our Board confirms that there is no contingent liability incurred or known to be incurred by our Company or our Group, which upon becoming enforceable, may have material impact on the financial position of our Group.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia during normal business hours (9.00a.m. to 6.00 p.m.) from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) Constitution of our Company;
- (ii) the audited financial statements of our Company for FYE 30 June 2024 and FYE 30 June 2025 as well as the latest unaudited financial results of our Company for 3M-FPE 30 September 2025;

FURTHER INFORMATION (CONT'D)

- (iii) the SPA dated 6 March 2025;
- (iv) the supplemental letter dated 13 March 2025 in relation to the SPA;
- (v) the Settlement Agreement dated 6 March 2025;
- (vi) the supplemental letter dated 4 September 2025 in relation to the Settlement Agreement;
- (vii) the written undertakings dated 6 March 2025 by the Undertaking Shareholders, in respect to the Proposed Rights Issue;
- (viii) the valuation report, valuation certificate and updated valuation certificate (as set out in Appendix III of this Circular) for the Subject Property;
- (ix) the letters of consent and declaration of conflict of interest referred to in **Section 2** of this Appendix;
and
- (x) the cause papers in respect of the material litigations referred to in **Section 3** of this Appendix.

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EURO HOLDINGS BERHAD
(Registration No. 200401008055 (646559-T))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“EGM”) of EURO Holdings Berhad (“EURO” or the “Company”) will be held at Level 1, Room 3 of the Supreme Hotel Melaka at 25, Jalan Kota Laksamana 2/15, Taman Kota Laksamana, 75200 Melaka on Wednesday, 31 December 2025 at 10:00 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications, the following resolutions:

ORDINARY RESOLUTION 1

PROPOSED ACQUISITION BY EUROSTEEL LINE SDN BHD (“ELSB”), A WHOLLY-OWNED SUBSIDIARY OF EURO, OF A PARCEL OF LEASEHOLD INDUSTRIAL LAND HELD UNDER PN 65466, LOT 20111, MUKIM OF CHENG, DISTRICT OF MELAKA TENGAH, STATE OF MELAKA, TOGETHER WITH 4 BLOCKS OF INDUSTRIAL BUILDINGS ERECTED THEREON (“SUBJECT PROPERTY”) FROM SUPREME POWER AUTO SDN BHD (“SPASB” OR THE “VENDOR”) FOR A PURCHASE CONSIDERATION OF RM56.00 MILLION (“PURCHASE CONSIDERATION”) TO BE SATISFIED VIA A COMBINATION OF CASH OF RM38.00 MILLION AND ISSUANCE OF 400,000,000 NEW ORDINARY SHARES IN EURO (“EURO SHARES” OR “SHARES”) (“CONSIDERATION SHARES”) AT AN ISSUE PRICE OF RM0.045 PER CONSIDERATION SHARE (“PROPOSED ACQUISITION”)

“THAT subject to the passing of Ordinary Resolution 5 and the approvals of all the relevant authorities and/or parties being obtained (where required), approval be and is hereby given to the Company to acquire the Subject Property from the Vendor at the Purchase Consideration to be satisfied via a combination of cash of RM38.00 million and issuance of 400,000,000 Consideration Shares at an issue price of RM0.045 per Consideration Share, upon the terms and conditions as set out in the conditional sale and purchase agreement dated 6 March 2025 entered between ELSB and SPASB (including any amendments and/or extensions thereof as mutually agreed) for the Proposed Acquisition (“SPA”).

THAT approval be and is hereby given to the Company to issue and allot the Consideration Shares at an issue price of RM0.045 each to Dato’ Sri Lim Teck Boon (“Dato’ Sri Lim”), whom the Vendor has nominated to receive all the Consideration Shares, for the purpose of satisfaction of the Purchase Consideration in accordance with the terms and conditions of the SPA.

