

**TROPICANA CORPORATION BERHAD**

(197901003695) (47908-K)

(Incorporated in Malaysia)

("the Company" or "Tropicana")

Minutes of the Extraordinary General Meeting ("EGM" or "the Meeting") of the Company deemed held where the Chairman of the Meeting was in Malaysia and held on a fully virtual basis hosted on Securities Services e-Portal at <https://sshbs.net.my/> provided by SS E Solutions Sdn. Bhd. in Malaysia on Friday, 23 June 2023 at 12:05 pm, immediately after the conclusion of the Forty-Fourth Annual General Meeting of the Company held on the same day at 11:00 am.

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<b>Directors present</b>	:	Tan Sri Dato' Sri Mohamad Fuzi Bin Harun	(Chairman, Independent Non-Executive Director) (the Chairman of the Meeting) (" <b>Tan Sri Chairman</b> ")
		Tan Sri Dato' Tan Chee Sing	Group Executive Vice Chairman
		Mr Dion Tan Yong Chien	Group Managing Director
		Mr Jared Ang Tzer Shen	Group Executive Director
		Dato' Dickson Tan Yong Loong	Group Non-Independent Non-Executive Director
		Datuk Wira Lye Ek Seang	Independent Non-Executive Director
		Ms Alice Dora Boucher	Independent Non-Executive Director
		Madam Vivienne Cheng Chi Fan	Independent Non-Executive Director
		Dato' Sri Badrul Hisham Bin Abdul Aziz	Independent Non-Executive Director
		Dato' Mohamad Lotfy Bin Mohamad Noh	Independent Non-Executive Director
		Datuk Tan Mann Chai, JP	Independent Non-Executive Director
<b>Absent with Apologies</b>	:	Encik Mohd Najib Bin Abdul Aziz	Independent Non-Executive Director
<b>Shareholders, Proxies, Corporate Representatives</b>	:	As per the Attendance List	
<b>By Invitation</b>	:	Mr Lim Lai Seng	Managing Director / Chief Financial Officer
		Mr Chew Hwei Yeow	Chief Executive Officer, Subsidiaries
		Mr Khoo Thian Shyang	Deputy Chief Executive Officer, Subsidiaries
		Mr Elby Teh Liang Bin	Representative of AmlInvestment Bank Berhad, Joint Principal Advisers
		Mr Lee Chuk Hoe	Representative of CIMB Investment Bank Berhad, Joint Principal Advisers
		Mr Eng Cha Lun	Representative of BDO Capital Consultants Sdn. Bhd., Independent Adviser
		Ms Cynthia Toh Mei Lee	Representative of Messrs. Wong, Beh and Toh, Due Diligence Lawyers



relation to the Proposed Capitalisation through the text box within the Securities Services e-Portal (“**SSeP**”) page. The Board shall then answer the questions accordingly, and in the event of any unattended questions and/or remarks submitted, they will be grouped and combined to avoid repetition and be published at the Company’s website at [www.tropicana.com.my](http://www.tropicana.com.my) after the Meeting. The answers to the aforesaid unattended questions and/or remarks submitted are enclosed in this Minutes as “Appendix I”.

Siew Chuan further briefed the Meeting that the voting module had been made accessible to all from the start of the Meeting and shall continue to be accessible even after the Agenda item has been discussed, and a further five (5) minutes would be allocated for all to submit their votes.

Siew Chuan informed that there were shareholders who were unable to participate in the Meeting and had appointed Tan Sri Chairman to vote on their behalf. Accordingly, Tan Sri Chairman would be voting in his capacity as a proxy in accordance with the shareholders’ instructions, where indicated.

The Meeting was informed that SS E Solutions Sdn. Bhd. was the Poll Administrator and Commercial Quest Sdn. Bhd. was the Independent Scrutineer to verify the results of the poll voting.

The Meeting was further informed that in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), the resolution set out in the Notice of the EGM would be voted on by poll and that Tan Sri Chairman had exercised his right as the Chairman of the Meeting to demand a poll in accordance with Section 330 of the Companies Act 2016 in respect of the sole resolution which was put forth for voting at the EGM of the Company.

