

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular. Shareholders should rely on their own evaluation to assess the merits and risks of the Proposals (as defined herein).

This Circular has been reviewed by TA Securities Holdings Berhad ("TA Securities"), who is the Adviser to Perak Transit Berhad ("Perak Transit" or "Company") for the Proposals (as defined herein).



PERAK TRANSIT BERHAD

(Company No.: 831878-V)

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

- (I) PROPOSED BONUS ISSUE OF UP TO 114,294,800 NEW ORDINARY SHARES IN THE COMPANY ("PERAK TRANSIT SHARE(S)") ("BONUS SHARE(S)") TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF 1 BONUS SHARE FOR EVERY 10 EXISTING PERAK TRANSIT SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED BONUS ISSUE OF SHARES"); AND**
- (II) PROPOSED ISSUANCE OF UP TO 571,474,000 FREE WARRANTS ("WARRANT(S)") ON THE BASIS OF 1 WARRANT FOR EVERY 2 PERAK TRANSIT SHARES HELD ON THE SAME ENTITLEMENT DATE AS THE PROPOSED BONUS ISSUE OF SHARES ("PROPOSED FREE WARRANTS ISSUE")**

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



TA SECURITIES HOLDINGS BERHAD (14948-M)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting ("EGM") of Perak Transit to be held at Mersawa & Rengas Hall, Level 2, MU Hotel, No. 18, Jalan Chung On Siew, 30250 Ipoh, Perak Darul Ridzuan on Thursday, 24 August 2017 at 9.00 a.m., together with the Form of Proxy are enclosed in this Circular.

As a shareholder you can appoint a proxy or proxies to attend and vote on your behalf. You must complete and lodge the Form of Proxy at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time set for holding the EGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Tuesday, 22 August 2017 at 9.00 a.m.

This Circular is dated 3 August 2017

DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Circular and the accompanying appendices:

“5D-VWAP”	:	Five (5)-day volume weighted average market price
“A&P”	:	Advertising and promotional activities
“ACE Market”	:	ACE Market of Bursa Securities
“Act”	:	The Companies Act, 2016
“Announcement”	:	Announcement in relation to the Proposals dated 5 June 2017
“Board”	:	Board of Directors of Perak Transit
“Bonus Share(s)”	:	Up to 114,294,800 new Perak Transit Shares to be issued pursuant to the Proposed Bonus Issue of Shares
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“CDS”	:	An account established by Bursa Depository or its successor-in-title or any other approved depository under Securities Industry (Central Depositories) Act 1991
“Circular”	:	This circular to shareholders of Perak Transit dated 3 August 2017 in relation to the Proposals
“CMSA”	:	Capital Markets and Services Act 2007
“Deed Poll”	:	The deed poll constituting the Warrants to be executed by the Company
“Director”	:	A person falling within the meaning given in Section 2 of the Act and Section 2(1) of the CMSA
“EGM”	:	Extraordinary general meeting of the Company
“Entitled Shareholders”	:	Shareholders of Perak Transit whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date
“Entitlement Date”	:	A date to be determined and announced by the Board, on which the names of shareholders of Perak Transit must appear in the Record of Depositors of the Company in order to participate in the Proposed Bonus Issue of Shares
“EPS”	:	Earnings per Share
“FPE”	:	Financial period ended
“FYE”	:	Financial year ended/ ending 31 December
“IMR Report”	:	The independent market research report dated 31 July 2017 prepared by the Independent Market Researcher as set out in Appendix II of this Circular

DEFINITIONS (CONT'D)

“Independent Market Researcher” or “SMITH ZANDER”	:	Smith Zander International Sdn Bhd
“Listing Requirements”	:	ACE Market Listing Requirements of Bursa Securities
“LPD”	:	27 July 2017, being the latest practicable date prior to the printing of this Circular
“NA”	:	Net assets
“Official List”	:	A list specifying all securities listed on the ACE Market
“Perak Transit” or “Company”	:	Perak Transit Berhad
“Perak Transit Group” or “Group”	:	Perak Transit and its subsidiaries, collectively
“Perak Transit Share(s) or Share(s)”	:	Ordinary shares in Perak Transit
“Proposals”		Proposed Bonus Issue of Shares and Proposed Free Warrants Issue
“Proposed Bonus Issue of Shares”	:	Proposed bonus issue of up to 114,294,800 Bonus Shares to be credited as fully paid-up on the basis of 1 Bonus Share for every 10 existing Perak Transit Shares held by the Entitled Shareholders on the Entitlement Date
“Proposed Free Warrants Issue”	:	Proposed issuance of up to 571,474,000 Warrants on the basis of 1 Warrant for every 2 Perak Transit Shares held on the same Entitlement Date as the Proposed Bonus Issue of Shares
“Record of Depositors”	:	A record of depositors established by Bursa Depository under the Rules of Bursa Depository
“Rules of Bursa Depository”	:	The rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act 1991
“RM” and “sen”	:	Ringgit Malaysia and sen respectively
“TA Securities” or “Adviser”	:	TA Securities Holdings Berhad
“Terminal Kampar”	:	The new integrated public transportation terminal to be developed and constructed by the Group on 2 parcels of land measuring approximately 3.72 acres in Mukim Kampar, Daerah Kampar, Perak
“Warrant(s)”	:	Up to 571,474,000 free warrants to be issued pursuant to the Proposed Free Warrants Issue

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

All reference to “you” or “your” in this Circular are to the shareholders of Perak Transit.

TABLE OF CONTENTS

	PAGE
LETTER TO THE SHAREHOLDERS CONTAINING:	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSALS	2
3. RATIONALE FOR THE PROPOSALS.....	5
4. INDUSTRY OUTLOOK AND PROSPECTS	6
5. EFFECTS OF THE PROPOSALS	13
6. HISTORICAL SHARE PRICES	15
7. CONDITIONALITY	15
8. APPROVALS REQUIRED	16
9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM.....	17
10. DIRECTORS' STATEMENT	17
11. ADVISER.....	17
12. ESTIMATED TIME FRAME FOR COMPLETION.....	17
13. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION	17
14. EGM	17
15. FURTHER INFORMATION	18
APPENDICES	
I. INDICATIVE SALIENT TERMS OF THE WARRANTS	19
II. IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA	21
III. FURTHER INFORMATION	67
NOTICE OF EGM	ENCLOSED
FORM OF PROXY	ENCLOSED

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PERAK TRANSIT BERHAD

(Company No.: 831878-V)

(Incorporated in Malaysia)

Registered Office:

D-3-7 Greentown Square
Jalan Dato' Seri Ahmad Said
30450 Ipoh
Perak

3 August 2017

Board of Directors:

Tan Sri Dato' Chang Ko Youn *(Independent Non-Executive Chairman)*

Dato' Sri Cheong Kong Fitt *(Managing Director)*

Dato' Cheong Peak Sooi *(Executive Director)*

Dato' Wan Asmadi Bin Wan Ahmad *(Independent Non-Executive Director)*

Ng Wai Luen *(Independent Non-Executive Director)*

To: Our Shareholders

Dear Sir/Madam,

PERAK TRANSIT BERHAD

(I) PROPOSED BONUS ISSUE OF SHARES; AND

(II) PROPOSED FREE WARRANTS ISSUE

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

1. INTRODUCTION

On 5 June 2017, TA Securities had, on behalf of the Board, announced that the Company proposes to undertake the Proposals.

On 14 July 2017, TA Securities had, on behalf of the Board, announced that the listing application in relation to the Proposals has been submitted to Bursa Securities.

On 27 July 2017, TA Securities had, on behalf of the Board, announced that Bursa Securities, vide its letter dated 27 July 2017, approved the following:

- (i) listing of and quotation for up to 114,294,800 Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares;
- (ii) admission of Warrants to the Official List of the ACE Market and listing of and quotation for up to 571,474,000 Warrants to be issued pursuant to the Proposed Free Warrants Issue; and
- (iii) listing of and quotation for up to 571,474,000 new Perak Transit Shares arising from the exercise of the Warrants,

on the ACE Market, subject to the conditions as stated in Section 8 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION OF THE PROPOSALS AND TO SEEK THE COMPANY'S SHAREHOLDERS' APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTH COMING EGM. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

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

2. DETAILS OF THE PROPOSALS

The Proposed Bonus Issue of Shares will be implemented concurrently with the Proposed Free Warrants Issue. As at the LPD, the issued share capital of Perak Transit is RM114,294,800 comprising 1,142,948,000 Perak Transit Shares.

2.1 Proposed Bonus Issue of Shares

2.1.1 Basis and number of Bonus Shares to be issued

The Proposed Bonus Issue of Shares entails an issuance of up to 114,294,800 Bonus Shares to be credited as fully paid-up on the basis of 1 Bonus Share for every 10 existing Perak Transit Shares held by the Entitled Shareholders on the Entitlement Date.

The actual number of the Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares will depend on the total issued Perak Transit Shares (excluding treasury shares, if any) as at the Entitlement Date.

Fractional entitlements of the Bonus Shares arising from the Proposed Bonus Issue of Shares, if any, shall be disregarded, and dealt with in such manner as the Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of the Company.

The Proposed Bonus Issue of Shares will not be implemented in stages over a period of time.

2.1.2 Capitalisation of reserves

The Proposed Bonus Issue of Shares shall be wholly capitalised from the share premium account of the Company.

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An illustration of the proposed capitalisation of reserves from the Company's share premium account for the Proposed Bonus Issue of Shares based on Perak Transit's latest audited financial statements for the FYE 31 December 2016 and latest unaudited quarterly report for the 3-months FPE 31 March 2017 are set out below:

	Audited FYE 2016		Unaudited FPE 31 March 2017	
	Company (RM'000)	Group (RM'000)	Company (RM'000)	Group (RM'000)
Share Premium*	13,202	13,202	13,202	13,202
Less: capitalisation for the Proposed Bonus Issue of Shares	(11,430)	(11,430)	(11,430)	(11,430)
Share Premium after the Proposed Bonus Issue of Shares	1,772	1,772	1,772	1,772

Note:

* The share premium shall be capitalised into the Company's share capital under Section 618(3) of the Act.

The Board confirms that the share premium required for the capitalisation of reserves for the Proposed Bonus Issue of Shares based on the Company's latest audited financial statements for the FYE 2016 and the latest unaudited quarterly results for the FPE 31 March 2017 are adequate. The Board also confirms that Perak Transit's reserves are unimpaired by losses on a consolidated basis, in accordance with Rule 6.31(1) of the Listing Requirements.

2.1.3 Ranking of the Bonus Shares

The Bonus Shares will, upon allotment and issuance, rank *pari passu* in all respects with the existing Perak Transit Shares, except that the Bonus Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distributions, that may be declared, made or paid, for which the entitlement date for the aforesaid distribution precedes the date of allotment and issuance of the Bonus Shares.

For the avoidance of doubt, the Bonus Shares will not be entitled to Warrants issued pursuant to the Proposed Free Warrants Issue as the Entitlement Date for the Proposed Bonus Issue of Shares and Proposed Free Warrants Issue is the same day.

2.1.4 Listing of and quotation for the Bonus Shares

The Bonus Shares shall be listed and quoted on the ACE Market, which the approval from Bursa Securities was obtained vide its letter dated 27 July 2017, which is subject to the conditions as stated in Section 8 of this Circular.

2.2 Proposed Free Warrants Issue

2.2.1 Basis and number of Warrants to be issued

The Proposed Free Warrants Issue entails an issuance of up to 571,474,000 Warrants in Perak Transit on the basis of 1 Warrant for every 2 Perak Transit Shares held by the Entitled Shareholders on the same Entitlement Date as the Proposed Bonus Issue of Shares.

Fractional entitlement of the Warrants arising from the Proposed Free Warrants Issue, if any, shall be disregarded, and dealt with in such manner as the Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of the Company.

The Proposed Free Warrants Issue will not be implemented in stages over a period of time.

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

2.2.2 Basis of determining and justification for the exercise price of the Warrants

The Warrants will be issued at no cost to the Entitled Shareholders of Perak Transit.

The exercise price of the Warrants will be determined and fixed by the Board at a later date after receipt of all relevant approvals but before the announcement of the Entitlement Date, after taking into consideration of the following:

- (i) the historical trading prices of the Perak Transit Shares;
- (ii) the theoretical ex-bonus price of Perak Transit Shares based on the 5D-VWAP of Perak Transit Shares immediately preceding the price-fixing date;
- (iii) the Warrants will be issued at no cost to the Entitled Shareholders;
- (iv) the Warrants being exercisable at any time within a 3 year period from the date of issue of the Warrants; and
- (v) the future prospects of Perak Transit Group.

For illustrative purpose only, the exercise price of the Warrants is assumed to be at RM0.235 per Warrant, which represents a discount of approximately 16.0% to the theoretical ex-bonus price of Perak Transit Shares of RM0.2797 per Share, calculated based on the 5D-VWAP of Perak Transit Shares up to and including the LPD of RM0.3077 per Perak Transit Share.

2.2.3 Ranking of the new Perak Transit Shares to be issued arising from the exercise of the Warrants

The holders of the Warrants will not be entitled to any voting rights or participation in any form of distribution and/or offer of securities in the Company other than on winding-up, compromise or arrangement of Perak Transit to be set out in a Deed Poll until and unless such holders of the Warrants have exercised their Warrants into new Perak Transit Shares.

The new Perak Transit Shares to be issued upon the exercise of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Perak Transit Shares, save and except that the new Perak Transit Shares to be issued upon exercise of the Warrants will not be entitled to any dividends, rights, allotments and/or other forms of distributions for which the entitlement date is prior to the date of allotment and issuance of the new Perak Transit Shares to be issued pursuant to the exercise of the Warrants.

2.2.4 Listing of and quotation for the Warrants and new Perak Transit Shares to be issued arising from the exercise of Warrants

The Warrants and the new Perak Transit Shares to be issued arising from the exercise of Warrants shall be listed and quoted on the ACE Market, which the approval from Bursa Securities was obtained vide its letter dated 27 July 2017, which is subject to the conditions as stated in Section 8 of this Circular.

2.2.5 Utilisation of proceeds

The Proposed Free Warrants Issue is not expected to raise any funds as the Warrants will be issued at no cost to the shareholders of Perak Transit. However, the gross proceeds that may be raised by Perak Transit pursuant to the exercise of the Warrants into new Perak Transit Shares will depend upon the number of Warrants exercised during the tenure of the Warrants. As such, the timeframe and breakdown for the utilisation of the proceeds are not determinable at this juncture.

For illustration purposes only, assuming the full exercise of 571,474,000 Warrants at the indicative exercise price of RM0.235 per Warrant, the total proceeds to be raised by the Company shall be RM134,296,390. Such proceeds if materialized, the Group intend to utilise approximately 30.0% of the total proceeds (which is equivalent up to approximately RM40.2 million) for the working capital and approximately 70.0% of the total proceeds (which is equivalent up to approximately RM94.0 million) for the repayment of bank borrowings of Perak Transit Group (which stands at approximately RM125.36 million as at LPD).

Depending on the actual quantum of proceeds to be received from the exercise of the Warrants and the amount to be utilised, the Group will enjoy interest savings arising from the repayment of bank borrowings. For illustration purposes, assuming the abovementioned RM94.0 million is utilised for the repayment of bank borrowings, the Group will enjoy interest savings of approximately RM40.8 million (based on bank borrowings interest rates which range from 5.3% to 7.6% per annum over the remaining repayment period of between 2 years and 16 years).

3 RATIONALE FOR THE PROPOSALS

3.1 Proposed Bonus Issue of Shares

The Board is of the view that the Proposed Bonus Issue of Shares is the most appropriate avenue of rewarding the existing shareholders of the Company for their continuous support while at the same time enhance the Company's capital base as the Proposed Bonus Issue of Shares will:

- (i) enlarge the number of Perak Transit Shares held by the Company's existing shareholders without increasing their percentage equity interest; and
- (ii) encourage further trading liquidity of Perak Transit Shares on Bursa Securities and greater participation by investors as well as potentially broadening the shareholder base of the Company.

3.2 Proposed Free Warrants Issue

The Board is of the view that the Proposed Free Warrants Issue will:

- (i) allow the shareholders of the Company to participate in convertible securities of the Company which are tradable on Bursa Securities without incurring any cost;
- (ii) help to strengthen the Perak Transit Group's capital base and shareholders' funds as well as potentially provide funds for the Perak Transit Group to finance its working capital requirements and repayment of bank borrowings, as and when the Warrants are exercised without incurring interest cost, as compared to bank borrowings and to improve the gearing of the Perak Transit Group;

- (iii) provide the shareholders of the Company with an opportunity to increase their equity interest in the Company at a predetermined price during the tenure of the Warrants; and
- (iv) allow the shareholders of the Company to further participate in the future prospects and growth of the Perak Transit Group and/or any potential capital appreciation in the Warrants and Perak Transit Shares, as and when the Warrants are exercised.

4 INDUSTRY OUTLOOK AND PROSPECTS

4.1 Overview and outlook of Malaysian economy

In 2016, the Malaysian economy continued to face considerable external and domestic headwinds.

While some of the impact of earlier domestic shocks gradually dissipated during the year, growth performance was affected by new risks and ongoing adjustments to external shocks that have impacted the economy since end-2014. Despite these challenges, the economy grew by 4.2% in 2016. Despite the challenging economic environment, the Malaysian economy registered a growth of 4.2% in 2016.

Export performance and investment activity were relatively subdued throughout the year following lacklustre global demand and low commodity prices. In addition, the unexpected outturn of political developments in the advanced economies, especially the United Kingdom and the United States, and the macroeconomic policies adopted by these economies, have led to heightened uncertainty in financial markets and a significant reversal of capital flows from emerging economies.

On the domestic front, the economy continued to face headwinds from higher cost of living and weak sentiments. Ongoing adjustments by households, especially the low and middle-income groups, to the increased cost of living and by soft labour market conditions. Concurrently, business and consumer sentiments were affected by global and domestic factors, including the heightened volatility in financial markets and the prolonged underperformance of the ringgit

In the external sector, the current account of the balance of payments remained in surplus, but by a smaller amount. This stemmed from a lower trade surplus as export growth moderated in line with the subdued global demand. The persistent structural deficits in the services and income accounts also contributed further to the narrowing of the current account surplus. The financial account continued to record net outflows. While direct investment registered net inflows, portfolio investment inflows in the first half of the year were offset by larger net outflows in the second half of the year.

The fundamentals of the Malaysian economy have accorded Malaysia the ability to weather these challenges. The diversified sources of growth in the economy have allowed the adverse impact of sector-specific shocks to remain manageable. Despite some softening, labour market conditions remained stable with continued income growth providing continued support to household spending. Notwithstanding the weak global demand, Malaysia's external position remained strong, supported by ample international reserves and manageable levels of external debt.

(Source: Bank Negara Malaysia Annual Report 2016)

The Malaysian economy is expected to expand between 4% and 5% in 2017 (2016: 4.2%) with nominal gross national income per capita increasing 5% to RM39,699 (2016: 4.8%; RM37,812). Economic growth will be underpinned by strong domestic demand, especially private sector expenditure. Private sector activity will be supported pro-growth fiscal and accommodative monetary policies in an environment of stable inflation, which is projected to range between 2% and 3% (2016: 2.5 – 2.5%) Meanwhile, public sector expenditure will be driven mainly by higher investment by public corporations.

(Source: Ministry of Finance Malaysia, Economic Report 2016/2017)

4.2 Overview and outlook of the public bus terminal services in Ipoh, Perak

The provision of integrated transportation facilities such as Terminal AmanJaya is pertinent to ensuring that the population opts for public transport. Efforts are underway to improve integration between modes to promote seamless mobility. In addressing increased mobility demand, the Government has committed to continuing investments in public transport capacity and service expansion, where focus will be placed on providing services that are well-connected, accessible, affordable, convenient, reliable and safe to encourage the shift from private vehicles to public transport. Strategies to improve overall public transport services will cater to rural, rural-urban, urban and intercity mobility. Facilities for mobility-impaired persons will be improved particularly at stations and terminals. These efforts will contribute positively to the prospects and outlook for public bus terminal services.

Terminal operations at Terminal AmanJaya began in September 2012, with the recording of passenger data commencing in March 2013. The total number of passengers recorded at Terminal AmanJaya, based on the number of ticket-purchasing passengers, was 760,740 in 2014, and rose to 842,907 in 2016 at a compound annual growth rate ("CAGR") of 5.3%.

Public bus terminal services market in Ipoh, Perak – number of ticket-purchasing passengers at Terminal AmanJaya

Year	2014	2015	2016
Total passengers	760,740	822,775	842,907
Annual growth	-	8.2%	2.5%
CAGR	5.3%		

Perak Transit Berhad's segmental revenue for its integrated terminal complex operations has also demonstrated significant growth, rising from RM25.0 million in the FYE 2014 to RM37.0 million in the FYE 2016, at a CAGR of 21.7%.

Public bus terminal services market in Ipoh, Perak – Perak Transit Berhad's segmental revenue growth for terminal services operations at Terminal AmanJaya

	FYE 2014 (RM '000)	FYE 2015 (RM '000)	FYE 2016 (RM '000)
Perak Transit Berhad – segmental revenue for integrated terminal complex operations	24,995	29,547	37,014
Annual growth	-	18.2%	25.3
CAGR	21.7%		

(Source: IMR Report)

4.3 Overview and outlook of the advertising market in Malaysia

Advertising expenditure in Malaysia is made up of expenditure in advertising through several media channels that are a combination of print and digital channels. Categories of media that carry advertisements include newspapers, free-to-air television, pay television, radio, magazines, outdoor, in-store media and cinema.