THAT the Consideration Shares, shall upon issuance and allotment, rank equally in all respects with the existing Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or any other forms of distributions, the entitlement date of which is prior to the date of allotment and issuance of the Consideration Shares.

AND THAT the Board of Directors of the Company (“Board”) be and is hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or agreements (including without limitations, the affixation of the Company’s Common Seal in accordance with the Company’s Constitution) as may be necessary to give full effect to and complete the Proposed Acquisition with full power to assent to any conditions, modifications, variations, revaluations and/or amendments in any manner as may be required or imposed by the relevant authorities and/or parties and/or as the Board may deem necessary or expedient in the best interest of the Company.”

ORDINARY RESOLUTION 2

PROPOSED SETTLEMENT OF DEBTS OWING TO DATO' SRI LIM, IMPONOTIVE AUTO SDN BHD ("IASB"), SPASB AND SUPREME POWER PERFORMANCE (M) SDN BHD ("SPPSB") (COLLECTIVELY, THE "LENDERS") AMOUNTING TO RM25,344,446 ("DEBTS") TO BE SATISFIED ENTIRELY VIA THE ISSUANCE OF 563,209,911 NEW SHARES ("SETTLEMENT SHARES") AT AN ISSUE PRICE OF RM0.045 PER SETTLEMENT SHARE ("PROPOSED DEBT SETTLEMENT")

"THAT, subject to the passing of Ordinary Resolution 6 and the approvals of all relevant authorities and/ or parties being obtained (where required), approval be and is hereby given to the Company to allot and issue 563,209,911 Settlement Shares at an issue price of RM0.045 per Settlement Share to Dato' Sri Lim (who is the sole nominee appointed by IASB, SPASB and SPPSB to receive and accept the Settlement Shares), being the settlement of debt owing by Euro Space Industries (M) Sdn Bhd, Euro Chairs (M) Sdn Bhd and Euro Space System Sdn Bhd (collectively, the "**Borrowers**") to the Lenders amounting to RM 25,344,446, upon the terms and conditions as set out in the settlement agreement dated 6 March 2025 entered into between the Borrowers and the Lenders.

THAT the Settlement Shares, shall upon issuance and allotment, rank equally in all respects with the existing Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or any other forms of distributions, the entitlement date of which is prior to the date of allotment and issuance of the Settlement Shares.

AND THAT the Board be and is hereby authorised and empowered to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or agreements (including without limitations, the affixation of the Company's Common Seal in accordance with the Company's Constitution) as may be necessary to give full effect to and complete the Proposed Debt Settlement with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required or imposed by the relevant authorities and/or parties and/or as the Board may deem necessary or expedient in the best interest of the Company."

ORDINARY RESOLUTION 3

PROPOSED PRIVATE PLACEMENT OF UP TO 331,991,700 NEW SHARES ("PLACEMENT SHARES"), REPRESENTING UP TO 25% OF THE TOTAL NUMBER OF ISSUED SHARES (EXCLUDING TREASURY SHARES, IF ANY) AT AN ISSUE PRICE TO BE DETERMINED LATER ("PROPOSED PRIVATE PLACEMENT")

"THAT subject to the relevant approvals from the relevant authorities and/or parties being obtained (where required), approval be and is hereby given to the Board to issue and allot up to 331,991,700 Placement Shares, representing up to 25% of the total number of issued Shares (excluding treasury shares, if any), by way of private placement to independent third-party investor(s) who qualify under Schedules 6 and 7 of the Capital Markets and Services Act 2007 to be identified later, in single or multiple tranches, at an issue price to be determined and fixed by the Board at a later date after obtaining the relevant approvals for the Proposed Private Placement ("**Price-Fixing Date(s)**").

THAT the issue price for each tranche of the Placement Shares shall be determined based on a discount of not more than 15.00% to the 5-day volume weighted average market price of the Shares immediately preceding the Price-Fixing Date.

THAT the Placement Shares shall, upon issuance and allotment, rank equally in all respects with the existing Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or any other forms of distributions, the entitlement date of which is prior to the date of allotment and issuance of the Placement Shares.