**6. PRESENTATION ON THE PROPOSED CAPITALISATION OF ADVANCES OWING TO TAN SRI DATO’ TAN CHEE SING (“TAN SRI DATO’ TAN”) THROUGH THE ISSUANCE OF SHARES TO A COMPANY WHOLLY OWNED BY TAN SRI DATO’ TAN, NAMELY T SHARES 1 SDN. BHD. (“PROPOSED CAPITALISATION”)**

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The Meeting noted the following salient points of the presentation by Mr Lim on the Proposed Capitalisation:

As at 31 May 2023, Tan Sri Dato’ Tan, who is a major shareholder and the Group Executive Vice Chairman, has advanced approximately RM266.17 million to the Company.

The Proposed Capitalisation involves the capitalisation of the advances amounting to RM180.00 million owing to Tan Sri Dato’ Tan via the issuance of 137,677,833 new ordinary shares in the Company at an issue price of RM1.3074 per share to a company wholly owned by Tan Sri Dato’ Tan, namely T Shares 1 Sdn. Bhd. (“**T Shares 1**”).

Proposed Capitalisation

- Settlement of RM180.00 million (out of a total of approximately RM266.17 million) of existing advances by Tan Sri Dato’ Tan to the Company.
- Settlement via the issuance of 137,677,833 new ordinary shares in the Company (“**Settlement Shares**”) to T Shares 1, a company wholly owned by Tan Sri Dato’ Tan.

#### Balance advances after the settlement

- Approximately RM86.17 million of advances will remain outstanding after the settlement. The amount remains interest-free, unsecured and repayable on mutual agreement.

#### Issue price of the Settlement Shares (“Issue Price”)

- RM1.3074, being the five (5)-day volume weighted average market price of the Company’s shares up to and including 27 April 2023.

#### Number of shares to be issued

- Based on the Issue Price, approximately 137.68 million new Tropicana shares will be issued to T Shares 1 (representing approximately 6.10% of the enlarged issued share capital).

#### Utilisation of advances

- The Company and its subsidiaries (“**Group**”) have utilised the advances for:
  - Working capital: RM66.17 million;
  - Crediting into the sinking fund account for the build-up of principal repayment for Tranche 2 Series 1 of the Sukuk Wakalah Programme, which is due in June 2023: RM200.00 million.

*Note: Sukuk Wakalah Programme is a rated Islamic Medium Term Notes Programme of up to RM1.5 billion in nominal value based on the Shariah principles of Wakalah Bi Al-Istithmar and Murabahah (via Tawarruq arrangement)*

The Proposed Capitalisation would enable the Group to:

- Settle the indebtedness owing to Tan Sri Dato’ Tan without incurring additional debt obligation or interest expenses by the Group;
- Repay the amount owing to Tan Sri Dato’ Tan without incurring significant cash outflow, thus allowing the Group to preserve its cash and bank balances to be used for other purposes, including working capital and expanding the Group’s business as well as repayment for the Sukuk Wakalah Programme; and
- Further strengthen the Company’s equity base as well as net assets and gearing ratio of the Group through the increase in the issued share capital of the Company.

The Board (save and except for the interested Directors), having considered all aspects of the Proposed Capitalisation, including but not limited to the rationale and effects of the Proposed Capitalisation, was of the opinion that the Proposed Capitalisation is in the best interest of the Company. The Board (save for the interested Directors) recommended that shareholders vote in favour of the resolution pertaining thereto.

#### Audit Committee’s statement

The Audit Committee of the Company, having considered all aspects of the Proposed Capitalisation (including but not limited to the rationale and effects of the Proposed Capitalisation) and the evaluation of the Independent Adviser on the fairness and reasonableness of the Proposed Capitalisation, was of the opinion that the terms of the Proposed Capitalisation are:

- In the best interest of the Company;
- Fair, reasonable, and on normal commercial terms; and
- Not detrimental to the interest of the minority shareholders of the Company.

Approvals required

The Proposed Capitalisation is conditional upon the following approvals being obtained:

- The shareholders of the Company at the EGM;
- Bursa Securities for the listing of and quotation for the Settlement Shares on the Main Market of Bursa Securities, which was obtained on 31 May 2023; and
- Consents from the relevant banking and financial institutions.

**7. PRESENTATION ON THE ASSESSMENT IN RELATION TO THE PROPOSED CAPITALISATION BY THE BDO, THE INDEPENDENT ADVISER**

The Meeting noted that the presentation by Mr Eng Cha Lun, the representative from BDO, was based on the Independent Advice Letter dated 8 June 2023, which was circulated to the shareholders on the same day. The aforesaid presentation is enclosed in this Minutes as "Appendix II".