Between 2010 and 2016, total advertising expenditure in Malaysia grew from RM9.4 billion to RM13.5 billion at a CAGR of 6.2% on the back of positive market sentiment. This growth has been underpinned by an expansion of advertising solutions moving beyond traditional channels as it penetrates the digital space. The growth and development of content delivered through pay television and the internet has also created room for growth in advertising expenditure as businesses seek more innovative means of engaging the public. Global sporting events such as the London Olympic Games in 2012 and the FIFA World Cup in Brazil in 2014, Dakar Rally and Badminton World Federation (BWF) World Championships in 2015 as well as the Rio Olympic Games in 2016 have also created platforms for advertisers to capitalise on the public attention garnered by these events during this period.

The longer term growth prospects are positive as advertising expenditure is anticipated to grow and register a CAGR of 4.0% between 2017 and 2019. While traditional non-digital media such as newspaper and television will continue to dominate overall advertising expenditure during this period, growth will be largely concentrated in the digital media platform where internet advertising is expected to witness strong growth between 2017 and 2019. Digital media is increasingly becoming a popular advertising platform due to its affordability, accessibility and change in consumer habits. This increase in popularity is expected to result in growth in advertising expenditure for digital media platforms, especially as the Government continues to further improve internet penetration rates in Malaysia.

(Source: IMR Report)

4.4 Overview and outlook of the public bus transportation services in Malaysia

Public transportation systems provide the most efficient means of transporting large numbers of people, especially in dense urban or city areas. Bus services, as a form of public transportation, provide flexibility in meeting the demands for public transportation. In many developing nations, buses are the only choice of public transportation among the middle-income and lower-income population. City buses or stage buses connect residential, commercial and industrial areas within cities and towns on a fixed schedule, and have frequent stops along a given route at controlled fares.

Malaysia's inter-city travel market has been growing in line with the growth in disposable income, and therefore the amount of disposable income available for leisure and optional travel has also increased. Express bus services are provided nationwide as an important means of transportation service. Most cities and towns in Peninsular Malaysia have a daily link with other parts of the peninsula through the national network of express bus services. Express bus services operate on a fixed schedule over given routes at controlled fares, but unlike stage buses, express buses have less frequent stops and generally cater for longer journeys.

Total registered buses and passenger ridership serve as indicators of the extent of the development of the public bus transportation market in Malaysia, and also serve as indicators to support the growth in public bus terminal operations services in the country.

In 2016, the highest new registration for buses was witnessed in the stage bus and express bus categories with 266 new registrations and 88 new registrations respectively. Key drivers that have influenced the growth in new registrations for express bus and stage bus services are the growth in passenger movement arising from increased economic and travel/leisure activities, greater urbanisation in small towns as well as Government initiatives to develop and regulate the public bus transportation system in Malaysia.

Major towns and cities across Malaysia house single modal and multi modal terminals. Single modal terminals include public railway stations and bus terminals that are not integrated with other modes of transportation. Multi modal terminals are railway stations and bus terminals that offer connectivity with other forms of public transportation. In many smaller rural towns, public bus terminals offer both stage bus and express bus services. Nevertheless in larger capital cities, stage bus terminals and express bus services may also be operated from separate dedicated facilities.

The annual ridership of stage buses in selected capital cities increased from 208.8 million passengers in 2012 to 224.7 million passengers in 2014 at a CAGR of 3.7%. Stage bus services in Georgetown, Malacca, Kuantan and Kota Bharu witnessed strong annual passenger ridership growth rates over the period of 2012 and 2014.

Based on estimated annual economic growth of 5.0% to 6.0%, mobility demand in Malaysia is expected to rise to 72.0 million trips per day by 2020 from 40.0 million in 2010 where the majority of these trips will be in urban areas, in tandem with the expected increase in urban population from 67.0% of the total population in 2010 to 75.0% of the total population by 2020. In addressing increased mobility demand, the Government will continue to invest in public transport capacity and service expansion. Despite various efforts for improvement, there are still challenges in providing sufficient capacity and optimal service standards of urban transport as well as accessible public transport coverage in rural areas.

Public transportation services in rural areas are largely limited, primarily due to low demand and high operating cost. The low demand for public transportation in these areas cause service operators to bundle their services which then leads to unreliable services. The lack of public transport services has encouraged the use of private vehicles such as private cars and motorcycles.

The focus of transport infrastructure development during the 11MP will be on greater utilisation of existing facilities with an emphasis on better delivery, quality of services and capacity improvement. Public transportation network expansion will focus on connecting underserved areas, and integrated transport planning will be geared towards providing mobility and connectivity for goods and people.

(Source: IMR Report)

4.5 Overview and outlook of the retail market in Malaysia

The retail market in Malaysia, measured by the value of retail sales, grew from RM264.7 billion in 2011 to RM403.8 billion in 2016 at a CAGR of 8.8%. Retail sales in Malaysia is expected to grow from RM403.8 billion in 2016 to RM440.0 billion in 2019 at a CAGR of 2.9%.

Retail sales in Malaysia have been growing cautiously since the global financial crisis in 2008/09 as economic recovery boosted retail expenditure albeit at a slower pace with the majority of consumers exercising more prudence on non-essential household expenditure. Consumers are seen to be more price sensitive with regards to non-grocery items and purchasing decisions for these products are largely stimulated by sales and promotional activities organised by retailers. Thus, grocery-retailers in Malaysia have witnessed stronger retail sales growth despite economic fluctuations owing to the nature of grocery products being necessities.

The Government continues to intervene in the retail sector through various programmes aimed at aiding retailers and addressing consumer concerns regarding the rising cost of living. The Small Retailer Transformation Programme (“TUKAR”) was initiated by the Government in 2011 under the ETP to aid small grocery retailers to increase competitiveness through the adoption of modern technology and efficient business processes. Under this initiative, large and major retailers such as Mydin, Tesco and Aeon Big have been drafted to share expertise and knowledge with participating “mom and pop” sundry shops nationwide. TUKAR aims to upgrade 5,000 small retailers by 2020. According to the Performance Management and Delivery Unit (“PEMANDU”), an agency under the Prime Minister’s Department, 2,216 stores underwent improvement under the TUKAR programme since it was launched in 2011.

The retail market in Malaysia is traditionally fragmented, with retail sales in rural areas largely taking place in traditional retail channels such as independent grocery outlets while modern retail channels such as hypermarkets and supermarkets are more dominant in urban areas. However, this is gradually changing as a result of urbanisation, with retailers opening larger format outlets on the fringes of city centres in a bid to widen reach and respond to the increased demand for convenience by consumers. The broader Klang Valley region is anticipated to register significant growth in retail space with 40 new malls anticipated to come onstream by 2020. Of these 40 new malls, 12 of them will have an estimated 1.0 million square feet and above of net lettable area.

(Source: IMR Report)

4.6 Prospects and future plans of the Group

The Group's future plans for the growth and expansion of the Group's business is described below:

(i) To develop integrated public transportation terminals in other parts of Perak and other regions in Malaysia

The Group is the owner and operator of Terminal AmanJaya, where since its operations in 2012, is an integrated public transportation terminal with ticketing and retail outlets, promotional space as well as commercial offices available for rental. Based on the Group's track record of operating Terminal AmanJaya, the Group intends to develop the integrated public transportation terminals in other parts of Perak as well as other regions in Peninsular Malaysia. With the experience and expertise gained from operating Terminal AmanJaya, the Group is in a prime position to offer our services in terminal construction and operations to the Group's potential customers, as part of the Group's expansion plans.

Kampar

On 22 November 2016, Perak Transit announced that the Group had on 21 November 2016 received the approval of building plan for Terminal Kampar granted by Majlis Daerah Kampar. The ground breaking ceremony of Terminal Kampar was held in February 2017. As at the LPD, the Group had commenced piling works for the construction of Terminal Kampar. The construction of Terminal Kampar is expected to be completed by 4th quarter of 2018.

Bidor

On 19 January 2017, Perak Transit announced that the Group entered into a sale and purchase agreement with YS Global Development Sdn Bhd to acquire a parcel of land located in Bidor, Perak for a total cash consideration of approximately RM2.56 million (exclusive of goods and services tax) for the construction of an integrated bus terminal complex. As at the LPD, the acquisition of the land has yet to be completed pending Majlis Daerah Tapah's approval for the subdivision of the land into individual titles. The acquisition of the land located in Bidor, Perak is expected to be completed by 1st half of 2018. As of this juncture, the Group is unable to determine the construction cost for the terminal to be built on the land as the construction project is still at its preliminary stage and the approvals for construction have yet to be obtained from the relevant authorities.

Tronoh

On 28 March 2017, Perak Transit announced that the Group entered into a sale and purchase agreement with Pasti Kenari Sdn Bhd to acquire two (2) parcels of land, both located in Mukim Belanja, Perak for a total cash consideration of approximately RM7.97 million (exclusive of goods and services tax) for the construction of an integrated bus terminal complex including a petrol station. As at the LPD, acquisition of the land has yet to be completed pending Perak State Government's approval for the land to be used as an integrated public transportation terminal. The acquisition the land located in Mukim Belanja, Perak is expected to be completed by 1st half of 2018. As of this juncture, the Group is unable to determine the construction cost for the terminal to be built on the land as the construction project is still at its preliminary stage and the approvals for construction have yet to be obtained from the relevant authorities.

Further, the Group are also studying an opportunity to manage and operate a bus terminal in a major city in Pahang, where the Group is presently in the midst of negotiations with the relevant authorities and parties. The expansion of the Group's services into the management and operations of other bus terminals, on a management fee basis, will provide the Group with an additional revenue stream, thus potentially enhancing our financial performance and results of operations.

Concurrently, the Group will continue to explore expansion opportunities in other states in Malaysia, as this will provide an impetus for increased scalability of the Group's business to ensure our long term continuity and sustainability.

(ii) To develop Terminal AmanJaya into a commercial and lifestyle hub

Terminal AmanJaya is centrally located in the 1,500 acres of land in Bandar Meru Raya that has been identified for development as a satellite metropolis with commercial, retail, transportation and recreational facilities as well as a centre of administration, to facilitate quality living and tourism activities supported by integrated information and communication technology infrastructure.

Notable developments in Bandar Meru Raya include Hotel Casuarina@Meru and AmanJaya Convention Centre, as well as several government agencies such as Kementerian Hal Ehwal Dalam Negeri, Jabatan Audit Negeri Perak and Jabatan Perhutanan Negeri Perak. The Movie Animation Park Studio was also recently launched in Bandar Meru Raya. These developments have the potential to draw a larger crowd comprising government and private sector employees, business owners and/or operators, residential population as well as tourists and visitors to Bandar Meru Raya.

This will bode well for the Group's plans to expand Terminal AmanJaya and develop it into a retail and lifestyle hub with a focus on commercial and lifestyle-related businesses and/or activities. The envisioned expanded Terminal AmanJaya shall include indoor entertainment amenities. The Group expects to commence the expansion of Terminal AmanJaya by 4th quarter of 2018 and it is expected to complete within 12 months from the date of commencement. The cost of expansion for Terminal AmanJaya is estimated to be approximately RM100.0 million, which shall be funded from its internally generated fund and bank borrowings.

The Group intends to expand Terminal AmanJaya for retail operations on 135,721 sq ft of undeveloped land area, that will increase the existing gross building area of Terminal AmanJaya by 166,443 sq ft. The new and expanded Terminal AmanJaya will have a gross building area of 375,245 sq ft in total. This expansion will lead to an increase in the gross leasable area and A&P spaces. The Group expects to realise additional income with the expansion of Terminal AmanJaya from the following:

- (a) the increase in gross leasable area will contribute to additional rental revenue from retail tenants for shops and kiosks; and
- (b) the increase in available space for A&P will contribute to additional rental revenue from A&P space.

(iii) To increase revenue from the rental of A&P space by adopting new A&P platforms and by increasing A&P space at Terminal AmanJaya

A&P space in Terminal AmanJaya includes indoor space in the common areas such as around the terminal lobby, around retail outlets, at the holding bay area; and outdoor space at the external terminal walls, outdoor carpark area and three-faced billboard in the compound of Terminal AmanJaya.

The Group intends to adopt new A&P platforms in Terminal AmanJaya to drive audience interactivity and engagement. This includes digital platforms with physical digital signage infrastructure as well as new media digital capabilities that can leverage mobile, social and online technologies to drive audience interactivity and engagement. Digital A&P platforms are attractive as they:

- allow for the development of more visually engaging and effective marketing campaigns;
- enable rapid content delivery and the ability to quickly launch new or change existing marketing campaigns; and
- present new engagement opportunities with interactive touch screens, gesture recognition and mobile and online interactivity.

The planned expansion of Terminal AmanJaya into a commercial and lifestyle hub will allow the Group to further increase A&P space that is available for rent.

As a business with core operations in public transportation, the Group's focus will remain on growing the integrated public transportation terminal operations, where the Group has taken a two (2) pronged approach to firstly further develop Terminal AmanJaya into a commercial and lifestyle hub, and secondly to replicate the integrated public transportation terminal model in other parts of Perak, and other regions in Malaysia. The Group envisage that integrated public transportation terminal operations will be a revenue driver for the Group's future earnings where the rental of A&P space as well as rental of retail space will continue to be key income generators, and will be supplemented from revenue of the public bus services and petrol station operations.

The prospects for the public transportation sector in Malaysia will continue to be bolstered by Government initiatives, plans and policies in an effort to increase accessibility to and provide reliable public transportation to the public through the establishment of integrated public transportation terminal and improved bus services.

5 EFFECTS OF THE PROPOSALS

5.1 Share capital

The pro forma effects of the Proposals on the Company's share capital are as follows:

Share capital of Perak Transit	No. of Perak Transit Shares ('000)	(RM'000)
As at the LPD	1,142,948	114,295
Shares to be issued pursuant to the Proposed Bonus Issue of Shares	114,295	11,430
	1,257,243	125,725
Arising from the full exercise of Warrants	571,474	134,296
Enlarged issued share capital	1,828,717	260,021

5.2 NA per Share and gearing

The pro forma effects of the Proposals on the NA and gearing of the Group, are as follows:

	(Audited) As at 31 December 2016 (RM'000)	(I) After the Proposed Bonus Issue of Shares (RM'000)	(II) After (I) and Proposed Free Warrants Issue (RM'000)	(III) After (II) and assuming full exercise of Warrants (RM'000)
Share capital	114,295	125,725 ⁽¹⁾	125,725	294,309 ⁽⁴⁾
Reserves*	26,130	14,700 ⁽¹⁾	14,700	14,700
Warrants reserve	-	-	34,288 ⁽³⁾	- ⁽⁴⁾
Retained earnings	60,319	60,229 ⁽²⁾	25,941 ⁽³⁾	25,941
Equity attributable to owners of the Company / NA	200,744	200,654	200,654	334,950
No. of Shares in issue ('000)	1,142,948	1,257,243	1,257,243	1,828,717
NA per Share (RM)	0.18	0.16	0.16	0.18
Total borrowings	120,443	120,443	120,443	120,443
Gearing (times)	0.60	0.60	0.60	0.36

Notes:

* The share premium shall be capitalised into the Company's share capital under Section 618(3) of the Act.

(1) After the capitalisation of approximately RM11.43 million from the share premium account pursuant to the issuance of 114,294,800 Bonus Shares under the Proposed Bonus Issue of Shares.

(2) After deducting estimated expenses of RM90,000 in relation to the Proposals.

(3) Arising from the Warrants to be issued at an indicative exercise price of RM0.235 per Warrant pursuant to the Proposed Free Warrants Issue only (as there will not be any adjustments to the warrants reserve arising from the Proposed Bonus Issue of Shares). For illustration purposes, the Warrants are assumed to have a fair value of RM0.06 each as at the LPD based on the Black-Scholes Pricing Model.

(4) After issuance of 571,474,000 new Perak Transit Shares arising from the full exercise of the Warrants at the indicative exercise price of RM0.235 per Warrant and adjusting for the reversal of warrants reserve amounting to approximately RM34.29 million to the share capital account pursuant to the full exercise of Warrants at the indicative exercise price of RM0.235 per Warrant.

5.3 Substantial shareholders' shareholdings

Shareholders	As at LPD			(I) After the Proposed Bonus Issue of Shares			(II) After (I) and Propose Free Warrants Issue		
	Direct		Indirect	Direct		Indirect	Direct		%
	No. of Shares (‘000)	%	No. of Shares (‘000)	No. of Shares (‘000)	%	No. of Shares (‘000)	No. of Shares (‘000)	%	No. of Shares (‘000)
Muamalat Venture Sdn Bhd	120,000	10.50	-	132,000	10.50	-	132,000	10.50	-
CBS Link Sdn Bhd	190,000	16.62	-	209,000	16.62	-	209,000	16.62	-
Dato’ Sri Cheong Kong Fitt	178,263	15.60	265,658 ⁽¹⁾	196,089	15.60	292,224 ⁽¹⁾	196,089	15.60	292,224 ⁽¹⁾
Datin Sri Lim Sow Keng	75,658	6.62	368,263 ⁽²⁾	83,224	6.62	405,089 ⁽²⁾	83,224	6.62	405,089 ⁽²⁾

Shareholders	(III) After (II) and assuming full exercise of Warrants		
	Direct		Indirect
	No. of Shares (‘000)	%	No. of Shares (‘000)
Muamalat Venture Sdn Bhd	192,000	10.50	-
CBS Link Sdn Bhd	304,000	16.62	-
Dato’ Sri Cheong Kong Fitt	285,220	15.60	425,053 ⁽¹⁾
Datin Sri Lim Sow Keng	121,053	6.62	589,220 ⁽²⁾

Notes:

(1) Deemed interested through his spouse and his interest held in a corporation, namely CBS Link Sdn Bhd by virtue of Section 8 of the Act.

(2) Deemed interested through her spouse and her interest held in a corporation, namely CBS Link Sdn Bhd by virtue of Section 8 of the Act.

5.4 Earnings and EPS

The Proposals are not expected to have any material effect on the earnings of Perak Transit Group for the financial year ending 31 December 2017. However, the EPS of Perak Transit Group may be diluted as a result of the increase in the number of Perak Transit Shares in issue upon the completion of Proposed Bonus Issue of Shares, and as and when the Warrants are exercised into new Perak Transit Shares.

5.5 Convertible securities

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

6 HISTORICAL SHARE PRICES

The monthly high and low transacted prices of Perak Transit Shares since the Company's IPO in October 2016 are as follow:

	High RM	Low RM
2016		
October	0.160	0.210
November	0.180	0.155
December	0.170	0.155
2017		
January	0.175	0.155
February	0.195	0.160
March	0.270	0.175
April	0.275	0.230
May	0.295	0.250
June	0.320	0.275
July	0.320	0.285
Last transacted market price on 2 June 2017 (Being the date prior to the announcement on the Proposals)		0.285
Last transacted market price on the LPD		0.310

(Source: Bloomberg)

7 CONDITIONALITY

The Proposed Bonus Issue of Shares is not conditional upon the Proposed Free Warrants Issue and vice versa.

The Proposals are not conditional upon any other existing or future corporate exercises of the Company.

8 APPROVALS REQUIRED

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

- (i) Bursa Securities, which was obtained vide its letter dated 27 July 2017, for the following:
 - (a) listing of and quotation for the Bonus Shares;
 - (b) admission of the Warrants to the Official List and listing of and quotation for the Warrants; and
 - (c) listing of and quotation for new Perak Transit Shares arising from the exercise of the Warrants pursuant to the Proposed Free Warrants Issue;
on the ACE Market;
- (ii) the shareholders of Perak Transit for the Proposals at an EGM to be convened; and
- (iii) any other relevant authorities and/or parties, if required.

The approval of Bursa Securities, which was obtained vide its letter dated 27 July 2017 is subject to the following conditions:

No.	Conditions imposed	Status of compliance
1.	Perak Transit and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementations of the Proposed Bonus Issue of Shares and Proposed Free Warrants Issue.	To be complied
2.	Perak Transit and TA Securities to inform Bursa Securities upon the completion of the Proposed Bonus Issue of Shares and Proposed Free Warrants Issue.	To be complied
3.	Perak Transit to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue and Proposed Free Warrants Issue are completed.	To be complied
4.	Perak Transit and TA Securities are required to make the relevant announcements pursuant to Rule 6.36(2)(a)&(b) and 6.36(4) of the Listing Requirements.	To be complied
5.	Perak Transit is required to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the exercise of the Warrants as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

Perak Transit is required to ensure full compliance with all the requirements as provided under the Listing Requirements at all times. In relation to the Circular, Perak Transit is required to incorporate the comments made to the draft Circular that was submitted to Bursa Securities.

9 INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of the Directors and/or major shareholders of Perak Transit and/or persons connected with them have any interest, either direct or indirect, in the Proposals save for their respective entitlements as shareholders of Perak Transit under the Proposals, the rights of which are also available to all other existing shareholders of the Company.

10 DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposals including the rationale and effects, is of the opinion that the Proposals are in the best interest of Perak Transit and accordingly recommend the shareholders to vote in favour of the resolutions in respect of the Proposals to be tabled at the forthcoming EGM.

11 ADVISER

TA Securities has been appointed by the Company to act as the Adviser for the Proposals.

12 ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the approvals of the relevant authorities being obtained, the Proposals are expected to be completed by 2nd half of 2017.

13 CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

The Board confirms that save for the Proposals, there are no other outstanding corporate proposal which has been announced by the Company pending completion as at LPD.

14 EGM

The EGM, the notice of which is set out in this Circular, will be held at Mersawa & Rengas Hall, Level 2, MU Hotel, No. 18, Jalan Chung On Siew, 30250 Ipoh, Perak Darul Ridzuan on Thursday, 24 August 2017 at 9.00 a.m. or any adjournment thereof for the purpose of considering and if thought fit, passing with or without modifications, the resolutions to give effect to the Proposals.