THAT the Board be and is hereby authorised to utilise the proceeds to be derived from the Proposed Private Placement for such purposes as set out in **Section 8.1** of Part A of the circular to shareholders of the Company dated 16 December 2025 (“**Circular**”) and with full power to vary the manner and/or purpose of the utilisation of such proceeds from the Proposed Private Placement in the manner as the Board may deem fit, necessary and/or expedient in the best interest of the Company, subject to compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Listing Requirements**”) and the approvals of the relevant authorities (where required).

THAT, pursuant to Section 85(1) of the Companies Act 2016 read together with Clause 61 of the Company’s Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be first offered the Placement Shares ranking equally to the existing issued EURO Shares arising from issuance of Placement Shares to the Placees pursuant to the Proposed Private Placement.

AND THAT the Board be and is hereby authorised and empowered to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or agreements (including without limitations, the affixation of the Company's Common Seal in accordance with the Company's Constitution) as may be necessary to give full effect to and complete the Proposed Private Placement with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required or imposed by the relevant authorities and/or parties and/or as the Board may deem necessary or expedient in the best interest of the Company.”

ORDINARY RESOLUTION 4

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 2,623,168,711 NEW SHARES (“RIGHTS SHARES”) ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 1 EXISTING SHARE HELD ON AN ENTITLEMENT DATE (“ENTITLEMENT DATE”) AND AT AN ISSUE PRICE TO BE DETERMINED LATER (“PROPOSED RIGHTS ISSUE”)

“THAT subject to the passing of Ordinary Resolution 7 and the approvals of all the relevant authorities and/or parties being obtained (where required), approval be and is hereby given to the Board to provisionally allot and issue by way of renounceable rights issue of up to 2,623,168,711 Rights Shares to the shareholders of EURO whose names appear in the Record of Depositors of the Company as at 5.00 p.m. on the Entitlement Date (“**Entitled Shareholders**”) and/or their renounee(s) at a final issue price to be determined by the Board and on such terms and conditions and in such manner as the Board may determine.

THAT the issue price of the Rights Share which shall be determined based on a discount not more than 20% to the theoretical ex-rights price of EURO Shares.

THAT the Board be and is hereby authorised to utilise the proceeds to be derived from the Proposed Rights Issue in the manner set out in **Section 8.2** of Part A of the Circular, and with full power to vary the manner and/or purpose of the utilisation of such proceeds from the Proposed Rights Issue in the manner as the Board may deem fit, necessary and/or expedient in the best interests of the Company, subject to compliance with the Main Market Listing Requirements the approval of the relevant authorities (where required).

THAT the Rights Shares, shall, upon issuance and allotment, rank equally in all respects with the existing Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or any other forms of distributions, the entitlement date of which is prior to the date of allotment and issuance of the Rights Shares.

THAT the Board be and is hereby entitled to deal with all or any of the fractional entitlements of the Rights Shares arising from the Proposed Rights Issue, which are not validly taken up or which are not allotted for any reason whatsoever, in such manner and to such persons as the Board may in its absolute discretion deem fit and in the best interest of the Company (including without limitation to disregard such fractional entitlements altogether).

THAT the Rights Shares which are not validly taken up or which are not allotted for any reason whatsoever to the Entitled Shareholders and/or their renounee(s) shall be made available for excess applications in such manner and to such persons as the Board shall determine at its absolute discretion.

THAT the Board be and is hereby authorised and empowered to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or agreements (including without limitations, the affixation of the Company's Common Seal in accordance with the Company's Constitution) as may be necessary to give full effect to and complete the Proposed Rights Issue with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required or imposed by the relevant authorities and/or parties and/or as the Board may deem necessary or expedient in the best interest of the Company.

AND THAT this ordinary resolution constitutes specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Rights Shares to be issued in connection with the Proposed Rights Issue have been allotted and issued in accordance with the terms of the Proposed Rights Issue.”