**8. ORDINARY RESOLUTION  
PROPOSED CAPITALISATION OF THE ADVANCES AMOUNTING TO RM180,000,000 OWING TO A DIRECTOR OF TROPICANA, NAMELY TAN SRI DATO' TAN THROUGH THE ISSUANCE OF 137,677,833 NEW ORDINARY SHARES IN TROPICANA ("SHARES") AT AN ISSUE PRICE OF RM1.3074 PER SHARE TO A COMPANY WHOLLY OWNED BY TAN SRI DATO' TAN, NAMELY T SHARES 1 ("PROPOSED CAPITALISATION")**

The sole Agenda for the Meeting was to seek approval from the shareholders on the proposed Ordinary Resolution for the Proposed Capitalisation.

The Meeting noted that the Ordinary Resolution if passed, will empower the Company to allot and issue 137,677,833 new Shares at an issue price of RM1.3074 per Share to T Shares 1 as full and final settlement of RM180.00 million advances owing by the Company to Tan Sri Dato' Tan. The Meeting further noted that the Ordinary Resolution, if passed, will exclude shareholders' preemptive rights to be offered such new Shares to be issued by the Company pursuant to this resolution.

The Meeting further noted that the details of the Proposed Capitalisation are contained in the Circular to Shareholders dated 8 June 2023.

The Meeting was informed that the Directors of the Company who are deemed interested in the Proposed Capitalisation, namely Tan Sri Dato' Tan, Mr Dion Tan Yong Chien, Mr Jared Ang Tzer Shen and Dato' Dickson Tan Yong Loong, shall abstain from deliberation and voting on the resolution.

**9. Q&A SESSION**

At this juncture, Siew Chuan invited questions from the shareholders, proxies and corporate representatives in relation to the Ordinary Resolution tabled at the Meeting.

Mr Lim, *Managing Director / Chief Financial Officer*, addressed the following questions received from the shareholders:

- Q1. Mr Tai Phoo Siew @ Thay Phoo Siew (shareholder) enquired if an e-Voucher or e-Wallet would be given to the shareholders who attended the EGM.**

The Board noted the request and will consider providing so in the future.

- Q2. Mr Lee Choon Tuck (shareholder) enquired if there is any significant impact on the share price of the Company if the Proposed Capitalisation is approved.**

The Company does not foresee any material impact on the share price of the Company arising from the Proposed Capitalisation.

## 10. POLL RESULTS

Upon the completion of the Q&A session, the step-by-step guide together with a short audio clip on the online voting module within the SSeP, was played. Shareholders, proxies, and corporate representatives were given another five (5) minutes to cast and submit their votes.

Thereafter, the Independent Scrutineer proceeded to verify the poll result.

## 11. ANNOUNCEMENT OF POLL RESULTS

The Meeting resumed at 12:50 pm.

At this juncture, Siew Chuan informed the Meeting that the Company had received another question from a shareholder during the voting session, and the question was thereafter addressed by Mr Lim accordingly as follows:

- Q3. Mr Chan Ngun Fong (shareholder) enquired on the reason that the shareholders are deprived of their token of appreciation while the Directors of the Company are given meeting allowance in addition to the Directors' fees paid.**

The Company is not depriving shareholders of the token of appreciation and the Board noted the shareholders' request and will consider doing so in the future. The meeting allowance paid to the Directors is commensurate with the works performed by the Directors as they have been involved in ensuring that the Company is being run efficiently.

The result of the poll was shown on the screen as follows:

RESOLUTION	Vote in Favour		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<b><u>Ordinary Resolution</u></b> Proposed capitalisation of the advances amounting to RM180,000,000 owing to a Director of Tropicana Corporation Berhad ("TCB"), namely Tan Sri Dato' Tan Chee Sing ("TSDT") through the issuance of 137,677,833	51,038,521	99.9521	24,474	0.0479	Carried

RESOLUTION	Vote in Favour		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
new ordinary shares in TCB (" <b>Shares</b> ") at an issue price of RM1.3074 per Share to a company wholly owned by TSDT, namely T Shares 1 Sdn. Bhd.					