If you are unable to attend and vote in person at the EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions printed therein as soon as possible to the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, not later than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person should you subsequently wish to do so.

15 FURTHER INFORMATION

You are requested to refer to the attached Appendices for further information.

Yours faithfully,
For and on behalf of the Board of
PERAK TRANSIT BERHAD

TAN SRI DATO' CHANG KO YOUN
Chairman

INDICATIVE SALIENT TERMS OF THE WARRANTS

Issue size	:	Up to 571,474,000 Warrants.
Form	:	The Warrants will be issued in registered form and constituted by the Deed Poll to be executed by the Company.
Exercise rights	:	Each Warrant entitles the warrant holders, at any time during the exercise period, to subscribe for 1 new Perak Transit Share at the exercise price, subject to adjustments in accordance with the provisions of the Deed Poll (“Exercise Rights”).
Exercise period	:	The Warrants may be exercised at any time within a period of 3 years commencing from and including the date of issuance of the Warrants (“Issue Date”) and ending at 5.00 p.m. on the Expiry Date. Any Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.
Indicative Exercise price	:	RM0.235 per Warrant (but to be determined and fixed by the Board at a later date after receipt of all relevant approvals but before the announcement of the Entitlement Date).
Expiry date (“Expiry Date”)	:	The day falling immediately before the 3 rd anniversary of the Issue Date and if such date is not a market day, then it shall be the market day immediately preceding the said non market day.
Mode of exercise	:	The Warrant holders must complete and lodge the exercise form (which shall be irrevocable) and deliver the duly completed and executed exercise form to the Company’s registrar together with payment of the exercise price via banker’s draft or cashier’s order or money order or postal order drawn on a bank or post office operating in Malaysia.
Board lot	:	For the purpose of trading on Bursa Securities, 1 board lot of Warrants shall comprise 100 Warrants carrying the right to subscribe for 100 new Perak Transit Shares at any time during the exercise period, or such other denomination as determined by Bursa Securities.
Adjustments in the exercise price and/or number of Warrants	:	Subject to the provisions of the Deed Poll, the exercise price and/or number of Warrants shall be adjusted by the Board in consultation with an approved adviser appointed by the Company and certification by the auditors of the Company in the event of alteration to the share capital of the Company, capital distribution or issue of shares in accordance with the provisions of the Deed Poll.
Rights of the Warrant holders	:	The Warrant holders are not entitled to any voting rights or to participate in any form of distribution and/or offer of securities in the Company other than on winding-up, compromise or arrangement of Perak Transit until and unless such Warrant holders exercise their Warrants into new Perak Transit Shares.

INDICATIVE SALIENT TERMS OF THE WARRANTS (CONT'D)

Rights in the event of winding up, liquidation, compromise and/or arrangement	: (i)	If a resolution is passed for a members' voluntary winding up of the Company ("Resolution") or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then: for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant holders, or some persons designated by them for such purpose by a special resolution will be a party, the terms of such winding up, compromise and arrangement shall be binding on all the Warrant Holders; or
	(ii)	every Warrant Holder shall be entitled (subject to the conditions) at any time within 6 weeks after the passing of such Resolution or 6 weeks after the granting of the court order approving the compromise or arrangement; by the irrevocable surrender of his Warrants to the Company, elect to be treated as if he had, immediately prior to the commencement of such winding up, compromise or arrangement; exercised the Exercise Rights and be entitled to receive out of the assets of the Company (which would be available in liquidation) as if he had on such date been a share holder of the Company, and the Company's liquidator shall give effect to such election accordingly. Upon the expiry of the above 6 weeks, all Exercise Rights shall lapse and cease to be valid for any purpose.
Modification	:	Subject to the approval of Bursa Securities (if required), any modifications to the Deed Poll may be effected only by the Deed Poll, executed by the Company and expressed to be supplemental hereto and comply with the requirements of the Deed Poll. The Company must notify the Warrant holders of any modification within 30 days after such modification is effected in accordance with the Deed Poll.
Listing status	:	The Warrants shall be listed and quoted on the ACE Market.
Governing Law	:	Laws and regulations of Malaysia.

**IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND
ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN
MALAYSIA**

SMITH ZANDER INTERNATIONAL SDN BHD (1058128-V)
Suite 23-3, Level 23, Office Suite, Menara 1MK,
1 Jalan Kiara, Mont' Kiara,
50480 Kuala Lumpur, Malaysia.
T +603 6211 2121

SMITH ZANDER

31 JUL 2017

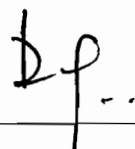
The Board of Directors
PERAK TRANSIT BERHAD
D-3-7, Greentown Square
Jalan Dato' Seri Ahmad Said
30450 Ipoh
Perak Darul Ridzuan
Malaysia

Dear Sirs,

**Independent Market Research Report on the Public Bus Terminal Services in Ipoh, Perak,
as well as Advertising, Public Bus Transportation Services and Retail Markets in Malaysia
in relation to the Proposed Bonus Issue of Shares and Proposed Free Warrants Issue of
PERAK TRANSIT BERHAD**

This Independent Market Research Report on the Public Bus Terminal Services in Ipoh, Perak,
as well as Advertising, Public Bus Transportation Services and Retail Markets in Malaysia is
prepared by SMITH ZANDER INTERNATIONAL SDN BHD ("SMITH ZANDER") for inclusion in
the Circular to shareholders of PERAK TRANSIT BERHAD.

For and on behalf of SMITH ZANDER:



DENNIS TAN
MANAGING PARTNER

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

SMITH ZANDER

1 OVERVIEW OF THE ECONOMY IN MALAYSIA

In 2016, the Malaysian economy recorded a growth of 4.2% (2015: 5.0%) despite considerable external and domestic headwinds. The global economic landscape was challenging given the subdued global demand and low commodity prices. International financial markets were also subjected to heightened uncertainty with significant reversal of capital flows from emerging economies. This was driven by the unexpected political developments in the advanced economies, such as the United Kingdom and the United States of America, and the macroeconomic policies adopted by these economies. Domestically, the economy continued to face headwinds from the higher cost of living amid soft employment conditions. Concurrently, business and consumer sentiments were affected by a confluence of global and domestic factors, including the heightened volatility in financial markets and the significant underperformance of the Ringgit.

Against these external and domestic challenges, all sectors of the economy recorded a modest expansion during the year. Domestic demand continued to anchor growth, supported mainly by private sector spending. Private consumption growth, in particular, was sustained at 6.1% (2015: 6.0%), supported by continued employment and wage growth following the increase in minimum wage and civil servant salaries. Government measures to boost disposable income such as the temporary reduction in employees' contribution to the Employees Provident Fund ("EPF"), higher Bantuan Rakyat 1Malaysia ("BR1M") payouts and tax relief to lower-income tax payers also supported household spending. Public consumption growth moderated to 1.0% (2015: 4.4%) following the expenditure rationalisation adopted by the Government in early 2016 given the lower petroleum-related revenue because of low crude oil prices. Gross fixed capital formation (GFCF) expanded moderately by 2.7% in 2016 (2015: 3.7%) driven mainly by lower private investment growth due to weak profitability and business sentiments. Public investment recorded a smaller rate of decline in 2016 (-0.5%; 2015: -1.0%) due to the smaller contraction in spending on fixed assets by public corporations given the higher investment in the downstream oil and gas industry, and the transportation and utilities sub-sectors.

On the supply side, all economic sectors continued to expand in 2016, with the exception of the agriculture sector. Agriculture production declined by 5.1% (2015: 1.2%), as crude palm oil (CPO) output was affected by the El Niño weather phenomenon. While growth in the services sector was higher at 5.6% (2015: 5.1%) following sustained demand in the consumer-related sectors, other sectors expanded more moderately.

Labour market conditions remained broadly stable as employment and wages continued to expand during the year. Net employment gains during the year amounted to 112,300 jobs, concentrated in the high-skilled segments such as professional and managerial jobs, while aggregate nominal wages in the private and public sectors grew by 4.2% and 6.7%, respectively in 2016 (2015: 4.9% and 4.7%, respectively). While total employment continued to expand, the pace however, was not able to fully absorb new labour market entrants as employers adopted a cautious stance and refrained from expanding their workforce too quickly. Consequently, the unemployment rate rose to 3.5% in 2016 (2015: 3.1%).

Inflationary pressures in the economy remained low with headline inflation averaging 2.1% in 2016 (2015: 2.1%). Despite the weaker Ringgit exchange rate during the year, low global energy and commodity prices resulted in lower domestic fuel prices and input costs, which mitigated the impact of adjustments to administered prices and higher food prices caused by the El Niño phenomenon. Core inflation was also relatively stable during the year, averaging 2.1% in 2016 (2015: 2.3%) as demand driven inflationary pressures in the economy remained largely contained. This was underpinned by continued modest growth in private consumption and an absence of significant wage pressures.

Malaysia's external position remained resilient in 2016. The current account of the balance of payments remained in surplus, but by a smaller amount. The narrowing of the current account surplus reflected the

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)


SMITH ZANDER

lower trade surplus and the persistent structural deficits in the services and income accounts. Growth in gross exports moderated to 1.1% in 2016 (2015: 1.6%), reflecting the subdued global growth and low commodity prices. Gross imports recorded a higher growth of 1.9% (2015: 0.4%) driven by higher imports of capital goods amid the ongoing implementation of infrastructure projects and continued expansion in investment activity.

During the year, the financial account of the balance of payments improved against the environment of significant volatile cross-border capital flows. The financial account recorded a smaller net outflow of RM4.2 billion (2015: net outflow of RM50.9 billion) following a higher net inflow in the direct investment account amid lower net outflows in the portfolio and other investment accounts. During the year, the direct investment account recorded a higher net inflow of RM17.9 billion (2015: net inflow of RM4.8 billion) reflecting the lower direct investment abroad by Malaysian companies. The portfolio investment account recorded net outflows of RM19.7 billion (2015: net outflow of RM28.2 billion).

The international reserves of Bank Negara Malaysia amounted to USD94.5 billion (equivalent to RM423.9 billion) as at end-2016. As at 28 February 2017, the reserves level amounted to USD95.0 billion (equivalent to RM426.3 billion). The international reserves remain ample to facilitate international transactions and sufficient to finance 8.5 months of retained imports and are 1.1 times the short-term external debt. Furthermore, exchange rate flexibility has enabled the economy to reduce its reliance on the Bank's international reserves.

Malaysia's external debt remains manageable. The external debt stood at RM908.7 billion, equivalent to USD200.6 billion or 73.9% of GDP as at end-2016 (2015: RM833.8 billion). The increase in external debt was partly attributed to valuation effects following the weakening of the Ringgit against most currencies during the year. Excluding valuation effects, Malaysia's external debt increased by 6.2%, mainly on account of higher intercompany and interbank borrowings. The profile of Malaysia's external debt remained healthy with more than one-third of total external debt being denominated in Ringgit, thus limiting the risks arising from foreign exchange fluctuations. The remaining portion of the external debt, which is denominated in foreign currency, is mostly hedged either naturally using export earnings or through the use of financial instruments. The rollover risks are also contained as more than half of the total external debt is of medium-to long-term maturity. In addition, not all short-term external debts pose a claim on reserves due to the availability of export earnings and external assets which enable borrowers to meet external obligations without necessarily creating a claim on international reserves.

Overall, the strong fundamentals of the Malaysian economy have accorded Malaysia the ability to weather these external and domestic challenges. The diversified sources of growth in the economy have helped to contain the spillover effects of sector-specific shocks. Stable labour market conditions amid continued wage growth continued to support household spending. Healthy financial institutions and ample domestic liquidity also ensured orderly financial intermediation. Notwithstanding the weak global demand, Malaysia's external position remained strong, supported by ample international reserves and manageable levels of external debt.

In addition, an appropriate and timely monetary policy response and targeted pro-growth measures played a key role in supporting growth during the year. The reduction of the Overnight Policy Rate (OPR) by the Bank was complemented by measures to increase household disposable income and support business activities. These included policies to create a conducive ecosystem for a sharing economy to thrive, temporary reduction in employees' EPF contributions, higher BR1M payouts and tax incentives to spur business activities, particularly among the small and medium enterprises (SMEs).

In recognising the impending challenges posed by global and domestic trends such as ageing populations, the influx of new technologies and slower growth in productivity, critical reforms and structural adjustments remained a priority to ensure the future growth of the Malaysian economy is sustained. These include efforts

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

SMITH ZANDER

to enhance export competitiveness, ongoing investments to modernise physical and virtual infrastructure and policies to develop a high quality workforce by improving the quality of the education system.

Global economic activity is projected to improve in 2017, underpinned by an expansion in domestic demand in the advanced and emerging market economies, boosted in part by expansionary fiscal policies in selected major economies. These pro-growth policies would spur global demand and provide impetus to global trade. The outlook would also be supported by a recovery in commodity prices amid the move to reduce oversupply conditions. Nonetheless, the global economy will continue to be subjected to several downside risks. These include a potential retreat from globalisation and free trade in the advanced economies, and uncertainty over the United Kingdom and European Union negotiations and geopolitical developments. Anticipation of monetary policy divergence between the US and the other major economies could also result in overadjustment in the foreign exchange markets amidst destabilising capital flows.

With the gradual improvement in global growth, recovery in global commodity prices and the continued growth of domestic demand are expected to collectively support Malaysia's growth performance. The Malaysian economy is projected to register a sustained growth of 4.3% - 4.8% in 2017.

Domestic demand will continue to be the principal driver of growth, underpinned by private sector activity. Notwithstanding the higher inflation, private consumption growth is expected to be sustained by continued wage growth and the increase in disposable income due to selected Government measures and higher global commodity prices. In an environment of cautious business sentiment and continued uncertainty in the economy, investment growth is projected to remain modest. Nonetheless, private investment activity will be supported by higher capital expenditure in export-oriented industries and implementation of ongoing and new projects, particularly in the manufacturing and services sectors. While public expenditure would be lower as a result of the Government's continued commitment to fiscal consolidation, the public sector is projected to support growth, driven mainly by higher public investment arising from the ongoing implementation of key infrastructure projects in selected sectors.

Malaysia's external sector is expected to remain resilient despite continued uncertainties in the global environment. Both exports and imports are expected to strengthen in 2017, underpinned by the projected improvements in global growth, higher commodity prices and sustained domestic demand. Nonetheless, import growth is expected to continue to outpace export growth, resulting in a lower trade surplus. The services account is projected to register a larger deficit, in line with higher trade and improvement in investment activity. Overall, the current account is expected to register a surplus of 1.0% - 2.0% of GNI in 2017.

On the supply side, all economic sectors are projected to register positive growth in 2017. The services and manufacturing sectors would be the key contributors to overall growth. The agriculture sector is expected to rebound as yields recover from the El Niño weather phenomenon. Growth in the mining sector is expected to remain steady, as a stronger expansion in natural gas output offsets a moderation in the crude oil sub-sector.

Headline inflation is projected to average higher in the range of 3.0% - 4.0% in 2017, given the prospect of higher global commodity and energy prices, and the impact of the depreciation of the Ringgit exchange rate. These cost-push factors, however, are not expected to cause significant spillovers to broader price trends, given the stable domestic demand conditions. Core inflation is, therefore, expected to increase modestly.

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

SMITH ZANDER

Malaysia – key economic indicators

	2014	2015	2016 ^p	2017 ^f
Population (million persons)	30.7	31.2	31.7	32.1
Labour force (million persons)	14.3	14.5	14.7	14.9
Employment (million persons)	13.9	14.1	14.2	14.3
Unemployment (as % of labour force)	2.9	3.1	3.5	3.3 ~ 3.5
Per capita income				
RM	34,839	36,078	37,738	39,656
USD	10,645	9,238	9,096	8,906 ³
NATIONAL PRODUCT (% change)				
Real gross domestic production ("GDP") at 2010 price	6.0	5.0	4.2	4.3 ~ 4.8
RM billion	1,012.5	1,062.8	1,107.9	1,158.5
Agriculture, forestry and fishery	2.1	1.2	-5.1	4.0
Mining and quarrying	3.3	4.7	2.7	2.7
Manufacturing	6.2	4.9	4.4	4.3
Construction	11.7	8.2	7.4	8.0
Services	6.6	5.1	5.6	4.9
Nominal GNI	8.7	5.2	6.2	6.7
RM billion	1,069.8	1,125.1	1,194.6	1,274.7
Real GNI	6.1	6.8	4.4	4.7
RM billion	972.6	1,038.5	1,084.4	1,135.5
Real aggregate domestic demand ¹	5.9	5.1	4.4	4.4
Private expenditure	7.9	6.1	5.7	5.6
Consumption	7.0	6.0	6.1	6.0
Investment	11.1	6.4	4.4	4.1
Public expenditure	0.4	2.1	0.4	0.5
Consumption	4.3	4.4	1.0	-0.2
Investment	-4.7	-1.0	-0.5	1.5
Gross national savings (as % of GNI)	30.4	28.9	28.9	27.9
BALANCE OF PAYMENTS (RM billion)				
Goods balance	113.3	109.6	101.2	98.4
Exports	678.9	685.4	686.0	723.4
Imports	565.5	575.8	584.8	625.1
Services balance	-10.7	-21.0	-22.6	-24.0
Primary income, net	-36.6	-32.0	-34.7	-36.3
Secondary income, net	-17.4	-21.9	-18.7	-20.7
Current account balance	48.6	34.7	25.2	17.4
(as % of GNI)	4.5	3.1	2.1	1.0 ~ 2.0
Bank Negara international reserves, net ²	405.3	409.1	423.9	-
(in months of retained imports)	8.3	8.4	8.7	-
PRICES (% change)				
Consumer price index ("CPI") (2010 = 100) ⁴	3.2	2.1	2.1	3.0 ~ 4.0
Producer price index ("PPI") (2005 = 100) ⁵	1.5	-7.4	-1.1	-
Real wage per employee in the manufacturing sector	1.5	3.7	4.1	-

¹ Exclude stocks

² All assets and liabilities in foreign currencies have been revalued into Ringgit at rates of exchange ruling on the balance sheet date and the gain/loss has been reflected accordingly in the Bank's account

³ Based on average USD exchange rate for the period of January to February 2017

^p Preliminary

^f Forecast

Numbers may not add up due to rounding

Source: Bank Negara Malaysia Annual Report 2016

2 DEFINITIONS AND SEGMENTATION

Public transportation is a key pillar of a nation's economy. From cities to small towns, and everywhere in between, public transportation provides transit for daily mobility and links between people and their jobs, education and entertainment. Therefore, the availability and convenience of public transportation defines the quality and promotes positive perception of public transport services. Public transport services are a form of travel provided by high occupancy vehicles such as buses and trains, along predetermined travel paths and at scheduled intervals during a day. Public transportation services can be operated by governments or private organisations, and provide access to transport for the entire community as opposed to private transport that is limited to selected individuals. Key factors that will promote public transportation as the travel mode of choice include service coverage, travel time, reliability, park and ride facilities, comfort and safety.

Cities and metropolitan areas are centers of diverse economic activities that require efficient and convenient transportation of persons and goods. The high density of activities in urban cities makes it possible and necessary for high capacity modes, such as bus, light rail systems and mass rapid systems, to be used as these modes of transportation are more economical and energy efficient than private cars. Moreover, public modes of transportation provide transport service for all persons, while private cars can only be used by those who own and drive them. Thus, cities need and benefit from public transportation services, which offer greater mobility for the entire population than people in rural areas can enjoy.

Land public transportation modes in Malaysia include road and rail transport:

- **Road public transportation**

Road public transportation include buses, coaches and taxis. Buses and coaches are a significant and large element in Malaysia's public transportation landscape. A stage bus is a bus plying along a route approved by the Land Public Transport Commission (Suruhanjaya Pengangkutan Awam Darat, "SPAD") for the carriage of passengers on a service which contains fare stages, with a separate fare, timetable and schedule of fares for each fare stage. Stage bus services are available to the general public on demand and generally make multiple stops along a particular route, with cash payments collected on-board or at selected stops. Longer distance express bus services are also available to the general public, but unlike stage bus services, express buses do not typically make multiple stops along its intended particular route. An express bus is a bus plying along the route approved by SPAD, with a timetable and fare table, for the carriage of passengers at separate fares on a service which contains no fare stages of less than 32 kilometres. Taxis are vehicles that are available for hire on demand.

- **Rail public transportation**

In Malaysia, light rail systems are automated transportation modes predominantly used for public transportation in Klang Valley. The average trip length between stations for light rail systems are generally short. Mass rapid systems are designed for high capacity transportation needs, and distances between stations tend to be farther than that of light rail systems, with longer average trip lengths. Malaysia is currently in the midst of constructing its mass rapid system in Klang Valley which is anticipated to be operational by 2017.

The selection of public transportation mode of choice is typically influenced by passenger characteristics including household structure and income as well as vehicle ownership; characteristics of travel including purpose of travel, time and distance of travel; and characteristics of the transport facility including travel duration, cost, quality of service and parking space availability.

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

SMITH ZANDER

Public transportation infrastructure is a key component of operation and function of an efficient, convenient and safe public transportation system. Appropriate infrastructure forms an integral part of customer experience and promotes public transportation as a competitive and viable alternative to private vehicle travel. For road public transportation, pertinent infrastructure include stations, stops, depots, park and ride facilities and transport corridors.

- **Terminals/stations**

A terminal or station is a public transportation facility that acts as a central departure and/or destination point to accommodate high passenger volumes. Terminals provide passengers with the key point of connection to a public transport service and a desired destination (or transfer point enroute to a destination). Terminals are often located in high frequency corridors and can be located from outer-suburban areas to inner-city areas.