ORDINARY RESOLUTION 5

PROPOSED EXEMPTION TO DATO’ SRI LIM AND THE PERSONS ACTING IN CONCERT (“PACS”) WITH HIM FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER FOR THE REMAINING SHARES NOT ALREADY OWNED BY THEM (“MANDATORY OFFER”) UPON COMPLETION OF THE PROPOSED ACQUISITION PURSUANT TO SUBPARAGRAPH 4.08(1)(A) OF THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS ISSUED BY THE SECURITIES COMMISSION MALAYSIA (“SC”) (“RULES”) (“PROPOSED EXEMPTION 1”)

“THAT subject to the passing of the Ordinary Resolution 1 and the approvals of all the relevant authorities and/or parties being obtained (where required), approval be and is hereby given to Dato’ Sri Lim and his PACs to be exempted from the obligation to undertake the Mandatory Offer upon completion of the Proposed Acquisition pursuant to subparagraph 4.08(1)(a) of the Rules.

AND THAT the Board be and is hereby authorised and empowered to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or agreements (including without limitations, the affixation of the Company's Common Seal in accordance with the Company's Constitution) as may be necessary to give full effect to and complete the Proposed Exemption 1 with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required or imposed by the relevant authorities and/or parties and/or as the Board may deem necessary or expedient in the best interest of the Company.”

ORDINARY RESOLUTION 6

PROPOSED EXEMPTION TO DATO’ SRI LIM AND HIS PACS FROM THE OBLIGATION TO UNDERTAKE A MANDATORY OFFER UPON COMPLETION OF THE PROPOSED DEBT SETTLEMENT PURSUANT TO SUBPARAGRAPH 4.08(1)(B) OF THE RULES (“PROPOSED EXEMPTION 2”)

“THAT subject to the passing of the Ordinary Resolution 2 and the approvals of all the relevant authorities and/or parties being obtained (where required), approval be and is hereby given to Dato’ Sri Lim and his PACs to be exempted from the obligation to undertake the Mandatory Offer upon completion of the Proposed Debt Settlement pursuant to subparagraph 4.08(1)(b) of the Rules.

AND THAT the Board be and is hereby authorised and empowered to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or agreements (including without limitations, the affixation of the Company's Common Seal in accordance with the Company's Constitution) as may be necessary to give full effect to and complete the Proposed Exemption 2 with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required or imposed by the relevant authorities and/or parties and/or as the Board may deem necessary or expedient in the best interest of the Company.”

ORDINARY RESOLUTION 7

PROPOSED EXEMPTION TO DATO' SRI LIM AND HIS PACS FROM THE OBLIGATION TO UNDERTAKE A MANDATORY OFFER UPON COMPLETION OF THE PROPOSED RIGHTS ISSUE PURSUANT TO SUBPARAGRAPH 4.08(1)(B) OF THE RULES ("PROPOSED EXEMPTION 3")

"THAT subject to the passing of the Ordinary Resolution 4 and the approvals of all the relevant authorities and/or parties being obtained (where required), approval be and is hereby given to Dato' Sri Lim and his PACs to be exempted from the obligation to undertake the Mandatory Offer upon completion of the Proposed Rights Issue pursuant to subparagraph 4.08(1)(b) of the Rules.

AND THAT the Board be and is hereby authorised and empowered to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or agreements (including without limitations, the affixation of the Company's Common Seal in accordance with the Company's Constitution) as may be necessary to give full effect to and complete the Proposed Exemption 3 with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required or imposed by the relevant authorities and/or parties and/or as the Board may deem necessary or expedient in the best interest of the Company."