**ORDINARY RESOLUTION**

**PROPOSED CAPITALISATION OF THE ADVANCES AMOUNTING TO RM180,000,000 OWING TO A DIRECTOR OF TROPICANA CORPORATION BERHAD ("TCB" OR THE "COMPANY"), NAMELY TAN SRI DATO' TAN CHEE SING ("TSDT") THROUGH THE ISSUANCE OF 137,677,833 NEW ORDINARY SHARES IN TCB ("SHARES" OR "TCB SHARES") AT AN ISSUE PRICE OF RM1.3074 PER SHARE TO A COMPANY WHOLLY OWNED BY TSDT, NAMELY T SHARES 1 SDN BHD ("TSSB") ("PROPOSED CAPITALISATION")**

Based on the results of the poll voting, Tan Sri Chairman declared that the following Ordinary Resolution was CARRIED:

**"THAT**, subject to the approval of all relevant authorities and/or parties (if required) being obtained, approval be and is hereby given to the Board for the following:

- (i) to allot and issue 137,677,833 new TCB Shares ("**Settlement Shares**") at an issue price of RM1.3074 per Settlement Share to TSSB, being the full and final settlement of advances owing by the Company to TSDT amounting to RM180,000,000, upon the terms and subject to the conditions as set out in the settlement and subscription agreement dated 28 April 2023 entered into between the Company and TSDT; and
- (ii) such Settlement Shares shall, upon allotment and issuance, carry the same rights as the existing TCB Shares, save and except that such Settlement Shares shall not be entitled to any dividend, rights, allotment and/or other distribution, the entitlement date of which is prior to the date of allotment of the Settlement Shares.

**THAT**, the Board be and is hereby authorised and empowered to do all acts, deeds and things and to enter, sign, execute and deliver and cause to be delivered on behalf of the Company all such documents and/or agreements as may be necessary and/or expedient in order to implement, finalise and to give full effect to and to complete the Proposed Capitalisation with full power to assent any conditions, variations, modifications and/or amendments in any manner as may be required by the relevant authorities or as the Board may deem necessary and/or expedient in the best interest of the Company;

**THAT** in connection with Section 85(1) of the Companies Act 2016 ("**Act**") and Clause 68 of the Constitution of the Company ("**Constitution**"), the shareholders of the Company do hereby agree to irrevocably waive their pre-emptive rights to be first offered the new Settlement Shares to be allotted and issued by the Company pursuant to the Proposed Capitalisation which will rank equally to the existing shares of the Company, with such waiver resulting in a dilution to their shareholding percentage in the Company **AND THAT** the Board is exempted

from the obligation to offer such new Shares first to the existing shareholders of the Company in respect of the issuance and allotment of new Settlement Shares pursuant to the Proposed Capitalisation.”

**12. CONCLUSION OF MEETING**

Tan Sri Chairman concluded the Meeting and thanked all present for participating in the Company’s fully virtual Meeting. The Meeting was declared closed at 12:55 pm.

Confirmed as True and Correct Record

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TAN SRI DATO’ SRI MOHAMAD FUZI  
BIN HARUN

Dated: 23 June 2023

**APPENDIX I**

No	Shareholder/ Proxy	Question	Answer
1	Tan Kim Seng, Tan Mei Teng, Tan Boon Aik, Tan Boon Lye, Chai Heng Tan, Tee Que Eng and Cheah Yew Boon	Request for e-Voucher, door gift, e-Wallet, grab food, etc.	The Board took note of the request and will consider doing so in the future.
2	Chan Ngun Fong	There are some questions from the shareholders that are not responded to by the Board. The Board lacks transparency and the shareholders are unable to follow up in view that the EGM is convened virtually.	The Board endeavours to answer all questions during the EGM. However, due to time constraints, questions that are not answered during the EGM will be answered and published on the Company's website upon conclusion of the EGM.
		It is disheartening that the Board does not prioritise the interest of the shareholders of the Company.	The Company and the Board have always put shareholders' interests at the forefront. Furthermore, each Director has the responsibility to carry out his/her fiduciary duty, which includes, amongst others, ensuring all decisions or actions taken by the Company are in the best interest of the shareholders.
		Kindly prioritise the interest of the shareholders before engaging in corporate social responsibilities ("CSR") activities, as the dividend was not declared when the Company suffered losses. How much did the Company spend on CSR activities?	The Company will ensure all decisions or actions taken are in the best interest of its shareholders and stakeholders. CSR activities are means for the Company to play a positive role in the community and consider the environmental and social impact of its business decision, and the amount spent on these CSR activities is insignificant/immaterial. Thus, it does not have much impact on the Company's financial position.