Terminals generally serve key catchment areas such as commercial and business districts, and may contain various supporting infrastructure such as ticketing and public transport information, park and ride facilities as well as other public amenities and ancillary services. Multi modal terminals provide transfers between different modes of transportation such as bus to train. These terminals function to serve key catchment areas and where two (2) or more public transport corridors come together with different modes. Intra modal terminals act as departure or destination points for high traffic stations in key catchment areas, and are key points of transfer between the same modes of transportation.

The appropriate design of terminal infrastructure is largely influenced by the operational capacity demands of its immediate location and services from the wider public transportation network. Thus, the consideration of potential short-term and long-term capacity constraints that may be placed on station infrastructure should be addressed early in the planning stage of station. These may include, but are not limited to, future patronage and service growth; future transport network and corridor connections; demographics applicable to surrounding land use nodes; and future potential surrounding land use development.

- **Stops**

Stops such as bus stops act as collection and drop-off points for passengers along a predefined public transportation route. The design and location of bus stops is critical for passengers, bus operators, traffic management, fare zone boundaries and overall performance of the public transportation service provider.

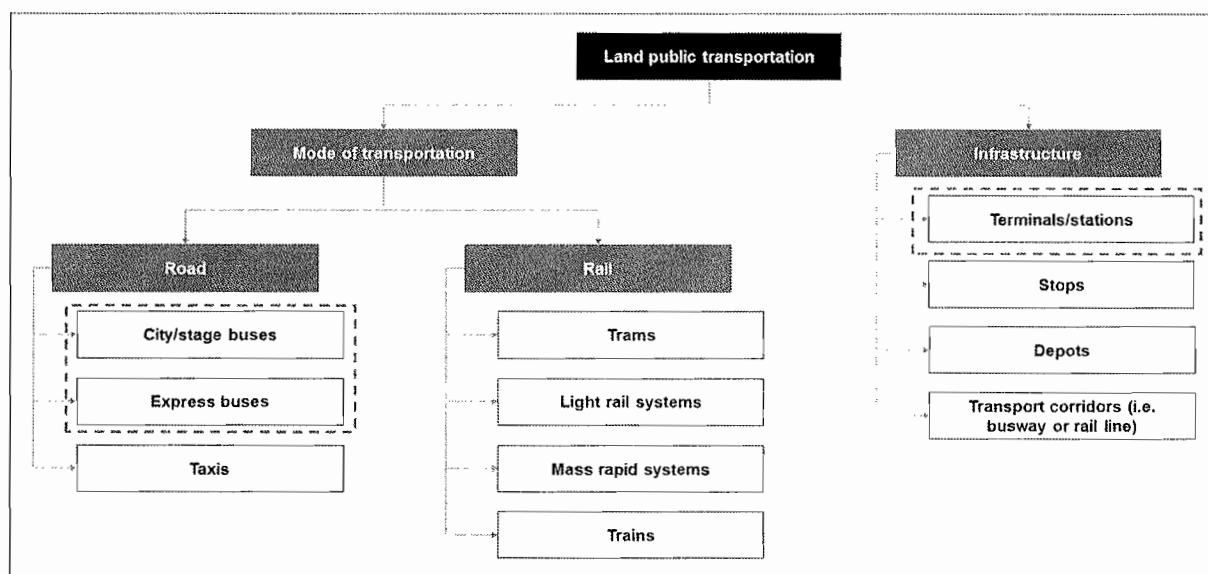
- **Transport corridors**

Public transport corridors such as roads, busways and rail lines are pathways that are dedicated solely or predominantly for public transportation services.

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

SMITH ZANDER

Land public transportation – modes of transportation and associated infrastructure



--- Denotes the market segment in which Perak Transit Berhad is principally involved

Source: SMITH ZANDER analysis

The significance of cities as highly productive centres of economy in Malaysia is increasingly becoming more distinct. To this end, public transportation networks must be able to support the nation's economic growth, growing population and their diverse needs and expectations. A comprehensive and well-performing transport system is an important enabler of sustained economic prosperity.

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3 ANALYSIS OF PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK, MALAYSIA

Industry Performance, Outlook and Prospects

Major towns and cities across Malaysia house single modal and multi modal terminals. Single modal terminals include standalone public railway stations and bus terminals that are not integrated with other modes of transportation. Multi modal terminals are railway stations and bus terminals that offer connectivity with other forms of public transportation such as taxi services, light rail transit systems, and mass rapid systems. In many smaller towns, a public bus terminal may offer both combined stage bus and express bus services. Nevertheless in larger cities, stage bus services and express bus services may be operated from separate terminal facilities.

Terminal AmanJaya is owned and operated by Perak Transit Berhad. Terminal AmanJaya is an integrated transportation terminal and complex located in Perak's capital city of Ipoh. SPAD granted the terminal license for Terminal AmanJaya to carry out terminal operations in January 2017. Prior to this, Terminal AmanJaya was gazetted by the Ipoh City Council as a station for public services vehicles (bus and taxi services). In 2014, SPAD released "*Pekeliling Suruhanjaya Pengangkutan Awam Darat Bil. 02 Tahun 2014: Operasi Perkhidmatan Bas Ekspress di Bandaraya Ipoh – Mengambil dan Menurunkan Penumpang Di Terminal AmanJaya*" ("Circular"). This Circular was released as part of SPAD's goal of transforming land transportation and further improving the delivery of public transportation services to the public. Under the guidelines of this Circular, SPAD has determined that all express bus services operating in Ipoh are mandated to pick up and drop off passengers in Terminal AmanJaya. By centralising express bus operations in Terminal AmanJaya, it is anticipated that passengers will be able to benefit in terms of comfort, safety, have access to improved travel information and notification as well as enhanced public transportation network. Without express written consent from SPAD, express bus operators are prohibited from picking up and dropping off passengers in other locations in Ipoh. Failure to comply with SPAD's guidelines under this Circular could lead to a fine of between RM1,000 and RM500,000 or imprisonment of no more than two (2) years or both. Further, the Circular details the provision of shuttle bus services along four (4) travel routes to improve the interconnectivity between Terminal AmanJaya and Ipoh town centre.

Terminal AmanJaya commenced operations in September 2012 as the express bus terminal in Ipoh, Perak. Terminal AmanJaya is the only licensed and gazetted express bus terminal in Ipoh. Thus, the growth in bus terminal services in Ipoh is represented by the following measures:

- Total number of passengers recorded at Terminal AmanJaya, based on the total number of ticket-purchasing passengers; and
- Perak Transit Berhad's segmental revenue growth for terminal services operations at Terminal AmanJaya.

The provision of integrated transportation facilities such as Terminal AmanJaya is pertinent to ensuring that the population opts for public transport. Efforts are underway to improve integration between modes to promote seamless mobility. In addressing increased mobility demand, the Government has committed to continuing investments in public transport capacity and service expansion, where focus will be placed on providing services that are well-connected, accessible, affordable, convenient, reliable and safe to encourage the shift from private vehicles to public transport. Strategies to improve overall public transport services will cater to rural, rural-urban, urban and intercity mobility. Facilities for mobility-impaired persons will be improved particularly at stations and terminals. These efforts will contribute positively to the prospects and outlook for public bus terminal services.

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

SMITH ZANDER

Competitive Landscape

Terminal operations at Terminal AmanJaya began in September 2012, with the recording of passenger data commencing in March 2013. The total number of passengers recorded at Terminal AmanJaya, based on the number of ticket-purchasing passengers, was 760,740 in 2014, and rose to 842,907 in 2016 at a compound annual growth rate ("CAGR") of 5.3%.

Public bus terminal services market in Ipoh, Perak – number of ticket-purchasing passengers at Terminal AmanJaya

Year	2014	2015	2016
Total passengers	760,740	822,775	842,907
Annual growth	-	8.2%	2.4%
CAGR	5.3%		

Source: Perak Transit Berhad

Perak Transit Berhad's segmental revenue for its integrated terminal complex operations has also demonstrated significant growth, rising from RM25.0 million in the financial year ended ("FYE") 31 December 2014 to RM37.0 million in the FYE 31 December 2016, at a CAGR of 21.7%.

Public bus terminal services market in Ipoh, Perak – Perak Transit Berhad's segmental revenue growth for terminal services operations at Terminal AmanJaya

	FYE 31 Dec 2014 (RM '000)	FYE 31 Dec 2015 (RM '000)	FYE 31 Dec 2016 (RM '000)
Perak Transit Berhad – segmental revenue for integrated terminal complex operations	24,995	29,547	37,014
Annual growth	-	18.2%	25.3%
CAGR	21.7%		

Source: Perak Transit Berhad

Perak Transit Berhad recorded a revenue of RM90.2 million in the FYE 31 December 2016, outperforming other identified providers of public bus terminal services in Malaysia. Perak Transit Berhad's gross profit margin of 42.80% in FYE 31 December 2016 outperformed the industry average of -11.15%. Perak Transit Berhad achieved a profit after tax margin of 24.09% in FYE 31 December 2016 in comparison to the industry average of 35.81%.

In FYE 31 December 2016, Perak Transit Berhad's gearing ratio was 0.60 times, which was comparable to the industry average of 0.60 times. During the same period, Perak Transit Berhad had a current ratio of 2.08 times in comparison to the industry average of 1.18 times. In FYE 31 December 2016, Perak Transit Berhad's return on assets and return on equity were 6.33% and 10.78% respectively, which were below the industry averages of 14.27% and 80.59% respectively.

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

SMITH ZANDER

Public bus transportation services market in Malaysia – financial performance of public bus terminal services providers in Malaysia

Company	Details of public bus terminal services operations	Latest available FYE	Revenue (RM '000) ^a	Gross profit (RM '000)	Gross profit margin (%)	Profit after tax (RM '000)	Profit after tax margin (%)	Gearing ratio (times)	Current ratio (times)	Return on assets (%)	Return on equity (%)
Darulaman Solutions Sdn Bhd	Operator of Sungai Petani express bus station	31 December 2015	453.48	250.86	55.32	-41.33	-9.11	N/A ^b	0.50	N/A ^c	N/A ^b
Maju TMS Sdn Bhd	Operator of Terminal Bersepadu Selatan	31 December 2015	36,251.39	21,311.06	58.79	-5,685.35	-15.68	0.02	1.11	N/A ^c	N/A ^c
Melaka Sentral Sdn Bhd	Operator of Melaka Sentral bus terminal	31 December 2016	11,135.80	6,459.55	58.01	1,647.54	14.80	1.59	0.44	1.93	5.28
NPO Development Sdn Bhd	Operator of Klang Sentral bus terminal	30 June 2016	5,974.40	1,759.09	29.44	55,538.14	929.60	1.60	1.03	45.63%	295.90
Penang Sentral Sdn Bhd	Operator of Penang Sentral temporary bus terminal	31 December 2015	813.27	-2,590.46	-318.52	-5,614.18	-690.32	0.00	0.35	N/A ^c	N/A ^c
Perak Transit Berhad ^d	Owner and operator of Terminal AmanJaya in Ipoh, Perak	31 December 2016	90,180.03	38,598.53	42.80	21,724.75	24.09	0.60	2.08	6.33	10.78
Syarikat Kenderaan Melayu Kelantan Berhad	Operator of bus terminals in Kelantan, namely in the towns of Machang, Kuala Krai, Tumpat and Kota Bharu	31 December 2015	10,475.81	-9,329.65	-89.06	3,599.88	34.36	0.43	1.44	3.21	10.38

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

SMITH ZANDER

Company	Details of public bus terminal services operations	Latest available FYE	Revenue (RM '000) ^a	Gross profit (RM '000)	Gross profit margin (%)	Profit after tax (RM '000)	Profit after tax margin (%)	Gearing ratio (times)	Current ratio (times)	Return on assets (%)	Return on equity (%)
UDA Mall Sdn Bhd	Operator of Pudu Sentral bus terminal	31 December 2015	3,543.49	2,623.75	74.04	-45.73	-1.29	0.00	2.48	N/A ^c	N/A ^c
Industry average							35.81	0.60	1.18	14.27	80.59

^a May include revenue derived from other business segments and/or other geographies, as segmental revenue information is not available

^b Not applicable due to negative shareholder's equity

^c Not applicable due to loss after tax

^d Revenue from integrated public transportation terminal operations comprised RM37,013,894, while revenue from bus operations as well as petrol station operations and the management of ADO incentive programme comprised the remaining RM53,166,131

Latest available as at 31 July 2017

Source: Perak Transit Berhad, Annual reports, Companies Commission of Malaysia, SMITH ZANDER analysis

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

SMITH ZANDER

Key Demand Conditions and Dependencies

Growth of the retail market in Malaysia drives demand for commercial rental space at bus terminals

The retail and wholesale sector is Malaysia's third largest industry and is a major contributor to the nation's gross national income ("GNI"). The Economic Transformation Programme ("ETP") (2011 – 2020) was launched in 2010 with the goal of promoting Malaysia into an inclusive and sustainable high-income country by the year 2020. Malaysia's gross domestic production ("GDP") per capita increased from approximately RM28,733 in 2010 to RM34,951 in 2016 while purchasing power parity ("PPP") per capita income increased from approximately USD20,336 to USD27,234 during the same period. This increase in disposable income has led to a rise in a more affluent population that has greater spending power, creating demand for basic necessities and non-essential products.

Malaysia has a reputation as a leading tourism destination globally and tourism is the nation's fifth largest industry after oil, gas and energy, financial services, wholesale and retail and palm oil. Tourist arrivals increased from 24.6 million arrivals in 2010 to 26.8 million arrivals in 2016 at a CAGR of 1.4%, while tourism receipts have witnessed growth over the same period, increasing from RM56.5 billion to RM82.1 billion, registering a CAGR of 6.4%. Under the Malaysia Tourism Transformation Plan 2020, the Government targets to grow tourist arrivals and tourism receipts to 36.0 million and RM168.0 billion respectively by 2020.

As a major contributor to Malaysia's GNI, the retail sector is a key driver of domestic consumption and plays a significant role in promoting economic growth. As such, it has been identified as one (1) of the 12 key economic focus areas under the ETP. Despite recent developments in the retail market, retail expenditure in Malaysia (RM3,154 or USD886) is lower compared to that in countries such as South Korea (USD2,995), Taiwan (USD3,115) and Singapore (USD3,423). While this disparity can be partially attributed to differing income levels, the Government of Malaysia intends to drive retail spending in achieving the targets under ETP. In achieving the GNI targets for the retail sector, the Government intends to improve access to finance, liberalise the retail sector through the opening up of restricted markets, streamlining set-up and expansion requirements, upgrading transportation infrastructure, and growing human capital. SMITH ZANDER views positively initiatives taken by the Government of Malaysia via various economic plans and policies to boost the retail market in Malaysia.

Growth of Malaysia's retail market will be driven by the increasing disposable income of the population that signifies growth potential for retail sales, higher tourist arrivals coupled with tourism receipts that boost retail sales, and greater Government-driven initiatives to propel the retail market in Malaysia and boost retail expenditure, thus creating demand for retail space.

Please refer to **Chapter 5 – Analysis of the Public Bus Transportation Services Market in Malaysia – Key Demand Conditions and Dependencies** for further information on the growth potential of the public bus transportation services industry in Malaysia, as these conditions are also applicable to public bus terminal services in Ipoh, Perak.

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

SMITH ZANDER

Key Supply Conditions and Dependencies

Availability of land bank for future expansion of transportation terminals

Terminal operators typically acquire greenfield sites or large parcels of land to ensure they have sufficient stock of land for future developments. The construction of infrastructure may require the government to acquire various private properties. Under the Land Acquisition Act 1960, a State Authority may compulsorily acquire public property for any public purpose, for a purpose which the State Authority considers beneficial to the economic development of Malaysia, and for mining, residential, agricultural, commercial, industrial, or recreational purposes, or a combination of such purposes. While the State Authority is legally required to pay adequate compensation to the owner(s) of the private properties, the owners may still be adverse to the compulsory land acquisition. Subsequently, this would result in a delay in the acquisition of the properties; a delay which may span over years. This would then delay the construction of the intended infrastructure.

While parts of terminals feature standardised components, terminal station design is site-specific, and no two (2) stations are completely identical in design. This gives planners and designers the opportunity to tailor specific outcomes to meet the functional and operational needs of passengers and services. The nature of terminal and/or stop facility will help inform planning decisions at a regional, district and municipality site level by the public and private sector. The nature of terminal and/or stop facility is dependent on the location, purpose and function of the terminal and/or stop, as well as supporting infrastructure.

Terminals can function most effectively when supported by appropriate land use conducive to high levels of passenger activity. While other factors outside of terminal operations also influence the functionality of a terminal, ultimately, location characteristics are a key driver for passengers to use terminals and public transportation. Site-specific characteristics of a terminal location are key considerations in creating an attractive, seamless integration with the surrounding environment. This will then ensure that the terminal becomes a fundamental part of the surrounding community.

Availability of labour and manpower for the operation and management of terminals

A bus terminal is a facility where buses typically begin or terminate its route, and serves as a hub where passengers board and alight. As a public transportation facility, bus terminal services cater to both bus operators and passengers. The scope of operations in a bus terminal is wide and varied, ranging from fare collection to maintenance and repair services. Personnel involved in the operations of a bus terminal include operators of terminal vehicles, office personnel and maintenance staff; each with a role to ensure services offered are efficiently rendered to all parties.

Terminal management personnel range from personnel involved in day-to-day tasks involved in the operations of a terminal such as maintenance and cleaning staff to executives with specialised skillsets who oversee the administrative and financial management of a terminal. Terminal management personnel are central to terminal operations as they are responsible for implementing efficient systems and carrying out routine tasks to ensure the seamless operations of a bus terminal. Bus terminal management includes, but is not limited to, training and development of terminal employees, managing the terminal operations budget, establishing work schedules and assignments for all terminal employees, as well as planning and assigning buses to their respective bays within the bus terminal to ensure the seamless operation of bus services with minimal delays and interruptions to the bus schedule. Bus terminals often contain commercial space which is available for rent, with the aim of providing retail services to bus terminal customers and serves as an additional source of revenue for terminal operators. As such, terminal management personnel

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)


SMITH ZANDER

are also responsible for managing existing tenants and finding new tenants to rent available commercial space.

The operations and management of a terminal is labour intensive and requires manpower with specific skillsets that vary with job function within the terminal environment. The efficiency of terminal operations hinges on terminal operations personnel employed and requires an adequate number of sufficiently competent and skilled personnel to ensure functions such as maintenance services, bus service scheduling, terminal traffic management, and passenger management are carried out efficiently. As such, terminals can function most effectively when supported by an adequate number of suitably skilled and trained personnel.

Industry Risks and Challenges

Rapid socio-economic development in Malaysia has outpaced the development of transportation infrastructure and related services, thus resulting in bottlenecks such as road congestion, inadequate public transport services and limited accessibility to ports. In large urban cities, the provision of public bus transportation systems is subject to the following challenges that affect the quality of service delivery:

- **High passenger congestion during peak periods**

Malaysia's public bus transportation system can experience crowding on selected high demand routes in urban areas during peak hours. The higher passenger loads during peak periods creates pressure on bus operations which can result in an uncomfortable and frustrating journey experience for passengers traveling during these periods.

- **Traffic congestion may cause delays and cancellations**

The effectiveness of bus transportation services in Malaysia is reliant on the road transport infrastructure such as trunk roads, highways and bus lanes. Festive season and peak travel times are periods that roadways can become congested with traffic within cities and towns as well as interstate highways. Periods of high traffic congestion may disrupt bus transport services, causing disruptions to travel schedules and hamper operations and thus, perceived reliability of the service provider.

- **Unreliable service with frequent delays and cancellations**

Bus services that do not adhere to schedules make it difficult for commuters to plan ahead in order to optimise their travel arrangements. The inability of commuters to plan ahead can often result in an uneven distribution of passengers on services along certain routes, causing congestion and disruptions to travel schedules, given the unpredictability of service.

- **Road accidents may disrupt operations**

Road accidents involving buses can be considered beyond operational control of the bus operators, but have the ability to impact a number of operational elements in the bus transportation service. Accidents can cause some assets to be rendered non-operational for a period of time or permanently, affecting the resources available with which bus operators require to run the service. This can result in less frequent service or cancellations on certain routes affecting the reputations of bus operators.

- **Poor access to public transportation services**

Poor accessibility to public transport services affects the choice of public transportation, with commuters often opting for private transport over public transportation. Further, the waiting environment is also key as commuters prefer to do so in conditions that are clean, comfortable, safe and protected from the heat and rain.

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

SMITH ZANDER

The changing socio-economic environment in Malaysia requires more integrated, better targeted and comprehensive solutions. Moving forward, the Eleventh Malaysia Plan ("11MP") aims to provide a seamless transport system through the development of transport infrastructure and services. Focus will be placed on improvement in inter-modal connectivity, accessibility and capacity of transportation infrastructure, coupled with integrated planning and strengthening of the regulatory framework.

Product/Service Substitution

There are no comparable substitutes to Terminal AmanJaya in Ipoh given that Terminal AmanJaya has been licensed for terminal operations and gazetted as a station for public services vehicles (bus and taxi services). Further, under Circular guidelines from SPAD, SPAD has determined that all express bus services operating in Ipoh are mandated to pick up and drop off passengers in Terminal AmanJaya. Collectively, this effectively makes Terminal AmanJaya the sole provider of terminal services for express bus services in Ipoh with no close product substitutes within Ipoh. Please refer to **Chapter 3 – Analysis of the Public Bus Terminal Services in Ipoh, Perak, Malaysia – Relevant Laws and Regulations** for details of the Ipoh City Council gazette and SPAD circular.