By Order of the Board

TAN TONG LANG (MAICSA 7045482) (SSM PRACTISING NO. 202208000250)

THIEN LEE MEE (LS0010621) (SSM PRACTISING NO. 201908002254)

Company Secretaries

Kuala Lumpur

16 December 2025

Notes:

- 1. A member entitled to participate and vote at this EGM is entitled to appoint a proxy/proxies to participate and vote instead of him/her. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate and vote at the EGM shall have the same rights as the member to speak at the EGM.*
- 2. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.*
- 3. The Form of Proxy, in the case of an individual, shall be signed by the appointer or his/her attorney, and in the case of a corporation, shall be executed under its Common Seal or under the hand of its attorney of the corporation duly authorised.*
- 4. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*
- 5. For the purpose of determining a member who shall be entitled to participate the EGM, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 22 December 2025. Only a depositor whose name appears on the Record of the Depositor as at 22 December 2025 shall be entitled to participate the EGM or appoint proxies to participate and/or vote on his/her behalf.*
- 6. The instrument appointing a proxy duly completed and signed must be deposited with our Company's Share Registrar, Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Form of Proxy must be received either via electronically at admin@aldpro.com.my or via facsimile at 03-2201 7774 not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.*
- 7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.*



EURO HOLDINGS BERHAD
(Registration No. 200401008055 (646559-T))
(Incorporated in Malaysia)

FORM OF PROXY

No. of Shares Held	
CDS Account No.	

*I / We *NRIC / Company No.
(Full Name in Block Letters)

of
(Full Address)

..... (Email Address)(Contact No.)

being a member(s) of EURO HOLDINGS BERHAD ("the Company"), hereby appoint :

Full Name in Block Letters		Proportion of Shareholdings to be Presented %
Email Address		
NRIC No.		
Full Address		
Contact No.		
Full Name in Block Letters		Proportion of Shareholdings to be Presented %
Email Address		
NRIC No.		
Full Address		
Contact No.		
		100%

and*/or failing him*, the Chairman of the Meeting, as *my/ our proxy / proxies to attend and vote for *me/us and on *my/ our behalf at the Extraordinary General Meeting of the Company to be held at Level 1, Room 3 of the Supreme Hotel Melaka at 25, Jalan Kota Laksamana 2/15, Taman Kota Laksamana, 75200 Melaka on Wednesday, 31 December 2025 at 10:00 a.m. or at any adjournment thereof as indicated below:

RESOLUTIONS	AGENDA	FOR	AGAINST
Ordinary Resolution 1	Proposed Acquisition		
Ordinary Resolution 2	Proposed Debt Settlement		
Ordinary Resolution 3	Proposed Private Placement		
Ordinary Resolution 4	Proposed Rights Issue		
Ordinary Resolution 5	Proposed Exemption 1		
Ordinary Resolution 6	Proposed Exemption 2		
Ordinary Resolution 7	Proposed Exemption 3		

Please indicate with an "X" in the spaces provided above as to how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.

The proportion of *my/our holding to be represented by *my/our proxies are as follows:

Proxy 1	%
Proxy 2	%
	<hr/>
	100%

In the case of a vote taken by a show of hands, the First Proxy shall vote on *my/our behalf.

As witness my hand this day of 2025.

* Strike out whichever is inapplicable

Signature/Common Seal of Member(s)

Notes:

1. *A member entitled to participate and vote at this EGM is entitled to appoint a proxy/proxies to participate and vote instead of him/her. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate and vote at the EGM shall have the same rights as the member to speak at the EGM.*
2. *Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.*
3. *The Form of Proxy, in the case of an individual, shall be signed by the appointer or his/her attorney, and in the case of a corporation, shall be executed under its Common Seal or under the hand of its attorney of the corporation duly authorised.*
4. *Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*
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6. *The instrument appointing a proxy duly completed and signed must be deposited with our Company's Share Registrar, Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Form of Proxy must be received either via electronically at admin@aldpro.com.my or via facsimile at 03-2201 7774 not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar of
EURO HOLDINGS BERHAD
(Registration No. 200401008055 (646559-T))
c/o Aldpro Corporate Services Sdn Bhd
B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur

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