# TROPICANA CORPORATION BERHAD (“TCB”)

Independent Adviser’s assessment in relation to the Proposed Capitalisation  
(based on Independent Advice Letter dated 8 June 2023)

23 June 2023



## Outline

- Introduction
- Key evaluation criteria
- Rationale of the Proposed Capitalisation
- Issue Price of the Settlement Shares
- Salient terms of the Settlement and Subscription Agreement
- Effects of the Proposed Capitalisation
- Other considerations
- Conclusion

*Please note that the terms and acronyms used in these slides are the same as those used in the Circular to Shareholders and Independent Adviser Letter dated 8 June 2023 (“IAL”). Please note that these presentation slides are not a replacement for the IAL.*

# INTRODUCTION

- On 28 April 2023, AMIB and CIMB had, on behalf of the Board, announced that TCB is proposing to undertake the Proposed Capitalisation of the advances amounting to RM180.00 million owing to Tan Sri Dato' Tan Chee Sing, its Group Executive Vice Chairman, via the issuance of 137,677,833 new ordinary TCB Shares at an issue price of RM1.3074 per Share to a company wholly-owned by Tan Sri Dato' Tan Chee Sing, namely T Shares 1 Sdn Bhd.
- Pursuant to the above, BDO Capital Consultants Sdn Bhd (“**BDOCC**”) was appointed by TCB on 29 May 2023 as the Independent Adviser to advise the non-interested shareholders of TCB in relation to the fairness and reasonableness of the Proposed Capitalisation and whether the Proposed Capitalisation is detrimental to the non-interested shareholders of TCB.

# KEY EVALUATION CRITERIA

1

## Rationale of the Proposed Capitalisation

- Evaluate the reasonableness of the rationale of the Proposed Capitalisation.

3

## Salient terms of the Settlement and Subscription Agreement

- Evaluate the reasonableness of the salient terms of the Settlement and Subscription Agreement.

2

## Issue Price of the Settlement Shares

- Compare the Issue Price against the historical market price performance of TCB Shares.
- Compare the Issue Price to the net assets (“NA”) per TCB Share.
- Compare the implied price-to-book multiple (“P/B Multiple”) of TCB Shares against the P/B Multiple of comparable companies of TCB.

4

## Effects of the Proposed Capitalisation

- Evaluate the proforma effects of the Proposed Capitalisation based on the following:
  - 1) Share capital;
  - 2) Substantial shareholders’ shareholdings;
  - 3) NA and gearing; and
  - 4) Earnings and earnings per share (“EPS”).