Reliance and Vulnerability to Imports

The provision of public bus terminal services in Malaysia is not dependent on imports as public bus terminal services are provided by owners and/or operators of public bus terminal facilities, where the provision of these services are localised at each public bus terminal facility.

Relevant Laws and Regulations

The relevant laws and regulations that govern bus terminal service providers in Malaysia include, but are not limited to the following:

Road Transport Act 1987 [Act 333] No 1667. Public Vehicles Stations (Ipoh City Council) Order 2012

In exercise of the powers conferred by subsection 72(1) of the Road Transport Act 1987 [Act 333], the Ipoh City Council gazetted Terminal AmanJaya as the station for public services vehicles (bus and taxi services) with effect from 31 July 2012.

Pekeliling Suruhanjaya Pengangkutan Awam Darat Bil. 02 Tahun 2014: Operasi Perkhidmatan Bas Ekspres di Bandaraya Ipoh – Mengambil dan Menurunkan Penumpang Di Terminal AmanJaya

Terminal AmanJaya is an integrated bus terminal and complex located in Perak's capital city of Ipoh and caters to the operations of express buses. Terminal AmanJaya is owned and operated by Perak Transit Berhad. In 2014, SPAD released "*Pekeliling Suruhanjaya Pengangkutan Awam Darat Bil. 02 Tahun 2014: Operasi Perkhidmatan Bas Ekspres di Bandaraya Ipoh – Mengambil dan Menurunkan Penumpang Di Terminal AmanJaya*" ("Circular"). This Circular was released as part of SPAD's goal of transforming land transportation and further improving the delivery of public transportation services to the public. Under the guidelines of this Circular, SPAD has determined that all express bus services operating in Ipoh are mandated to pick up and drop off passengers in Terminal AmanJaya except in selected circumstances with

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

SMITH ZANDER

written consent from SPAD. By centralising express bus operations in Terminal AmanJaya, it is anticipated that passengers will be able to benefit in terms of comfort, safety, have access to improved travel information and notification as well as enhanced public transportation network. Without express written consent from SPAD, express bus operators are prohibited from picking up and dropping off passengers in other locations in Ipoh. Failure to comply with SPAD's guidelines under this Circular could lead to a fine of between RM1,000 and RM500,000 or imprisonment of no more than two (2) years or both. Further, the Circular details the provision of shuttle bus services along four (4) travel routes to improve the interconnectivity between Terminal AmanJaya and Ipoh town centre.

Suruhanjaya Pengangkutan Awam Darat Act 2010

SPAD was officially established on 3 June 2010 following the passing of the Suruhanjaya Pengangkutan Awam Darat Act 2010 by Parliament in May 2010. The Suruhanjaya Pengangkutan Awam Darat Act 2010 provides for the establishment of SPAD towards achieving a safe, reliable, responsive, accessible, efficient, planned, integrated and sustainable land public transport, while ensuring the provision of affordable services for the carriage of passengers and competitive services for the carriage of goods and for related matters.

Land Public Transport Act 2010 [Act 715]

Under the Land Public Transport Act 2010 [Act 715], SPAD will be the regulator and licensing authority for all public service vehicles including freight via road and rail. These functions are currently being carried out by the Commercial Vehicles Licensing Board, Department of Railways and the Commissioner of Tourism of the Ministry of Tourism.

SPAD gained its full powers on 31 January 2011 with the gazetting of the Land Public Transport Act 2010 [Act 715]. SPAD, which comes directly under the purview of the Prime Minister, is tasked with drawing up policies, planning and regulating all aspects of train, bus and taxi services as well as road and rail-based freight transport. SPAD also has enforcement powers which it will carry out with close cooperation with other enforcement agencies such as the Royal Malaysian Police and the Road Transport Department.

SPAD will play a central role in improving road and rail-based public and freight transport in the country. The Land Public Transport Act 2010 [Act 715] states that SPAD shall propose policies and plans in relation to or affecting land public transport, and develop strategies in line with the approved policies and plans with a view to achieving a safe, reliable, efficient, responsive, accessible, planned, integrated and sustainable land public transport, while ensuring the provision of affordable services for the carriage of passengers and competitive services for the carriage of goods.

With the Land Public Transport Act 2010 [Act 715] coming into force, SPAD takes over the functions of Commercial Vehicles Licensing Board, Department of Railways and the tourism vehicles licensing function of the Ministry of Tourism in Peninsular Malaysia. At present, the Commercial Vehicles Licensing Board, Department of Railways and the Ministry of Tourism continue to exercise their respective powers in Sabah and Sarawak.

4 ANALYSIS OF THE ADVERTISING MARKET IN MALAYSIA

Introduction

This chapter provides an analysis of the advertising and promotion market in Malaysia, as Perak Transit Berhad leases out advertising and promotion space at Terminal AmanJaya to advertisers. The outlook and prospects of the advertising market will serve as an indicator to the rental prospects of advertising and promotion space within Terminal AmanJaya.

Definitions and Segmentation

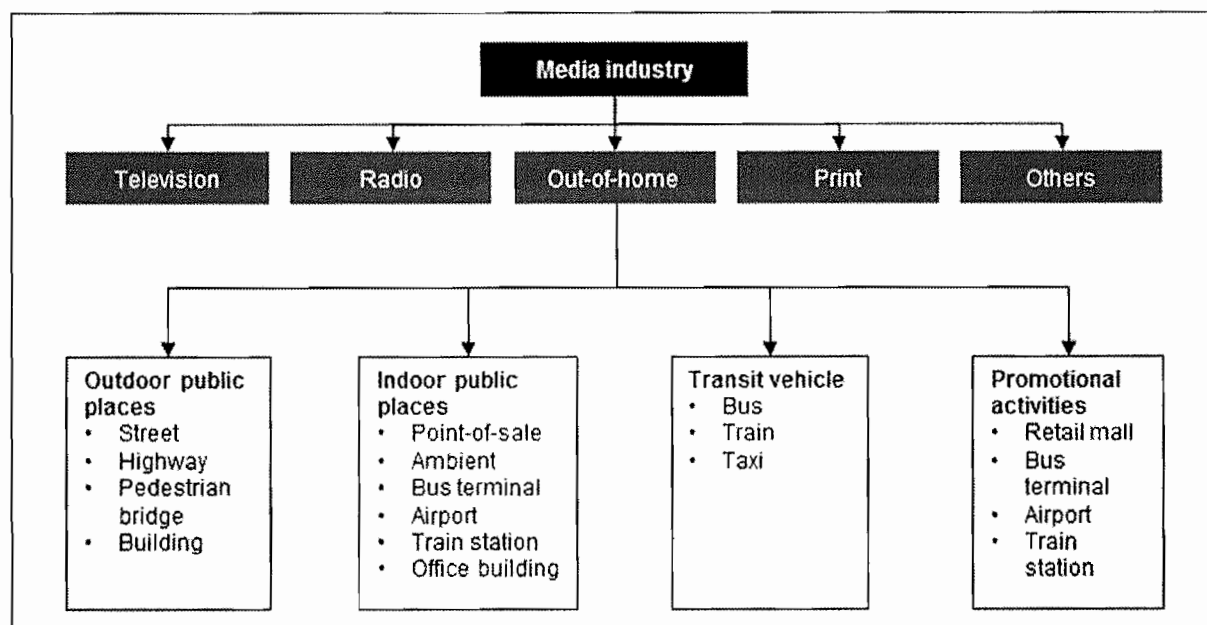
Advertising allows the dissemination of information and messages to a mass audience publicly through different types of communication media such as print, radio, and television. Advertising is one (1) of the most important mass communication tools that content owners use to carry messages in advertisements or programmes which can reach and influence audience. Content owners may be manufacturers intending to advertise and sell their products, government health authorities broadcasting a health campaign, and movie producers who want to generate entertainment revenues from an audience. Examples of advertisements include product and brand promotions, as well as marketing and promotional events that increase awareness of different products among the public.

Content is displayed through many forms of media such as the television, radio, out-of-home media, prints and others. Television includes free-to-air television and pay television. Examples of free-to-air television in Malaysia are RTM1, RTM2 TV3, NTV7, 8TV and TV9 while examples of pay television services include ASTRO and HyppTV. Radio is one (1) of the oldest modern forms of mass communication in the media industry, transmitted for in audio form to the public. The print media consists of magazines, newspapers, brochures, newsletters and posters. Out-of-home media transmits content to viewers outside of their homes, both at indoor and outdoor public areas.

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IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

SMITH ZANDER

Advertising market in Malaysia – market segmentation

Source: SMITH ZANDER analysis

Out-of-home media transmits content to viewers outside their homes and reaches out to audiences at indoor and outdoor public spaces. Out-of-home media can take both print and digital forms and is defined as any content that is displayed in a public space, for example a billboard, light box, floor or pillar or wall or stair graphics, vertical or horizontal panel, and banners. These also include digital signages that are displayed in public areas, including liquid crystal display screens, plasma screens and liquid crystal display or light emitting diode billboards. Print or digital signages may also be located on streets and transit vehicles such as buses and taxis, as well as in buildings such as retail stores, transportation stations such as bus terminals, and in office buildings. These signages are typically placed in highly visible public locations that are easily spotted by an audience. These locations include streets, highways, pedestrian bridges and in transit vehicles (i.e., buses, trains and taxis).

Industry Performance, Outlook and Prospects

Advertising expenditure in Malaysia is made up of expenditure in advertising through several media channels that are a combination of print and digital channels. Categories of media that carry advertisements include newspapers, free-to-air television, pay television, radio, magazines, outdoor, in-store media and cinema.

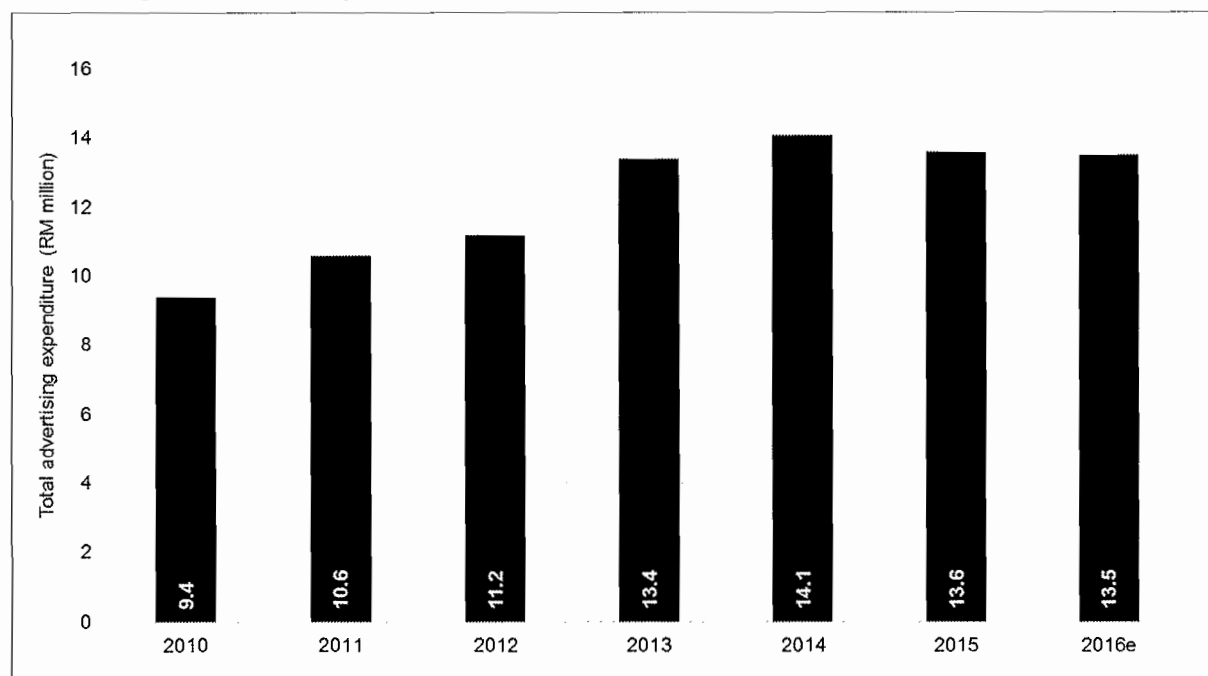
Between 2010 and 2016, total advertising expenditure in Malaysia grew from RM9.4 billion to an estimated RM13.5 billion at a CAGR of 6.2% on the back of positive market sentiment. This growth has been underpinned by an expansion of advertising solutions moving beyond traditional channels as it penetrates the digital space. The growth and development of content delivered through pay television and the internet has also created room for growth in advertising expenditure as businesses seek more innovative means of engaging the public. Global sporting events such as the London Olympic Games in 2012, FIFA World Cup in Brazil in 2014, Dakar Rally and Badminton World Federation (BWF) World Championships in 2015 as

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

SMITH ZANDER

well as the Rio Olympic Games in 2016 have also created platforms for advertisers to capitalise on the public attention garnered by these events during this period.

Advertising market in Malaysia – total advertising expenditure



e Estimates

Source: Nielsen Malaysia, SMITH ZANDER analysis

Out-of-home expenditure increased from RM245.8 million in 2013 to an estimated RM277.5 million in 2016 at a CAGR of 4.1%. This growth led to an increase in the percentage share of out-of-home advertising in relation to total advertising, where out-of-home advertising accounted for 1.8% of total advertising expenditure in 2013 which increased to an estimated 2.1% of total advertising expenditure in 2016.

Advertising market in Malaysia – out-of-home advertising expenditure in 2013 and 2016e ^a

	2013	2016e
Total advertising expenditure (RM billion)	13.4	13.5
Out-of-home advertising expenditure (RM million)	245.8	277.5
Percentage share of out-of-home advertising	1.8%	2.1%
Growth rate of out-of-home advertising	4.1%	

Source: Nielsen Malaysia, SMITH ZANDER analysis

The longer term growth prospects are positive as advertising expenditure is anticipated to grow and register a CAGR of 4.0% between 2017 and 2019. While traditional non-digital media such as newspaper and television will continue to dominate overall advertising expenditure during this period, growth will be largely concentrated in the digital media platform where internet advertising is expected to witness strong growth between 2017 and 2019. Digital media is increasingly becoming a popular advertising platform due to its affordability, accessibility and change in consumer habits. This increase in popularity is expected to result

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

SMITH ZANDER

in growth in advertising expenditure for digital media platforms, especially as the Government continues to further improve internet penetration rates in Malaysia.

Key Demand Drivers

Transportation infrastructure development will create room for growth in the out-of-home advertising channel

Through the ETP and 11MP, the Government is focused on ensuring that the development of transportation infrastructure will result in greater utilisation of existing facilities with an emphasis on better delivery, quality of services and capacity improvement. With several projects that are focused on infrastructure and public transportation in both urban and rural areas of Malaysia under these plans, an increase in the potential audience for advertisers is anticipated.

With the construction of the mass rapid transit network, the expansion of the light rail transit network, and the implementation of the bus rapid transit in Klang Valley, the completion of the electric train service railway track from Padang Besar in Perlis to Kuala Lumpur, and the Stage Bus Services Transformation ("SBST") Programme scheduled to be rolled out in five (5) cities across Malaysia including Ipoh, the Government is looking to increase public transportation modal share across the country. This provides room for further development and growth of out-of-home advertising through innovative channels, such as on transit media e.g. buses and trains, that enable viewers to watch programmes and advertisements on digital as well as non-digital screens while travelling from one place to another, allowing advertisers to effectively cast a wider net to reach consumers both at home, as well as on public transportation systems. The announcement of new highway projects such as the West Coast Expressway in Peninsular Malaysia and the Pan Borneo Highway in East Malaysia also create growth opportunities for more traditional forms of out-of-home advertising such as billboards and banners as advertisers look to attract the attention of new passenger traffic along these highways. Further, the strategic location of public transportation terminals along major highways and federal roads allow advertisers to target a broad range of public transportation users, as well as passenger traffic along these highways. Advertisers are further able to organise promotional activities and events in these transportation terminals to capture a wider customer base.

The development of transportation infrastructure across the country provides room for growth in the out-of-home advertising space and creates growth potential for the advertising opportunities moving forward.

Rise in the number of commercial developments in Malaysia will result in growth in out-of-home advertising

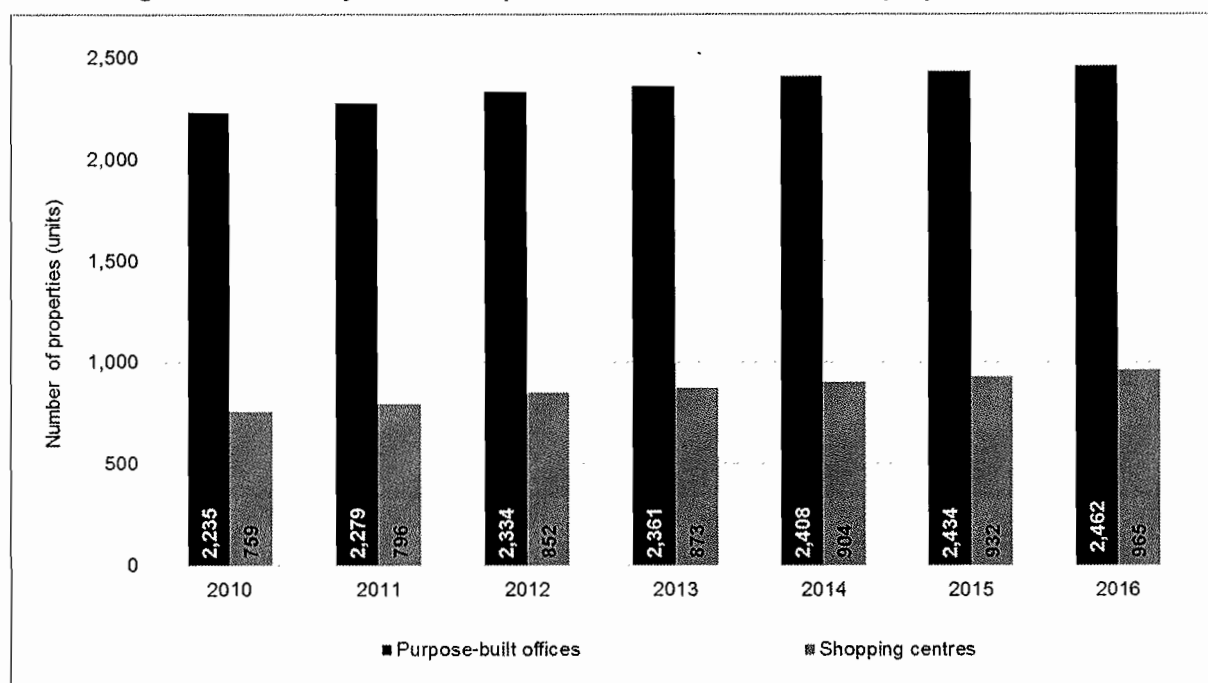
Shopping centres and commercial centres are strategic locations for out-of-home advertising as it allows advertisers access to a large target market of consumers that are seeking convenience in purchasing fast moving consumer goods and print media.

Commercial development in Malaysia, comprising shops, shopping complexes, purpose-built offices and hotels, registered positive growth between 2010 and 2016. In 2016, there were 965 shopping centres in Malaysia, up from 759 in 2010. The number of purpose-built private and government office buildings in Malaysia also registered growth from 2,235 buildings in 2010 to 2,462 buildings in 2016.

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

SMITH ZANDER

Advertising market in Malaysia – development of selected commercial properties



Source: National Property Information Centre (NAPIC), SMITH ZANDER analysis

In particular, commercial development in the Central region (comprising Kuala Lumpur, Selangor and Negeri Sembilan) is expected to be driven by national plans to transform Malaysia into a high-income nation by 2020 such as the Greater Kuala Lumpur/Klang Valley module of the ETP. Some of the upcoming commercial development projects in the Central region include the development of three (3) KLCC towers for additional office, hotel and retail space, Bukit Bintang Commercial Centre, KL118 Tower, redevelopment of Angkasapuri Complex to Media City, Project MX-1 and Tun Razak Exchange.

Property development in the Southern region (comprising Malacca and Johor) is also expected to grow in line with the implementation of the second phase of the Iskandar Malaysia Masterplan. Development activities in Iskandar Malaysia will continue to be focused within the city centre, Danga Bay and the Nusajaya locality within Flagship A and Flagship B development zones.

In addition, upcoming commercial property development projects in the Northern region (comprising Penang, Kedah and Perak) are driven by the Government's promotion of Kedah and Perak as tourist destinations. Commercial developments in Perak are expected to see a rise in light of the launching of Perak's transformation plan, Perak Amanjaya, in 2016, with five (5) key economic zones identified, i.e. Hulu Perak, Beriah Valley, Manjung, Ulu Bernam and Lembah Kinta. Perak has already experienced major growth in its commercial developments, where some of the major commercial centres include Taipan@Ipoh CyberCentre and Taipan Festival Mall in Bandar Meru Raya; the upcoming Taipan@Slim River shopping centre in Tanjung Malim; Jelapang Square in Western Ipoh; and Movie Animation Park Studios which was launched in Meru Raya in 2017; University Square@Kampar in Kampar which comprises The Pavilion shop offices and The Disney concept retail shop lots, as well as the anticipated upcoming three-star hotel, a college, an office tower, 24-hour food and beverage outlets and Disneyland Castle. Kedah also sees growth in commercial development with new shopping centres currently under construction, adding to Aman Central in Alor Setar, an eight (8)-storey development that opened in 2015. Commercial developments in Penang are expected to continue, and the Second Penang Bridge which was opened in 2014 is promoting

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

 SMITH ZANDER

property development in both landing sites of the bridge, i.e. Batu Kawan and Batu Maung. Some of the proposed developments in these areas include a theme park; IKEA store, IKANO Shopping mall and mixed development of offices and residences; and Penang Premium Outlet.