# (1) Rationale of the Proposed Capitalisation

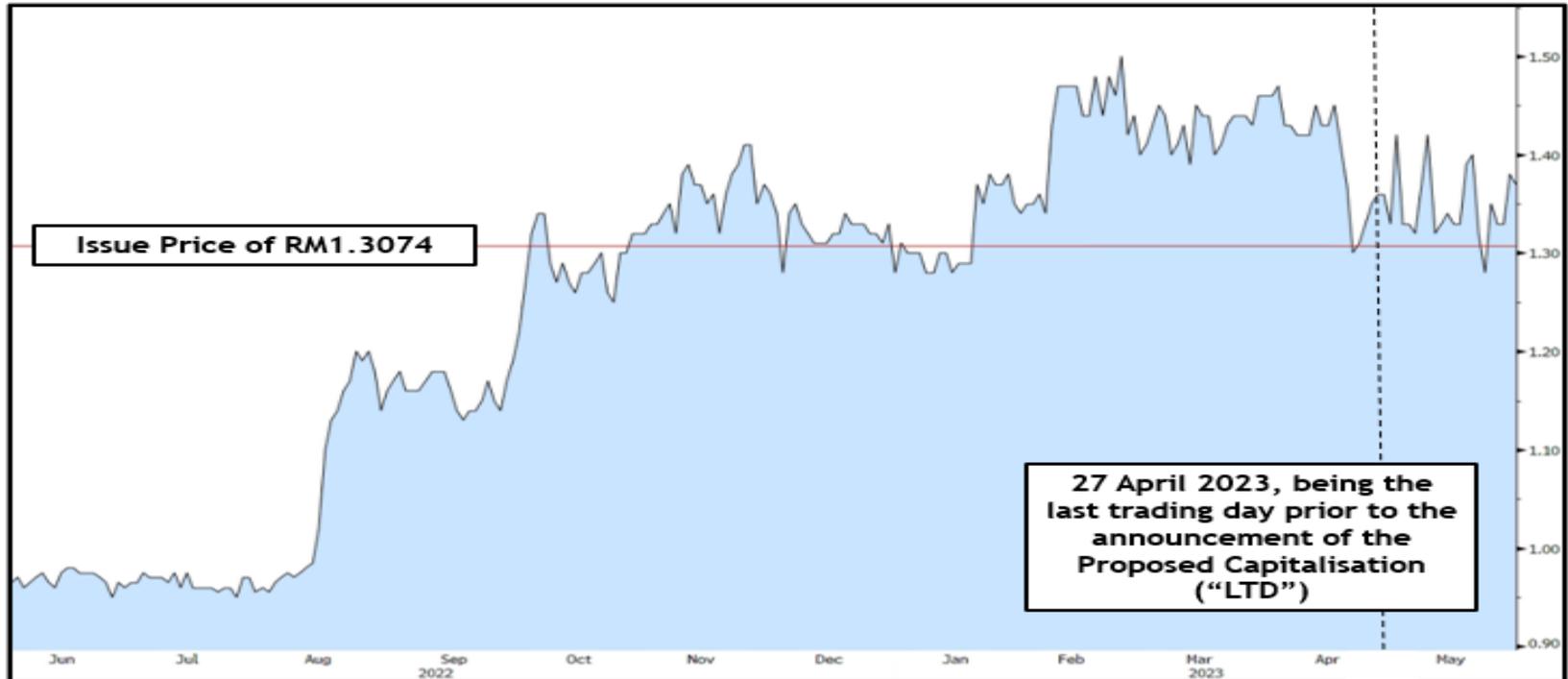
- The financial performance of TCB Group has been on a downtrend in the past 2 financial years where the Group has recorded losses due to the challenging business environment in the property sector in Malaysia.
- In view of the above, the Proposed Capitalisation represents an opportunity for the Group to expediently settle a large part of the Advances amounting to RM180.00 million via the issuance of Settlement Shares, without involving cash outflows from the Group.
- In the event that the Group would like to obtain additional borrowings to settle the Capitalisation Sum, the additional borrowings will place constraints on the cash flows of the Group due to interest and principal repayments.
- Upon completion of Proposed Capitalisation, the balance of the Advances amounting to approximately RM86.17 million shall remain interest-free, unsecured and repayable on mutual agreement by Tan Sri Dato' Tan Chee Sing and the Company. The terms of any additional advances, if any, to be made shall be further negotiated between TCB and Tan Sri Dato' Tan Chee Sing.

# (1) Rationale of the Proposed Capitalisation (cont'd)

- The Proposed Capitalisation will also enable the Group to reduce its liabilities whilst maintaining its cash reserves during a challenging business environment period.
- The preserved cash will allow the Group to utilise its cash reserve to support the working capital requirements for various property development projects undertaken by the Group.
- The Proposed Capitalisation is expected to strengthen the financial position of the Group as its proforma NA will increase and proforma gearing will decrease upon completion of the Proposed Capitalisation. This should enhance the Group's credibility with bankers, customers, suppliers, investors and other stakeholders, hence allowing the Group to improve its creditworthiness.
- Based on the above, we are of the view that the rationale of the Proposed Capitalisation is reasonable.

## (2) Issue Price of the Settlement Shares

- In evaluating the Issue Price of the Settlement Shares, we have taken into consideration the following:
  - i. Historical market price performance of TCB Shares



(Source: Bloomberg)

- Based on the above, we noted that TCB Shares have traded above the Issue Price of RM1.3074 for 53.72% of the total market days over the past 1 year up to the latest practicable date ("LPD") on 31 May 2023.

## (2) Issue Price of the Settlement Shares (cont'd)

### ii. Volume Weighted Average Market Price (“VWAP”) analysis of TCB Shares

- Based on our VWAP analysis, we noted that the Issue Price of RM1.3074 per Settlement Share represents the following:
  - (i) **Equal** to the five (5)-day VWAP of TCB Shares up to the LTD;
  - (ii) **Discounts** ranging from 3.87% to 8.76% over the last closing price as at the LTD and one (1)-month, three (3)-month and six (6)-month VWAPs of TCB Shares up to the LTD; and
  - (iii) A **premium** of 7.37% over the one (12)-month VWAP of TCB Shares up to the LTD; and
  - (iv) **Discounts** of 4.57% and 2.43% over the last closing price as at the LPD and the five (5)-day VWAP of TCB Shares up to the LPD.

## (2) Issue Price of the Settlement Shares (cont'd)

### iii. NA per TCB Share

- We noted that TCB Shares have never traded above the NA per TCB Share of RM2.03 based on the audited consolidated financial statements of TCB as at 31 December 2022 (after adjusting for subsequent events) in the last 1 year up to the LTD.
- Although the issue price of RM1.3074 per Settlement Share is at a 35.60% discount to the NA per TCB Share of RM2.03, the Issue Price is reasonable as there is no assurance that TCB may be able to realise the NA per TCB Share at its full value, taking into consideration various factors, such as the nature of the assets of TCB Group which comprise mainly property that are illiquid and cannot be readily converted to cash or cash equivalents.

## (2) Issue Price of the Settlement Shares (cont'd)

### iv. P/B Multiple of TCB Shares

- We have also compared the implied P/B Multiple of TCB against the P/B Multiple of the comparable companies of TCB (“Comparable Companies”).
- Based on the Issue Price of RM1.3074, we have computed the implied P/B Multiple of TCB at 0.48 times.
- The implied P/B Multiple of 0.48 times is above the simple average of P/B Multiple of the Comparable Companies of 0.32 times.
- A higher implied P/B Multiple in comparison with the Comparable Companies is beneficial to TCB as a lesser number of TCB Shares will be issued pursuant to the Proposed Capitalisation. Accordingly, there will be a lower dilution impact to the non-interest shareholders of TCB.

## (2) Issue Price of the Settlement Shares (cont'd)

### Our comments:

- Notwithstanding that TCB Shares have been trading above the Issue Price of RM1.3074 for 53.72% of the total market days over the past 12 months up to the LPD and is at a discount ranging from 2.43% to 8.76% over the various mentioned timeframes, we also noted the following:
  - (i) The Issue Price equal to the five (5)-day VWAP of TCB Shares up to the LTD; and
  - (ii) The Issue Price represents an implied P/B Multiple above the average P/B multiple of the Comparable Companies.
- Premised on the above, we are of the view that the Issue Price of RM1.3074 per Settlement Share is fair.

### (3) Salient terms of the Settlement & Subscription Agreement

Salient terms	Our evaluation
Conditions Precedent	<ul style="list-style-type: none"><li>• We noted that the Settlement and Subscription Agreement shall be conditional upon the following Conditions Precedent being fulfilled.</li><li>• The Conditions Precedent are <u>reasonable</u> as the requisite approvals from the relevant parties and/or regulatory authorities are necessary for TCB to complete the Proposed Capitalisation.</li></ul>
Completion	<ul style="list-style-type: none"><li>• We noted that following Completion, the TCB shall procure that the Settlement Shares are to be credited and deposited into the CDS account of TSSB. This term is <u>reasonable</u> as TSSB is a company wholly-owned by Tan Sri Dato' Tan Chee Sing.</li><li>• Upon Completion, the balance of the Advances and any additional advances to be made shall be repaid and settled subject to further mutual agreement between the parties. This term is <u>reasonable</u> as the balance of the Advances and any additional advances to be made are not part of the Capitalisation Sum and do not form part of the terms of the Settlement and Subscription Agreement.</li></ul>

### (3) Salient terms of the Settlement & Subscription Agreement (cont'd)

Salient terms	Our evaluation
Events of Default	<ul style="list-style-type: none"><li>• The terms for the events of default are <u>reasonable</u> as the Defaulting Party is given a notice period of 14 business days for the action to remedy. The term serves to protect the interest of the Non-Defaulting Party as the Defaulting Party is liable for the costs and expenses associated with the Proposed Capitalisation.</li><li>• We noted that in the event of termination of the Settlement and Subscription Agreement and where there is no claim for specific performance by the Non-Defaulting Party following the termination, the Capitalisation Sum shall continue to remain as a debt owing by the TCB Group to Tan Sri Dato' Tan Chee Sing under the existing terms of the Advances.</li></ul>

- Premised on the above, we are of the view that the salient terms of the Settlement and Subscription Agreement are reasonable and not detrimental to the non-interested shareholders of TCB.