These development plans create opportunities for growth in advertising expenditure with a particular focus on out-of-home advertising installations in and around these commercial developments as more advertising space becomes available in areas with high volume of vehicle and foot traffic.

The expansion of digital content and services lead to growth in digital advertising

Increasing internet penetration as well as the proliferation of mobile services and high speed broadband, especially in the urban areas of Malaysia, have seen a growth in the consumption of online content and services by the public. Social media platforms such as Facebook, Instagram and YouTube that rely on user-generated content have become increasingly popular across population demographics in Malaysia in recent years. In order to adapt to the shift in consumption patterns of media and entertainment in the country, advertisers will have to broaden their approach and extend their reach to digital content to engage their customer base.

Technological innovation and the advancement of online advertising has provided a range of new tools for advertisers to attract a larger customer base in a more targeted manner, thereby optimising the advertiser's resources and maximising the impact of the message being delivered. Tools such as search engine optimisation and sponsored links enable advertisers to focus their outreach efforts to potential customers specifically in search for services they are able to render. The increased level of competition online underlines the need for advertisers to remain active in the channel and to maintain a presence and engage with their customer base.

The growing importance of digital advertising in light of the growing popularity of online services provides growth potential for the advertising industry moving forward as advertisers become more innovative in a bid to navigate the digital landscape and interact with their customer base in a way that was not possible using traditional media channels.

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5 ANALYSIS OF THE PUBLIC BUS TRANSPORTATION SERVICES MARKET IN MALAYSIA

Industry Performance, Outlook and Prospects

Public transportation systems provide the most efficient means of transporting large numbers of people, especially in dense urban or city areas. Bus services, as a form of public transportation, provide flexibility in meeting the demands for public transportation. In many developing nations, buses are the only choice of public transportation among the middle-income and lower-income population. City buses or stage buses connect residential, commercial and industrial areas within cities and towns on a fixed schedule, and have frequent stops along a given route at controlled fares.

Malaysia's inter-city travel market has been growing in line with the growth in disposable income, and therefore the amount of disposable income available for leisure and optional travel has also increased. Express bus services are provided nationwide as an important means of transportation service. Most cities and towns in Peninsular Malaysia have a daily link with other parts of the peninsula through the national network of express bus services. Express bus services operate on a fixed schedule over given routes at controlled fares, but unlike stage buses, express buses have less frequent stops and generally cater for longer journeys.

Total registered buses and passenger ridership serve as indicators of the extent of the development of the public bus transportation market in Malaysia, and also serve as indicators to support the growth in public bus terminal operations services in the country.

Total registered buses include stage buses, express buses, mini buses, school buses, feeder buses, employee buses and chartered buses. The total registered buses in Malaysia witnessed a slight drop from 69,149 buses in 2010 to 65,044 buses in 2014.¹ Nonetheless, a positive year-on-year growth was witnessed between 2013 and 2014 as total registered buses increased from 62,784 buses to 65,044 buses at a CAGR of 3.6%. This growth in total registered buses is attributed to the growth in annual passenger ridership following efforts from the Government of Malaysia to improve the delivery, quality of services and accessibility of public transportation in Malaysia.

During the period between 2013 and 2014, the highest number of registrations was witnessed in the Central region which grew from 26,032 buses to 27,064 buses at a CAGR of 4.0%. SMITH ZANDER notes that the Northern region also witnessed a higher than average industry growth rate of total registered buses during this period despite registering a lower asset base compared to the Central region. Between 2013 and 2014, the Northern region registered a CAGR of 3.9% as total registered buses increased from 12,243 buses to 12,722 buses.

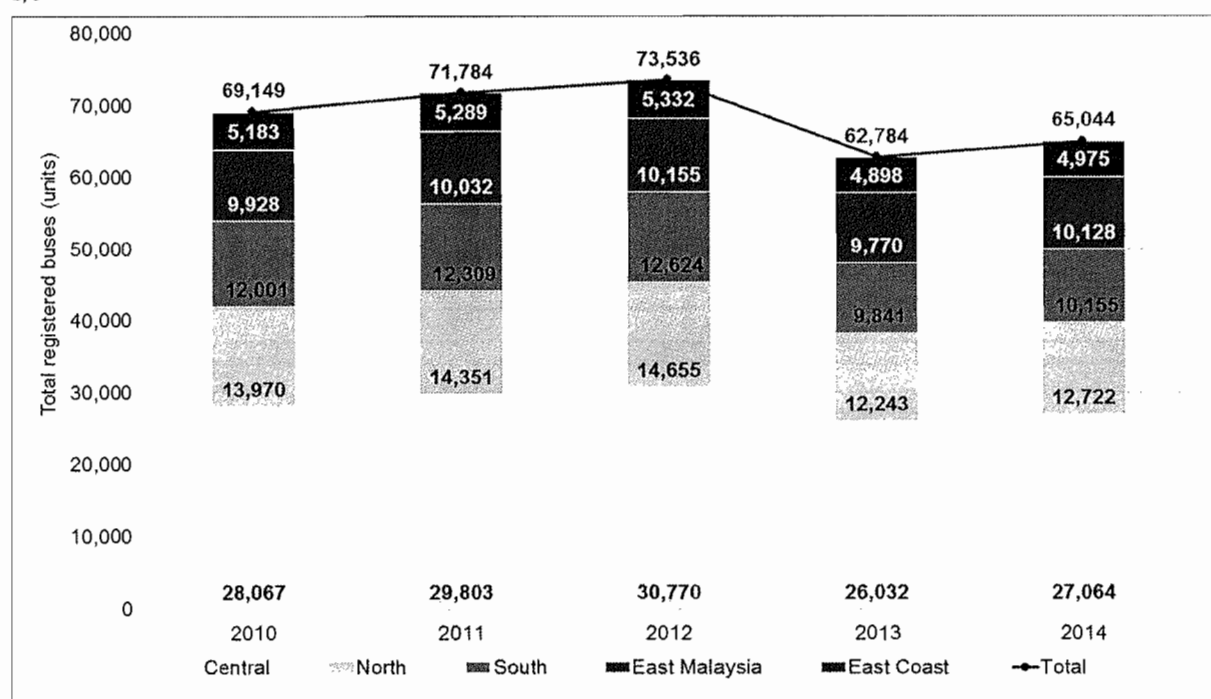
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¹ Latest available as at 31 July 2017 from SPAD

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

SMITH ZANDER

Public bus transportation services market in Malaysia – regional growth in total registered buses ^{a, b, c}



^a Total registered buses includes stage buses, express buses, mini buses, school buses, feeder buses, employee buses and chartered buses

^b Central region comprises the states of Selangor, Federal Territory of Kuala Lumpur and Negeri Sembilan; Northern region comprises the states of Perlis, Kedah, Penang and Perak; Southern region comprises the states of Malacca and Johor; East Coast region comprises the states of Pahang, Terengganu and Kelantan; and East Malaysia comprises the states of Sabah and Sarawak

^c Latest available as at 31 July 2017

Source: SPAD, SMITH ZANDER analysis

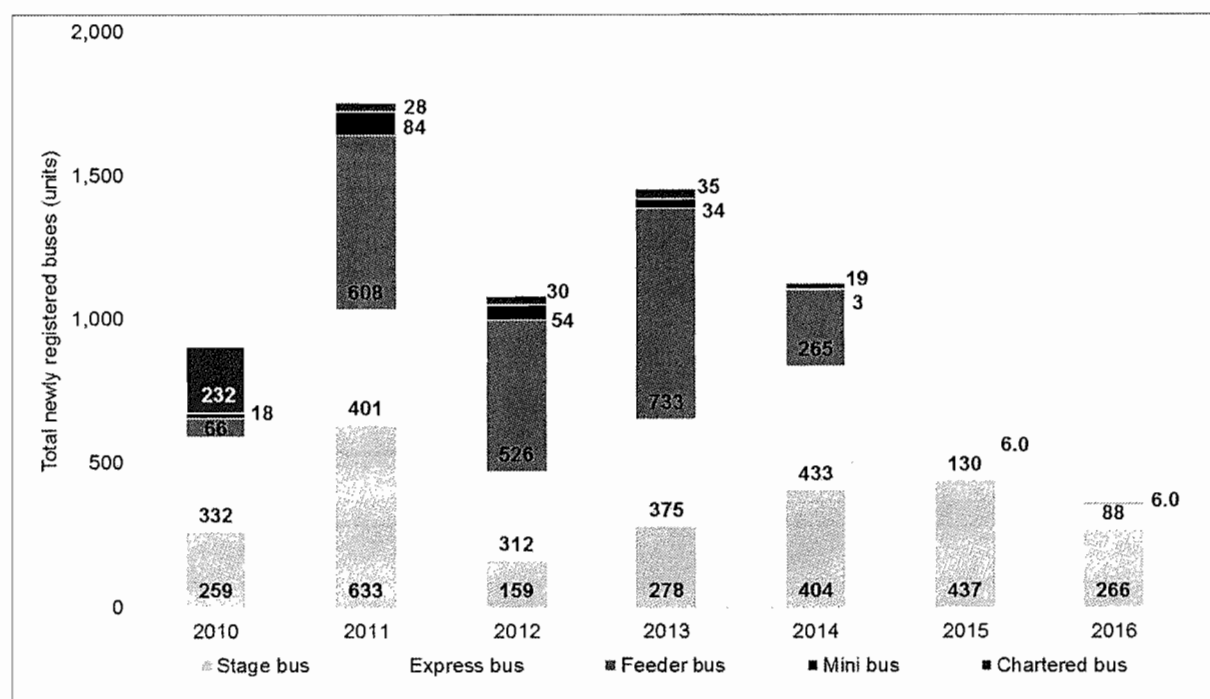
In 2016, the highest new registration for buses was witnessed in the stage bus and express bus categories with 266 new registrations and 88 new registrations respectively. Key drivers that have influenced the growth in new registrations for express bus and stage bus services are the growth in passenger movement arising from increased economic and travel/leisure activities, greater urbanisation in small towns as well as Government initiatives to develop and regulate the public bus transportation system in Malaysia.

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IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

SMITH ZANDER

Public bus transportation services market in Malaysia – total new registrations for express buses, stage buses, mini buses and feeder buses ^a



^a Excludes the states of Sabah and Sarawak

Source: SPAD, SMITH ZANDER analysis

Major towns and cities across Malaysia house single modal and multi modal terminals. Single modal terminals include public railway stations and bus terminals that are not integrated with other modes of transportation. Multi modal terminals are railway stations and bus terminals that offer connectivity with other forms of public transportation. In many smaller rural towns, public bus terminals offer both stage bus and express bus services. Nevertheless in larger capital cities, stage bus terminals and express bus services may also be operated from separate dedicated facilities.

The annual ridership of stage buses in selected capital cities increased from 208.8 million passengers in 2012 to 224.7 million passengers in 2014 at a CAGR of 3.7%. Stage bus services in Georgetown, Malacca, Kuantan and Kota Bharu witnessed strong annual passenger ridership growth rates over the period of 2012 and 2014.

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IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

SMITH ZANDER

Public bus transportation services market in Malaysia – stage bus annual ridership in selected capital cities ^a

City	Annual passenger ridership ('000)		CAGR (%)
	2012	2014	
Kangar	372	238	-20.0
Alor Setar	2,490	1,865	-13.5
Georgetown	10,704	17,856	29.2
Ipoh	7,632	6,509	-7.6
Shah Alam	18,171	13,634	-13.4
Seremban	5,231	4,936	-2.9
Malacca	3,212	5,624	32.3
Johor Bahru	29,417	24,440	-8.9
Kuantan	411	4,134	217.1
Kuala Terengganu	509	435	-7.6
Kota Bahru	1,869	3,308	33.0
Greater Klang Valley	128,780	141,673	4.9
Total	208,798	224,652	3.7

^a Latest available as at 31 July 2017

Source: SPAD, Economic Planning Unit, SMITH ZANDER analysis

Based on estimated annual economic growth of 5.0% to 6.0%, mobility demand in Malaysia is expected to rise to 72.0 million trips per day by 2020 from 40.0 million in 2010 where the majority of these trips will be in urban areas, in tandem with the expected increase in urban population from 67.0% of the total population in 2010 to 75.0% of the total population by 2020. In addressing increased mobility demand, the Government will continue to invest in public transport capacity and service expansion. Despite various efforts for improvement, there are still challenges in providing sufficient capacity and optimal service standards of urban transport as well as accessible public transport coverage in rural areas.

Public transportation services in rural areas are largely limited, primarily due to low demand and high operating cost. The low demand for public transportation in these areas cause service operators to bundle their services which then leads to unreliable services. The lack of public transport services has encouraged the use of private vehicles such as private cars and motorcycles.

The focus of transport infrastructure development during the 11MP will be on greater utilisation of existing facilities with an emphasis on better delivery, quality of services and capacity improvement. Public transportation network expansion will focus on connecting underserved areas, and integrated transport planning will be geared towards providing mobility and connectivity for goods and people.

Malaysia targets to raise the public transportation modal share² for capital cities outside the Greater Klang Valley, including Ipoh in the state of Perak, to 20.0% by 2020 from its current rate of between 3.0% and 8.0%. Towards realising this target, studies will be carried out to identify the passenger per hour per direction ("pphpd") for each corridor in major cities with focus on integrated transport planning. During the 11MP period, stage bus services will be revamped under the SBST Programme through migration of the current fare-box collection model to gross-cost service contract model. The SBST Programme will be extended to selected cities and rural areas nationwide. Malaysia also targets to rationalise bus services in

² Public transportation modal share is the percentage of the population that opts to use public transportation as their chosen method of transportation. Raising public transportation modal share would entail increasing the proportion of the population utilising public transportation as their chosen choice for transportation.

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

 SMITH ZANDER

an effort to make it efficient, affordable and safe for intercity travel, where strategies will also be taken to restructure express bus networks for more regular and frequent services without neglecting low demand areas.

Under the fare-box collection model, passengers of bus transportation services deposit fares for their travel in a fare-box, whereby these fares will collectively form the revenue of the particular bus operator. The gross cost service contract model is typically applied to less profitable and/or loss-making routes, where passengers of bus transportation services deposit fares for their travel in a fare-box. Fares collected in the fare-box are then handed over to the relevant governing authority, and the operator of the public bus transportation service is paid an amount for services rendered by the governing authority through a pre-defined compensation mechanism, namely the cost per vehicle-km run. The cost per vehicle-km run indicates the cost of transit service per unit of its offered or utilised service.

Public bus transportation services market in Malaysia – comparison of fare-box collection model and gross cost service contract model

Fare-box collection model	Gross cost service contract model
<ul style="list-style-type: none"> ▪ Operated by bus operators ▪ Fares collected from passengers are deposited in the fare-box ▪ Fare box collections form the revenue for bus operators 	<ul style="list-style-type: none"> ▪ Operated by bus operators ▪ Fares collected from passengers are deposited in the fare-box ▪ Fare box collections are handed over to the relevant governing authority ▪ Government authority makes payment to bus operators in accordance to cost per vehicle-km run

Source: 11MP, SMITH ZANDER analysis

Key Demand Conditions and Dependencies

Economic growth drives demand for a holistic public transportation system, including public bus transportation systems

There is a distinct correlation between GDP and mobility growth, whereby increased population, employment and economic activity translate into higher mobility requirements. In this context, a holistic land public transport system, including public bus transportation systems, is especially important given Malaysia's goal to achieve 6.0% annual economic growth and 3.3 million new jobs by 2020. With urbanisation expected to reach 70% by 2020, there is a need to enable an efficient and smooth flow of people, which in turn also enables the growth of new urban areas through increased connectivity.

Beyond satisfying a growing demand, land public transportation systems play a catalytic role in accelerating and shaping economic growth. Provision of effective public transport services have the potential of opening up new growth clusters, enhancing the attractiveness of existing clusters, and driving urban revitalisation. The positive spill-over effects of increased economic activity built upon an advanced land public transport network yields employment opportunities and business opportunities in local economies by having synergies with other industries including advertisement, retail and property development.

Malaysia has seen a surge in ownership of cars and motorcycles across the country, which is an indication of the nation's increased prosperity. Although private vehicles contribute to the mobility solution, a sustainable and inclusive social and economic development cannot be overly dependent on private vehicles. As a general rule, public transportation is more affordable and mitigates traffic congestion as well as pollution problems caused by private vehicles on the road. Thus, a holistic land public transport system,

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)


SMITH ZANDER

including public bus transportation systems, is crucial in meeting the mobility and connectivity requirements that is closely linked to the social and economic development agenda of a nation.

Growth prospects of the manufacturing and service industries drive demand for supporting public transportation systems and infrastructure

Malaysia's economy achieved a 4.2% growth in 2016 supported by the continued expansion of domestic demand, which was primarily driven by the private sector. Private consumption year-on-year growth moderated to 6.1% in 2016 as households adjusted their spending due to the increasing cost of living, arising from fiscal reform measures such as the implementation of the Goods and Services Tax (GST) and administrative price adjustments, as well as the depreciation in the Ringgit against the United States Dollar. Private investment recorded a growth of 4.4% in 2016.

The services sector remains the driver of growth, contributing to 54.2% of Malaysia's GDP in 2016. Given its importance, the Government formulated the Services Sector Blueprint 2014 to further develop the sector and strengthen its competitiveness. In this respect, the Services Sector Blueprint 2014 focuses on four areas, namely internationalisation which includes liberalisation and services exports; providing efficient tax and non-tax incentives; developing human capital; and implementing regulatory reform in the services sector. With the implementation of the Services Sector Blueprint 2014, the services sector is targeted to achieve approximately 60.0% share of GDP by 2020, on par with that of developed economies.

A positive growth is also expected for the outlook for the manufacturing sector led by the export-oriented industries which are expected to record higher growth in line with the improvement in external demand. The continued implementation of various construction projects in Malaysia will support growth in the construction-related cluster.

The positive growth recorded in Malaysia's economy and the manufacturing sector would lead to an increase in the demand for public transportation services such as public bus transportation systems, and subsequently, the demand for related infrastructure, where transportation will be vital for the mobility of labour in the manufacturing sector. The ETP (2011 – 2020) was launched in 2010 with a goal to promote Malaysia into an inclusive and sustainable high-income country by the year 2020. To achieve this, rapid urbanisation is required, and subsequently, the demand for supporting public transportation infrastructure is expected to increase in tandem to support economic growth targets.

Public bus transportation services market in Malaysia – economic growth of end-user markets/industries

	2016 ^p	2015	2016 ^p
	% of GDP ¹	Annual change (%)	
Services	54.2	5.1	5.6
Manufacturing	23.0	4.9	4.4
Mining and quarrying	8.8	4.7	2.7
Agriculture	8.1	1.2	-5.1
Construction	4.5	8.2	7.4
Real GDP	100.0	5.0	4.2

^a Figures may not necessarily add up due to rounding

^p Preliminary

Source: Ministry of Malaysia, SMITH ZANDER analysis

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)


SMITH ZANDER
Economic growth corridors drive demand for comprehensive public transportation system and infrastructure development

The scale and pattern of public transportation infrastructure development strategies formulated by the Government is driven by the recognition that infrastructure is vital for the nation's economic development. To this end, the Government's objective is to meet the nation's infrastructure needs arising from the growth and transformation of its economy. The Government views seriously its role of minimising infrastructure shortages in the country. Further to meeting the needs of modernised sectors of the economy, including the external sector, the Government is also driven to develop infrastructure to serve socio-economic ends. In this regard, the Government strives to provide infrastructure to promote the development of less developed regions in the country. Improving the accessibility of these regions is intended to result in a more balanced development of the country and reduce economic disparity.

In the Ninth Malaysia Plan, five (5) economic corridors were launched in an effort to promote balanced economic development throughout the country. These corridors, located in both Peninsular Malaysia and East Malaysia, have attracted significant investments of approximately RM307.1 billion between 2011 and 2014, of which an estimated 56.8% of these investments have been realised during the period. Approximately RM27.8 billion of these committed investments remain unrealised and could potentially be implemented over the next few years. The percentage of realised investments is the proportion of actual investments made over the total investments that have been pledged or committed.

The development of these economic corridors as a result of the committed and realised investments is expected to be a significant impetus for the development of public transportation systems and infrastructure in regions beyond the Klang Valley. Public transportation systems and infrastructure are vital for connectivity and mobility in these economic corridors, where skilled and unskilled labour are dependent on public transportation to commute to work.

Increase in investments drive overall economic growth, and subsequently, demand for public transportation systems to increase mobility and accessibility

In 2016, Malaysia attracted RM207.9 billion in approved direct investments in mostly high quality private investments, bearing testament to the resilience of Malaysia's economy amid external challenges, such as the plunge in demand and prices for hydrocarbons and other commodities, as well as the weakening Ringgit against the United States Dollar. Of the total investments approved in 2016, domestic investments accounted for RM148.9 billion or 71.6%, while foreign direct investment accounted for the remaining RM59.0 billion or 28.4%. Between 2006 and 2016, foreign investments increased from RM26.2 billion to RM59.0 billion at a CAGR of 8.5%.

The ETP has a defined structure for the manufacturing and services sectors to contribute to Malaysia's continued growth through high impact projects and business opportunities across the economy. Malaysia's investment performance in 2015 supports the nation's goal in fulfilling the objectives of the ETP where it attracted a total of RM186.7 billion worth of investments, with RM113.8 billion under ETP projects (60.9% of total investments in 2015) and the remaining RM72.9 billion under non-ETP related projects.