## (4) Effects of the Proposed Capitalisation

- In evaluating the effects of the Proposed Capitalisation, we noted the following:

### i. Share capital

- The increase in TCB's issued share capital from RM2,833.53 million to RM3,013.53 million under the minimum scenario is due to the issuance of Settlement Shares pursuant to the Proposed Capitalisation.
- The increase in TCB's issued share capital from RM2,833.53 million to RM3,376.59 million under the maximum scenario is due to the assumed conversion of ICPS and issuance of Settlement Shares pursuant to the Proposed Capitalisation.

## (4) Effects of the Proposed Capitalisation (cont'd)

### ii. Substantial shareholders' shareholdings

- Under the minimum scenario, the combined shareholding of Tan Sri Dato' Tan Chee Sing (direct and indirect) will increase from 53.07% as at LPD to 55.93%.
- Under the maximum scenario, the combined shareholding of Tan Sri Dato' Tan Chee Sing (direct and indirect) will increase from 53.07% as at LPD to 57.41%.
- In view that Tan Sri Dato' Tan Chee Sing has statutory control over TCB (i.e. holding more than 50% of the voting shares in TCB), the Proposed Capitalisation will not trigger an obligation for Tan Sri Dato' Tan Chee Sing to undertake a mandatory takeover offer to acquire all the remaining TCB Shares not held by him pursuant to the Rules.

## (4) Effects of the Proposed Capitalisation (cont'd)

### iii. NA and gearing

Based on the latest audited consolidated financial statements of TCB Group for the FYE 31 December 2022, the proforma effects of the Proposed Capitalisation on the NA and gearing of TCB Group are as follows:

- Upon completion of the Proposed Capitalisation, the increase in share capital of TCB Group arising from the issuance of Settlement Shares will increase the proforma NA of TCB Group. Arising from the consequential effect of the issuance of Settlement Shares, the proforma NA per TCB Share will decrease as the Settlement Shares have a lower Issue Price of RM1.3074 as compared to the unaudited NA per TCB share as at 31 December 2022 (after adjusting for subsequent events) of RM2.03.
- The proforma gearing ratio of TCB Group will decrease from 0.57 times as at 31 December 2022 (after adjusting for subsequent events) to 0.55 times under the minimum scenario and maximum scenario respectively as a result of the increase in total equity pursuant to the Proposed Capitalisation.

## (4) Effects of the Proposed Capitalisation (cont'd)

### iv. Earnings and EPS

- The Proposed Capitalisation is not expected to have any material effect on the earnings of TCB Group. While the Proposed Capitalisation is expected to have a dilutive effect on the EPS of TCB Group due to the increased number of TCB shares arising from the issuance of Settlement Shares, the future EPS of TCB Group will be dependent on the Group's future earnings which are based on the realisation of its property development projects.
- The Group is able to benefit from interest savings as it does not need to procure borrowings to settle the Capitalisation Sum which will incur additional interest expense to the Group.

Based on the above, the overall effects of the Proposed Capitalisation are **not detrimental** to the interests of the non-interested shareholders of TCB.

# OTHER CONSIDERATIONS

- We have also considered the industry overview and prospects of TCB Group as well as the risk factors associated with the Proposed Capitalisation and we are of the view that they are reasonable and are not detrimental to the non-interested shareholders.

# CONCLUSION

- In arriving at our conclusion and recommendation, we have taken into account the various consideration factors as set out in our IAL dated 8 June 2023.
- Based on this, BDOCC views that the Proposed Capitalisation is **FAIR** and **REASONABLE** and is **NOT DETRIMENTAL** to the non-interested shareholders of TCB. Accordingly, we advise and recommend that the non-interested shareholders to **VOTE IN FAVOUR** of the ordinary resolution pertaining to the Proposed Capitalisation.

# THANK YOU

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