The services sector received investments of RM141.2 billion or 67.9% of total investments in 2016 from 4,199 projects, of which domestic investments accounted for RM112.9 billion (80.0%) and foreign investments accounted for RM28.3 billion (20.0%). The real estate segment was the main contributor of approved investments worth RM64.1 billion, followed by the global establishment segment (RM14.1 billion), financial services segment (RM13.7 billion), utilities segment (RM10.6 billion) and distributive trade segment (RM9.7 billion). The manufacturing sector attracted RM58.5 billion of investments in the same period from 733 projects, of which RM27.4 billion was foreign investments compared to RM31.1 billion

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

 SMITH ZANDER

worth of domestic investments. In 2016, the primary sector received RM8.2 billion of investments where foreign investments comprised RM3.3 billion and domestic investments comprised the remaining RM4.9 billion. The mining segment, plantation and commodities segment and agriculture segment received RM7.6 billion, RM0.5 billion and RM0.1 billion respectively in 2016.

As the nation strives to position itself as an ideal destination for investments into high value-added, high technology, knowledge-intensive and innovation-based industries, businesses and companies will need to grow in terms of current business practices and infrastructure and in order to expand in scale and reach. This signifies positively for public transportation services as comprehensive public transportation systems will be required for mass passenger mobility and to connect urban areas to rural areas. The public bus transportation system is expected to benefit from increased total investments in Malaysia's business environment.

Government initiatives to develop a holistic public transportation system in Malaysia

The aspiration towards economic competitiveness and wellbeing has led to rapid urbanisation. The demand for constant mobility and accessibility to jobs, health and educational opportunities increase the need for an effective and efficient public transportation system. The issue of public transport is further compounded by the complexities related to land use such as land ownership and zoning laws, as well as the limited holistic approach in development and planning strategies.

To this end, the Land Public Transport Act 2010 (Act 715) and Land Public Transport Commission Act 2010 (Act 714) were enacted to provide the mandate and focus in managing all land public transportation matters. SPAD was established to manage all land public transportation matters, including critical activities concerning planning, licensing and enforcement. SPAD has been appointed as the single authority to monitor and enforce standards in providing long-term plans for the public transportation system.

With the view of achieving a safe, reliable, efficient, responsible, accessible, planned, integrated and sustainable land public transportation system while ensuring the provision of affordable services for the carriage of passengers and competitive services for the carriage of goods, SPAD has been mandated to develop a 20-year National Land Public Transport Master Plan containing macro policies and plans; and a 20-year Regional Land Public Transport Master Plan based on the National Land Public Transport Master Plan.

- The National Land Public Transport Master Plan (2012 – 2030) serves as a strategic roadmap outlining macro policies and macro plans guiding the process of transforming the land public transportation landscape in Malaysia to achieve the vision of making public transport the population's choice of mobility by 2030. In formulating these macro plans, a spatial plan-led system of the National Physical Plan has been adopted, which covers issues from national growth conurbation to district and rural areas. The plan ensures efficient mobility within and between spatial conurbations across Peninsular Malaysia. The National Land Public Transport Master Plan is supported by a series of state level Regional Land Public Transport Master Plans that shall provide direction on the development of intra-regional mobility.

Macro level policies define the strategies to address the issue of accessibility, reliability and safety in a responsive, integrated and sustainable manner. Based on the identified macro policies, people-centric measures are formulated whilst the sustainability of industry is also addressed. These measures are guided by four (4) key thrusts, namely collaborative planning and governance, regulatory strengthening, service quality and excellence, and infrastructure and capacity.

The National Land Public Transport Master Plan seeks to integrate land public transport in two (2) ways, where firstly land public transport should be well integrated within, i.e. different sectors, and modes of land public transport should be well-connected so that a journey is as seamless as possible; and

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)


SMITH ZANDER

secondly the land public transport system should be integrated into the land-use of the area that it supports. Bus-stops and terminals should be planned so that they serve the people living, working or engaging in recreational activities nearby. Integrated land public transport interchanges which bring together several modes of transport should become more commonplace, and these should, in turn, be near important developments which would benefit from being an important land public transport node. This will require a comprehensive multi-modal solution that increases access to passengers within conurbations. These solutions will be comprehensive by including enhancements and expansions to existing services, investments in new infrastructure and services, and investments in integration across modes. Together they will increase the capacity of land public transport systems. There are also increased land public transport linkages between different regions across the country. In 2010, the demand for inter-urban rail stood at 4.2 million people and the express bus services experienced over 8,000 departures per day.

The shift in Malaysia's economy towards higher value added sectors has resulted in greater urbanisation of the country. Education and rural-urban migration have provided the human capital required to support this shift. By 2020, about 70% of Malaysia's population will be living in urban centres. This pace of urbanisation shall be enhanced by an increase in the necessary infrastructure to support such a large population, particularly in the area of transportation. Enhancing the public transport infrastructure and increasing its capacity will be the most viable and effective way of supporting urbanisation in a sustainable manner.

There is strong correlation between GDP and mobility growth, where increased population, employment and economic activity translates into higher mobility requirements. In this context, a first class land public transport system is especially important given the Government's goals as outlined in the ETP, i.e. to achieve 6.0% annual growth and 3.3 million new jobs by 2020. Travel vehicle demand grew from 13 million trips per day in 1991 to 40 million in 2010. Projections point towards this trend continuing in Malaysia, with the figure expected to reach 133 million in 2030.³ With urbanisation expected to reach 70% by 2020, there is a need to enable an efficient and smooth flow of people, which in turn also enables growth of new urban areas through increased connectivity.

- The Regional Land Public Transport Master Plan comprises a series of plans for regions that are defined in terms of economic, geographical and demographic needs. The Regional Land Public Transport Master Plan will be used to guide planning authorities in reviewing and prioritising new development areas to ensure developments are close to land public transportation corridors and developed in a way that is receptive to adding density and more land use over time.

The provision of a well-planned, integrated bus network forms a central focus of the Regional Land Public Transport Master Plan, especially where bus operators are provided with contractual incentives to improve the quality of the service and to maintain the inherent flexibility of road-based land public transportation systems. The plan outlines the need to move to a revised structure in the delivery of bus services both on the road and in terms of regulation and procurement, to compensate for the existing structure that has limited ability in promoting effective planning.

A transition process has been developed to move from the existing service provision within the industry to a new model for regulatory regime, one which will assist in developing and allocating risks and responsibilities to key stakeholders, and minimise the risk of service disruptions from outside influences to ensure effective delivery.

In order to move the industry forward, public bus transportation network design will be coupled with effective integrated network planning and fare structures. Most importantly, passengers and potential

³ Source: National Highway Development Plan 2007

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

 SMITH ZANDER

passengers will be able to recognise a stable network of services provision across all modes and be provided with reliable comprehensive passenger information to plan their travel and which provides assurances during the course of their journey.

Further in 2012, the Government of Malaysia introduced the Interim Stage Bus Support Fund ("ISBSF") with a fund size of RM400 million to improve the delivery and quality of bus services in Malaysia, thereby encouraging passengers to continue using buses as an effective mode of transportation. The initiative acts as an interim measure to cover the shortfalls in daily operations of affected stage bus operators, especially on social routes, where the fund helps stage bus operators by providing subsidy payments for loss-making routes.

Under the 10MP, the Federal Government through SPAD, identified four (4) strategies that focused on strengthening the regulatory framework surrounding public transportation in Malaysia. These strategies included increasing transport capacity, promoting seamless connectivity and establishing a robust monitoring and enforcement mechanism. The National Land Public Transport Master Plan (2012 – 2030) was formulated to drive regulatory and industry reform. This masterplan sets a 20-year timeline which targets to increase public transport modal share for urban areas from 16.4% in 2011 to 40.0% in 2030 and to improve public transport access to rural areas. The 11MP lends support, focus and commitment to the National Land Public Transport Master Plan (2012 – 2030) which underlines the importance of its implementation in tandem with economic growth.

The SBST Programme was introduced under the National Land Public Transport Master Plan (2012 – 2030) with a focus on improving operator viability and expanding bus route coverage by migrating from the fare-box revenue collection model to the gross-cost service delivery model. The latter is a business model whereby stage bus operations would be financed by contractual income to be received from the Government based on agreed service level performance. The SBST Programme has been rolled out in the cities of Seremban, Kangar and Ipoh.

Key Supply Conditions and Dependencies

Implementation of a cohesive and holistic national transportation model promotes and strengthens the delivery of public transportation services

A comprehensive national transportation model consisting of integrated and coordinated plans is vital to strengthen agency collaboration in formulating integrated transportation policies. A national multi modal land public transport model will guide the assessment of current and future mobility demand based on trends in economic and demographic indicators. This model will also facilitate assessments for capacity requirements, which provides important data to agencies, local authorities and developers on the types of investments that are needed to deliver the required services. In addition, these plans will also assist ministries and agencies to better analyse land use and its potential effect on transportation system development.

In optimising land use and transportation infrastructure in urban areas, transit-oriented development should be promoted to generate higher income for public transport operators. Transit-oriented development is designed to optimise the utilisation of space, especially in urban areas and to attract private investment for commercial and residential purposes. Further, transit-oriented development will reduce traffic congestion and improve air quality, thus making cities more liveable.

Further, a cohesive and holistic transportation model will identify travel demand for different corridors in urban areas. Based on the travel demand assessment, identification of suitable modes, namely feeder bus,

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)


SMITH ZANDER

bus rapid transit, monorail, light rail transit, mass rapid transit and/or commuter systems can be appropriately determined for implementation.

In Malaysia, the National Land Public Transport Master Plan (2012 – 2030) was formulated to drive regulatory and industry reform. The National Land Public Transport Master Plan sets a 20-year timeline which targets to increase public transport modal share for urban areas from 16.4% in 2011 to 40.0% in 2030 and improve public transport access to rural areas. The National Land Public Transport Master Plan will act as a guide for the formulation of regional masterplans and the preparation of policy guidelines in areas such as travel demand management, transit-oriented development as well as integration and interchange development.

In addition, a new fare policy for all modes of public transport was initiated. In terms of industry reform, the SBST Programme was introduced in 2015 targeting to improve operator viability and expand bus route coverage by migrating from the fare-box revenue collection model to the gross-cost service delivery contract model. The myBAS service under the SBST Programme was rolled out in Seremban in 2015, and in Kangar and Ipoh in 2016 respectively.

Availability of bus drivers drives the ability for bus transportation services to provide continuous service to the public

Licensed bus drivers are hired by bus transport service providers to operate commercial buses that include stage and express buses. Bus drivers are licensed by the Road Transport Department of Malaysia and have to undergo the requisite training and assessments to obtain a license to operate heavy vehicles as well as an additional permit for the operation of public service vehicles. This limits the availability of bus drivers to individuals who have undergone the requisite training and have obtained the relevant qualifications that enable them to operate public service vehicles.

The provision of bus transportation services are central to the business of a typical bus operator and the provision of such services are largely reliant on the availability of skilled manpower qualified to operate the assets that enable such services. Similarly, the successful implementation of the expansion of such services be it in the way of frequency of services or new route additions will hinge on the availability of competent bus drivers qualified and capable of carrying out the functions the job entails.

Availability of buses are key to the potential expansion of the bus transportation services industry

Buses used as public service vehicles by bus operators for stage and express services to the public are governed by the laws and regulations relating to the provision of bus transport services in Malaysia. These guidelines include, but are not limited to, the required permits for imported buses and spare parts, certification by quality assurance authorities of relevant parts, certification of fitness for operation by relevant authorities, and the relevant permits required by the Road Transport Department of Malaysia.

Buses are assets critical to the operation of bus services by bus operators and are one (1) of the key constraints in the planning of the frequency of services as well as the distribution of services subject to the limits of concession agreements held by bus operators where relevant. The availability of buses is a key consideration for bus operators when considering route increasing frequency of services, new route additions, or upgrading existing assets earmarked for replacement.

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)


 SMITH ZANDER

Product/Service Substitution

The provision of public bus transportation systems involves the provision of public bus services, acquisition and maintenance of bus assets, bus terminal construction, bus terminal operations and management, and network planning and design.

Public bus transportation systems compete with other forms of public land transportation systems such as public rail transportation and taxi services. However, public bus transportation is differentiated from other public land transportation systems in terms of location of operations (i.e. terminal and bus stops), range and frequency of bus routes offered, pricing, and strength of asset base. Most stage bus operators are localised in nature, in that they specialise in offering intra-city routes in a single town or city. Express bus operators generally operate regionally where they offer inter-city travel across multiple states or regions.

Reliance and Vulnerability to Imports

The provision of public bus transportation services in Malaysia is not dependent on imports as public bus transportation services are primarily provided by local bus operators. Nevertheless, stage bus and express bus operators may be dependent on the imports of the bus assets used in the delivery of public bus transportation services.

Relevant Laws and Regulations

The relevant laws and regulations that govern public transportation service providers in Malaysia include, but are not limited to the following:

Commercial Vehicles Licensing Board Act 1987

The Commercial Vehicles Licensing Board Act 1987 provides for the licensing and regulation of commercial vehicles and for matters connected therewith. The Commercial Vehicles Licensing Board Act 1987 does not apply to any commercial vehicle which is subject to any law relating to tourism and the tourism industry. The Commercial Vehicles Licensing Board Act 1987 mandates the establishment of a commercial vehicles licensing board to be known as the Commercial Vehicles Licensing Board Peninsular Malaysia, Commercial Vehicles Licensing Board Sabah and Commercial Vehicles Licensing Board Sarawak. The commercial vehicles licensing board for the Federal Territory of Labuan shall fall under the purview of the Commercial Vehicles Licensing Board Sabah.

The Commercial Vehicles Licensing Board Act 1987 governs express bus and stage bus services, where an express bus is defined as a bus plying along the route approved by the Commercial Vehicles Licensing Board, with a timetable and fare table, for the carriage of passengers at separate fares on a service which contains no fare stages of less than 32 kilometres; and a stage bus is defined as a bus plying along a road approved by the Commercial Vehicles Licensing Board for the carriage of passengers on a service which contains fare stages with separate fares, timetable and schedule of fare for each fare stage.

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

SMITH ZANDER

Commercial Vehicles Licensing Board (Amendment) Act 2010

The Commercial Vehicles Licensing Board (Amendment) Act 2010 was passed to amend the Commercial Vehicles Licensing Board Act 1987. Under the Commercial Vehicles Licensing Board (Amendment) Act 2010, the Commercial Vehicles Licensing Board Act 1987 is deemed to be only applicable to Sabah, Sarawak and the Federal Territory of Labuan, and shall not be applicable to any commercial vehicles that are subject to any law relating to tourism or the tourism industry in Sabah, Sarawak and the Federal Territory of Labuan. Upon an appointed date, the Commercial Vehicles Licensing Board Act 1987 shall cease to apply to Peninsular Malaysia and the Commercial Vehicles Licensing Board Peninsular Malaysia will be dissolved.

Notwithstanding the non-application of the Commercial Vehicles Licensing Board Act 1987 to Peninsular Malaysia, all subsidiary legislation made or deemed to have been made or having effect under the Act and in force or having effect on the appointed date shall, in so far as they are not inconsistent with the Land Public Transport Act 2010 [Act 715], continue to be in force and have effect in Peninsular Malaysia as if they had been made under the Land Public Transport Act 2010 until they are amended, revoked or replaced by subsidiary legislation made under the Land Public Transport Act 2010.

The powers, rights, privileges, liabilities, obligations and duties which immediately before the appointed date were those of the dissolved Board shall be transferred to SPAD as from that date. All decisions, directions and notifications made or given by the dissolved Board in accordance with the Commercial Vehicles Licensing Board Act 1987 shall be deemed to have been made or given by SPAD under the Land Public Transport Act 2010 and shall continue in force until the decisions, directions and notifications are amended, revoked or replaced or until the date upon which they expire.

Suruhanjaya Pengangkutan Awam Darat Act 2010

Please refer to **Chapter 3 – Analysis of the Public Bus Terminal Services in Ipoh, Perak, Malaysia – Relevant Laws and Regulations** for details of the Suruhanjaya Pengangkutan Awam Darat Act 2010.

Land Public Transport Act 2010 [Act 715]

Please refer to **Chapter 3 – Analysis of the Public Bus Terminal Services in Ipoh, Perak, Malaysia – Relevant Laws and Regulations** for details of the Land Public Transport Act 2010 [Act 715].

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6 ANALYSIS OF THE RETAIL MARKET IN MALAYSIA

Introduction

This chapter provides an analysis of the retail market in Malaysia, as Perak Transit Berhad leases out commercial space at Terminal AmanJaya to retail tenants. The outlook and prospects of the retail market will serve as an indicator to the rental prospects of commercial space within Terminal AmanJaya.

Definition and Segmentation

The retail sector in Malaysia is an integral component of the nation's economy and the fourth largest contributor to GDP after oil and gas, agriculture and manufacturing. The retail landscape in Malaysia has transformed in the last decade with modern retail formats increasing in dominance over small family-owned and operated shops. The launch of large shopping malls has increased the lifestyle elements of shopping in Malaysia, with retail concepts carefully chosen to target specific consumer groups. Globalisation has also brought foreign players, franchises and new retail concepts into the retail market in Malaysia. In the Asia Pacific region, Malaysia has the largest share of foreign grocery retailers on its shores, with retailers such as Tesco and Aeon Big (formerly known as Carrefour), being the mainstays of the sector following the positive effects of liberalised business policies implemented in 1995.

The retail sector in Malaysia is led by large chains of hypermarkets and supermarkets, who are typically grocery retailers, which collectively contribute to approximately 15.0% of total retail earnings. The grocery retail segment also includes traditional retailers such as independent small grocers, and food, beverage and tobacco specialists. Major non-grocery retailers include mixed retailers and specialists providing apparel, health and beauty, home and garden, electronics and appliances and leisure and personal goods. Today, there are over 120 hypermarkets, 110 superstores and 110 departmental stores owned by local and foreign companies located nationwide in Malaysia.

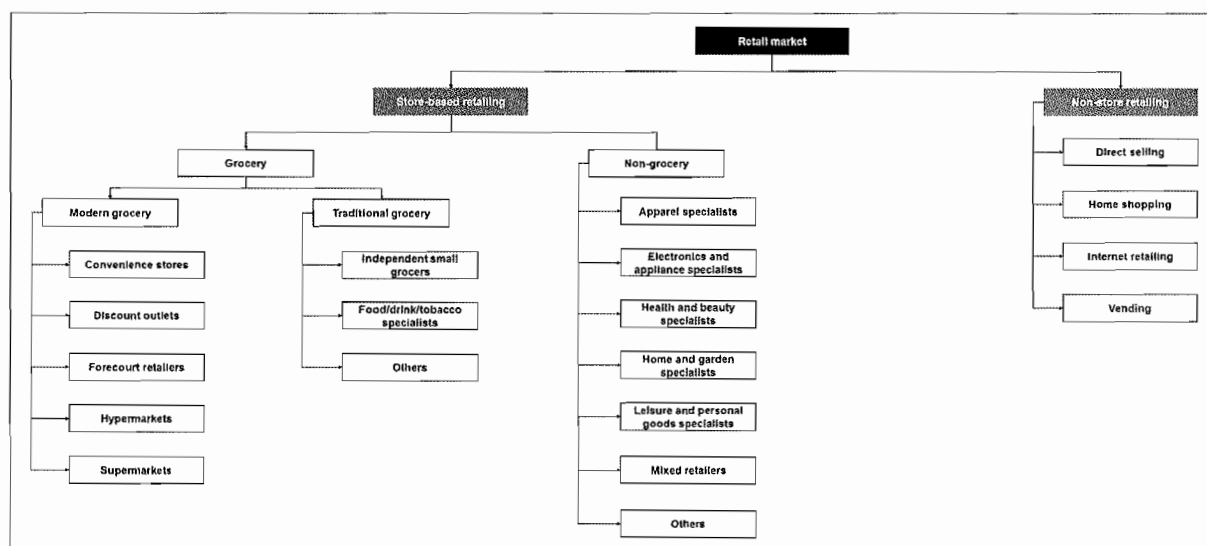
Technology has also been a key factor affecting retail sales and has broadened distribution channels, with internet-savvy youths and young adults contributing to growth in online retail transactions through various electronic commerce ("e-commerce") platforms. Internet retailing is appearing as a significant retail channel for non-grocery products and there are a large number of internet retailers that carry out business transactions via social media channels such as Facebook. Several large and established retailers are also responding to the growth of e-commerce by adding internet retailing as a distribution channel. By 2020, approximately 54.0% of Malaysia's population will be below the age 30, alluding to the fact that a large percentage of the population would have been raised in an environment where online transaction is the norm.

Despite the developments and transformation of the retail sector, retail spending per capita in Malaysia is still at a low RM3,154 (USD964) compared to South Korea (USD2,995), Taiwan (USD3,115) and Singapore (USD3,423), indicating its significant growth potential. While this disparity is partially due to differing income levels, it also indicates a need to encourage higher levels of spending by meeting rising consumer expectations, through modernisation, innovation and application of international retail best practices.

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

SMITH ZANDER

Retail market in Malaysia – market segmentation



Source: SMITH ZANDER analysis

Market Performance, Outlook and Prospects

The retail market in Malaysia, measured by the value of retail sales, grew from RM264.7 billion in 2011 to RM403.8 billion in 2016 at a CAGR of 8.8%. Retail sales in Malaysia is expected to grow from RM403.8 billion in 2016 to RM440.0 billion in 2019 at a CAGR of 2.9%.

Retail sales in Malaysia have been growing cautiously since the global financial crisis in 2008/09 as economic recovery boosted retail expenditure albeit at a slower pace with the majority of consumers exercising more prudence on non-essential household expenditure. Consumers are seen to be more price sensitive with regards to non-grocery items and purchasing decisions for these products are largely stimulated by sales and promotional activities organised by retailers. Thus, grocery-retailers in Malaysia have witnessed stronger retail sales growth despite economic fluctuations owing to the nature of grocery products being necessities.

Internet retail continues to witness strong growth as the number of consumers gaining access to the internet via various service providers has risen. Several large retailers have added internet sales as a distribution channel in an effort to reach time-pressed and internet-savvy consumers, changing the landscape of traditional retail sales in the country. Internet sales are still very much limited to non-grocery products which are non-perishable. Internet sales benefit consumers and retailers alike, allowing consumers to compare prices and widens purchasing options, while also allowing retailers to compete in product and channel categories in which they have not been traditionally involved in. While the outlook for internet retailing will continue to be positive over the forecast period, internet retailing will not overtake the dominance of store-based retail sales, rather remaining as a supplementary channel for retailers to secure sales.

The Government continues to intervene in the retail sector through various programmes aimed at aiding retailers and addressing consumer concerns regarding the rising cost of living. The Small Retailer Transformation Programme ("TUKAR") was initiated by the Government in 2011 under the ETP to aid small grocery retailers to increase competitiveness through the adoption of modern technology and efficient business processes. Under this initiative, large and major retailers such as Mydin, Tesco and Aeon Big have been drafted to share expertise and knowledge with participating "mom and pop" sundry shops

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

SMITH ZANDER

nationwide. TUKAR aims to upgrade 5,000 small retailers by 2020. According to the Performance Management and Delivery Unit ("PEMANDU"), an agency under the Prime Minister's Department, 2,216 stores underwent improvement under the TUKAR programme since it was launched in 2011.

In addressing consumer concerns regarding the rising cost of living, the Government has established the Kedai Rakyat 1Malaysia ("KR1M") under the 1Malaysia Initiative to assist the lower and middle income population. KR1M are operated as mini markets and offer over 250 basic necessity grocery items at discounted prices. KR1M serves the same consumer segment as hypermarkets and acts as a conduit for the Government to control prices and reduce the monopoly of products traditionally dominated by multinational manufacturers. Most of the items retailing in KR1M are packed in smaller pack sizes, thus ensuring its affordability among the lower and middle income consumers. KR1M also focuses on products manufactured by SMEs, and acts as a platform for the Government to support, enhance and expand SME profile in retail. There are presently over 185 KR1M outlets nationwide, largely concentrated in the west coast of Peninsular Malaysia.

The rising cost of living is driving more consumers to be cost conscious and thrifty spenders. As a result, private labels have emerged as a growing segment nationwide for grocery and non-grocery products. Private label products are largely available in major grocery retailers, where hypermarkets and supermarkets have the largest range of private labels that offer consumers economically priced products. Non-grocery retailers such as department stores are also expanding their brand options to include private labels to target consumers with different needs. The perception and acceptance level among consumers with regards to private labels is gradually shifting as many no longer perceive private labels to be inferior and cheap compared to the more well-known and popular multinational brands. The growing demand for private labels impacts pricing strategies for manufacturers of branded goods, driving down the prices of these goods as these branded goods manufacturers strive to remain competitive and appeal to a larger consumer segment.

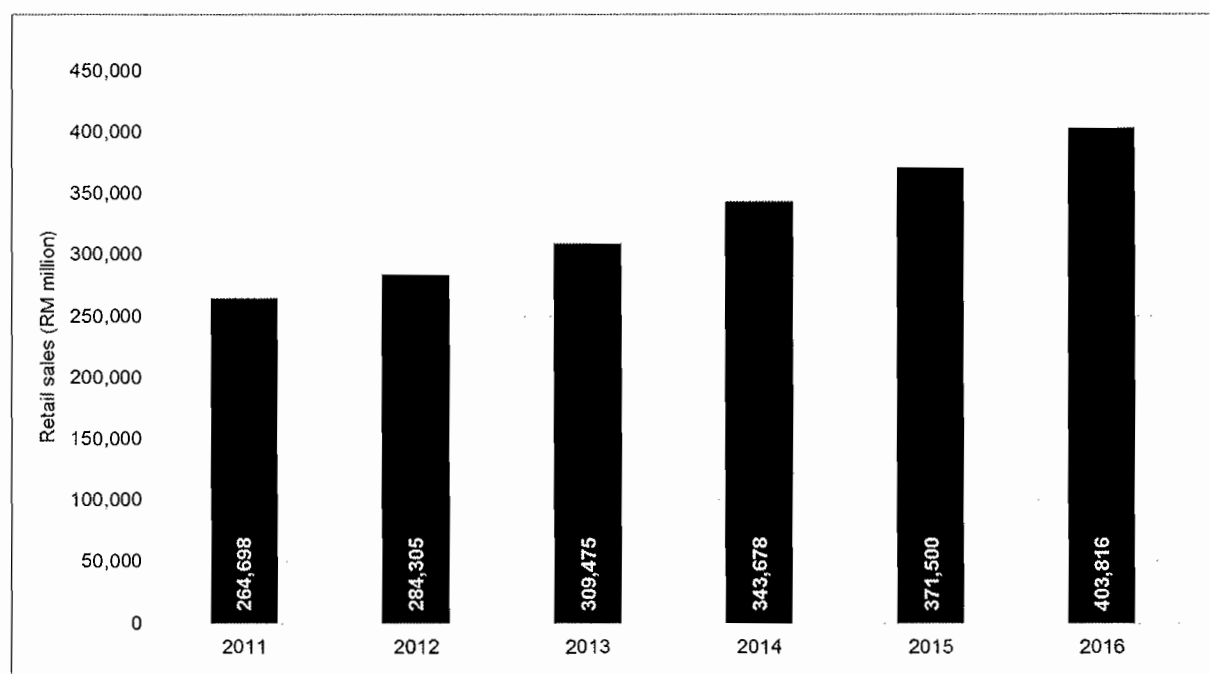
The retail market in Malaysia is traditionally fragmented, with retail sales in rural areas largely taking place in traditional retail channels such as independent grocery outlets while modern retail channels such as hypermarkets and supermarkets are more dominant in urban areas. However, this is gradually changing as a result of urbanisation, with retailers opening larger format outlets on the fringes of city centres in a bid to widen reach and respond to the increased demand for convenience by consumers. The broader Klang Valley region is anticipated to register significant growth in retail space with 40 new malls anticipated to come onstream by 2020. Of these 40 new malls, 12 of them will have an estimated 1.0 million square feet and above of net lettable area.

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IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

SMITH ZANDER

Retail market in Malaysia – growth in retail sales ^a



Source: Department of Statistics Malaysia, SMITH ZANDER analysis

Key Demand Drivers

Increasing disposable income of the population signifies growth potential for retail sales

Malaysia is an upper-middle income developing economy with aspirations to achieve developed status by the year 2020. GDP per capita increased from approximately RM28,733 in 2010 to RM34,951 in 2016 while PPP per capita income increased from approximately USD20,336 to USD27,234 during the same period. This increase in disposable income is leading to a rise in a more affluent population that has greater spending power, creating demand for basic necessities and non-essential products.

The ETP (2011 – 2020) was launched in an effort to promote Malaysia into an inclusive and sustainable high-income country by the year 2020. The ETP is a comprehensive initiative comprising 131 high impact projects under 12 economic focus areas that have the potential to stimulate economic growth. The implementation of the ETP will allow Malaysia to be closer to achieving its goal of raising the per capita disposable income of the population to approximately RM48,000 (USD15,000) by 2020. Malaysia's economy registered a 4.2% growth in 2016 supported by the continued expansion of domestic demand, which was primarily driven by the private sector. Private consumption year-on-year growth moderated to 6.1% in 2016 as households adjusted their spending due to the increasing cost of living, arising from fiscal reform measures such as the implementation of the Goods and Services Tax (GST) and administrative price adjustments, as well as the depreciation in the Ringgit against the United States Dollar. Private investment recorded a growth of 4.4% in 2016. In order to achieve a per capita income of RM48,000, the Government intends to attract RM1.4 trillion in investments which is expected to create 3.3 million jobs, of which 60.0% are expected to be in high value sectors under the 12 economic focus areas under the ETP.

The Government is keenly aware of the challenges faced especially by the middle income population, and has set forth initiatives and policies in favour of this group, to increase incomes and reduce living costs,

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)


SMITH ZANDER

both of which are goals of the Government and the ETP. The increasing disposable income of the population has the potential to contribute to higher retail sales in the country.

Higher tourist arrivals coupled with tourism receipts boost retail sales

Malaysia has a reputation as a leading tourism destination globally and tourism is the nation's fifth largest industry after oil, gas and energy, financial services, wholesale and retail and palm oil. Tourist arrivals increased from 24.6 million arrivals in 2010 to 26.8 million arrivals in 2016 at a CAGR of 1.4%, while tourism receipts have witnessed growth over the same period, increasing from RM56.5 billion to RM82.1 billion, registering a CAGR of 6.4%. The Government targets to grow tourist arrivals and tourism receipts to 36.0 million and RM168.0 billion respectively by 2020 under the Malaysia Tourism Transformation Plan 2020.

Malaysia is in a prime position to boost its tourism sector which is large and fast growing with a strong global competitive position. Malaysia's tourism growth has historically been predominantly reliant on growth in the number of tourist arrivals as opposed to yield per tourist. The yield per tourist in Malaysia of approximately RM2,260 is currently lower than its neighbouring countries, whereby Singapore registered RM3,106 and Thailand registered RM3,785. This is largely attributed to the lower average stay of tourists and lower spend per day in Malaysia, and Malaysia's dependence on arrivals from short-haul markets who ultimately spend less in the country. In this respect, the Government targets to increase yield per tourist to RM4,675 by 2020. In addition to targeting tourists from affluent countries, several other methods have been identified under the ETP to boost tourism growth potential. These efforts, among others, include positioning Malaysia as a duty-free shopping destination for tourist goods; establishing new premium outlets in Malaysia; establishing dedicated entertainment zones; expanding sports tourism offerings beyond event hosting; enhancing connectivity to priority medium-haul markets; improving rates, mix and quality of hotels; and establishing Malaysia as a leading business tourism destination.

The Government's efforts to boost tourism are bearing positive results as yields are gradually improving from the RM1,891 registered in 2004 to RM2,359 in 2011, the first year of ETP implementation, and RM2,544 in 2013. Greater growth in tourism arrivals and particularly tourism receipts will significantly and positively impact the retail market in Malaysia as retail sales are expected to increase on account of greater spending by tourists visiting Malaysia.

Greater Government-driven initiatives to propel the retail market in Malaysia and boost retail expenditure

The retail and wholesale sector is a major contributor to Malaysia's GNI and thus has been identified as one (1) of the 12 key economic focus areas under the ETP. The ETP (2011 – 2020) was launched in 2010 with the goal of promoting Malaysia into an inclusive and sustainable high-income country by the year 2020. The ETP is a comprehensive initiative comprising 131 high impact projects under 12 economic focus areas that have the potential to stimulate economic growth. The retail sector is a key driver of domestic consumption and plays a significant role in promoting economic growth.

Despite recent developments in the retail market, retail expenditure in Malaysia (RM3,154 or USD964) is lower compared to that in countries such as South Korea (USD2,995), Taiwan (USD3,115) and Singapore (USD3,423). While this disparity can be partially attributed to differing income levels, the Government of Malaysia intends to drive retail spending in achieving the targets under ETP. In achieving the GNI targets for the retail sector, the Government intends to improve access to finance, liberalise the retail sector through the opening up of restricted markets, streamlining set-up and expansion requirements, upgrading transportation infrastructure, and growing human capital. SMITH ZANDER views positively initiatives taken

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

SMITH ZANDER

by the Government of Malaysia via various economic plans and policies to boost the retail market in Malaysia.

Retail market in Malaysia – selected retail sector projects identified under ETP

Project	Target(s)	Highlight(s)
Increasing the number of large format stores	<ul style="list-style-type: none"> To increase available floor space by 50% from the current base of 1.4 million square metres, to establish 61 hypermarkets (5,000 square metres or more) and 163 superstores (3,000 to 4,999 square metres) within the next ten (10) years. Target GNI by 2020: RM8,514.2 million 	<ul style="list-style-type: none"> In 2014, five (5) new hypermarkets and six (6) superstores were set up nationwide by domestic and foreign players, meeting the yearly target.
Facilitating local businesses to acquire stakes in foreign retail businesses	<ul style="list-style-type: none"> To develop the retail sector further by facilitating the acquisition of stakes in foreign businesses. This will allow local retailers to retain a portion of the profits from foreign brands in Malaysia, as well as expand into international markets. Target GNI by 2020: RM1,031 million 	<ul style="list-style-type: none"> Two (2) foreign brands have been acquired since December 2010, with Bonia Corporation Bhd acquiring a 70% interest in JECO Pte Ltd, a licensee of Pierre Cardin leather goods in Singapore and a master licensee for Renoma in Singapore, Indonesia and Malaysia.
Making Malaysia duty-free	<ul style="list-style-type: none"> To become Asia's premier shopping hub and attract more foreign visitors, the Government is working towards removing import duties on goods that have high-elasticity and pent-up demand. This will capitalise on the growth potential for average tourist spend, as well as provide more retail choices to both tourists and locals. Target GNI by 2020: RM3,258.3 million 	<ul style="list-style-type: none"> Since the launch of ETP in 2010, the import duty on 328 goods, including apparel, shoes, jewellery, handbags and perfumes was abolished in 2011. The value of cost, insurance and freight on 328 goods reached RM6.972 billion as at December 2014, driven mainly by the strength of domestic consumption.
Organising unified Malaysia sales	<ul style="list-style-type: none"> To bring together more sectors of the economy – from retailers to food and beverage, hotels and travel providers – through the annual 1Malaysia Unified Sale to benefit consumers and the retail sector. Target GNI by 2020: RM1,776.9 million 	<ul style="list-style-type: none"> The 2014 1Malaysia Unified Sale featured 60 sub-sectors comprising 942 companies and 8,702 outlets and was held in conjunction with the mid-year Malaysian Mega Sales.

Source: ETP, PEMANDU, SMITH ZANDER analysis

7 PROSPECTS AND OUTLOOK FOR PERAK TRANSIT BERHAD

Malaysia

As Malaysia moves towards its goal of becoming an inclusive and sustainable high-income country by the year 2020, the demand for public transportation services is expected to increase. With a greater proportion of the population living in cities today than ever before, urban areas are expanding to include the fringes of city centres. Sustainable connectivity and ease of access are important considerations as these areas grow in size and can best be addressed with the implementation of a holistic public transportation infrastructure and services.

Public transportation and infrastructure such as buses, mass rapid transit systems, roads, railways, ports and utilities are key pillars as the country strives towards developed nation status by 2020. Additionally, certain urban areas have been identified for large scale development and public transportation systems upgrades indicating further growth potential for public transportation infrastructure and services. The most widely accessible modes of public transportation in Malaysia are stage bus and express bus services that serve municipal, regional and inter-state boundaries.

Total registered buses and passenger ridership serve as indicators of the extent of the development of the regional public bus transportation market in Malaysia, and also serve as indicators to support the growth in public bus terminal operations services, where:

- In 2016, the highest new registration for buses was witnessed in the stage bus and express bus categories with 266 new registrations and 88 new registrations respectively; and
- The annual ridership of stage buses in capital cities increased from 208.8 million passengers in 2012 to 224.7 million passengers in 2014 at a CAGR of 3.7%.

Key drivers that have influenced the growth in new registrations for express bus and stage bus services are the growth in passenger movement arising from increased economic and travel/leisure activities, greater urbanisation in small towns as well as Government initiatives to develop and regulate the public bus transportation system in Malaysia.

The demand and outlook for public bus transportation and public bus terminal services in Malaysia are positive, where key factors that influence growth prospects include socio-economic growth that creates demand for a robust and holistic public transportation system; growth prospects of the manufacturing and service industries that drive demand for public transportation systems and infrastructure; economic growth corridors that enhances the need for comprehensive public transportation systems and infrastructure development; increase in investments driving overall economic growth, and subsequently, demand for public transportation systems to increase mobility and accessibility; and Government initiatives to develop a holistic public transportation system in Malaysia.

The development of integrated transportation terminals which are equipped with various supporting infrastructure such as ticketing and public transport information, park and ride facilities as well as other public amenities and ancillary services are intended to provide comfort, safety, access to improved travel information and notification, as well as enhanced transportation network for passengers. Further, revenue from retail tenancies occupying integrated transportation terminals provides an additional revenue stream to terminal operators, supplementing income from the transportation business. The retail market in Malaysia, measured by the value of retail sales, grew from RM264.7 billion in 2011 to RM403.8 billion in 2016 at a CAGR of 8.8%. Retail sales in Malaysia is expected to grow from RM403.8 billion in 2016 to RM440.0 billion in 2019 at a CAGR of 2.9%.

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)


SMITH ZANDER

Under the 10MP, the Federal Government through SPAD, identified four (4) strategies that focused on strengthening the regulatory framework surrounding public transportation in Malaysia. These strategies included increasing transport capacity, promoting seamless connectivity and establishing a robust monitoring and enforcement mechanism. The National Land Public Transport Master Plan (2012 – 2030) was formulated to drive regulatory and industry reform. This masterplan sets a 20-year timeline which targets to increase public transport modal share for urban areas from 16.4% in 2011 to 40.0% in 2030 and to improve public transport access to rural areas. The 11MP lends support, focus and commitment to the National Land Public Transport Master Plan (2012 – 2030) which underlines the importance of its implementation in tandem with economic growth.

The SBST Programme was introduced under the National Land Public Transport Master Plan (2012 – 2030) with a focus on improving operator viability and expanding bus route coverage by migrating from the fare-box revenue collection model to the gross-cost service delivery model. The latter is a business model whereby stage bus operations would be supported by contractual income to be received from the Government based on agreed service level performance. The SBST Programme has been rolled out in the cities of Seremban, Kangar and Ipoh.

Northern Region

Connectivity and access between cities and areas of economic importance is important for moving human traffic between them as these areas grow in size and importance. Public transportation plays a vital role in creating competitive economies, and liveable, inclusive communities. Connectivity and access to these industrial corridors are important for moving human traffic to and from these places as these areas grow in size and importance. The most widely accessible modes of public transportation in Perak are stage and express bus services.

The state economy is projected to achieve a growth rate of 5.9% between 2016 and 2020 as outlined by the 11MP. In line with these projections, the State Government of Perak has highlighted its commitment to the development of public transportation as a key growth pillar in the Perak AmanJaya Plan and the Perak Industrial Development Action Plan. The Perak AmanJaya Plan identifies integrated public transportation services as a sub-key result area and suggests an approach that improves integration, access, reliability and comfort to increase its relevance in the public space. This plan recommends the implementation of a public-private joint initiative under the private finance initiative arrangement to ensure high quality services are delivered.

Total registered buses and passenger ridership serve as indicators of the extent of the development of the public bus transportation market in the Northern region, and also serve as indicators to support the growth in public bus terminal operations services in this region, whereby:

- Total registered buses in the Northern region increased from 12,243 buses in 2013 to 12,722 buses in 2014 at a CAGR of 3.9%; and
- Total annual passenger ridership of stage buses in capital cities in the Northern region grew from 21.2 million in 2012 to 26.5 million in 2014 at a CAGR of 11.7%.

In Perak, growth is being driven by socio-economic development in Perak that creates demand for a robust public transportation system which creates upside for bus transportation services in the state. As the State Government pursues growth in the various areas of industry, infrastructure development has been identified as one (1) of the key areas for improvement within the state. Logistics and transportation services in particular are critical facets of economic growth.

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

 SMITH ZANDER

The state of Perak is central to the operations of Perak Transit Berhad, as their stage bus operations are based in Kidd Road Bus Station and express bus services are based in Terminal AmanJaya, an integrated transportation terminal in Ipoh. Perak Transit Berhad's stage bus services extend to a catchment area that spans across the Kinta district of Perak, while its express bus services serve Cameron Highlands, Pahang, and Taiping, Perak. SMITH ZANDER notes that:

- Perak Transit Berhad operates its stage bus services in Ipoh from Kidd Road Bus Station. Perak Transit Berhad operates 40 bus routes that begin and terminate at Kidd Road Bus Station with service frequency varying between routes and times;
- In 2014, Perak Transit Berhad recorded an annual passenger ridership of 6,367,932 passengers for its stage bus services in Ipoh, based on figures submitted to SPAD for subsidies under the ISBSF. When compared to the total annual stage bus passenger ridership in Ipoh of 6,509,000 passengers as recorded by SPAD, Perak Transit Berhad achieved a stage bus passenger ridership market share of 97.8% in Ipoh, Perak;
- Terminal AmanJaya has been licensed by SPAD for terminal operations and gazetted by the Ipoh City Council as a station for public services vehicles (bus and taxi services);
- In 2014, SPAD released "*Pekeliling Suruhanjaya Pengangkutan Awam Darat Bil. 02 Tahun 2014: Operasi Perkhidmatan Bas Ekspres di Bandaraya Ipoh – Mengambil dan Menurunkan Penumpang Di Terminal AmanJaya*". This Circular was released as part of SPAD's goal of transforming land transportation and further improving the delivery of public transportation services to the public. By centralising express bus operations in Terminal AmanJaya, it is anticipated that passengers will be able to benefit in terms of comfort, safety, have access to improved travel information and notification as well as enhanced public transportation network;
- Terminal operations at Terminal AmanJaya began in September 2012, with the recording of passenger data commencing in March 2013. The total number of passengers recorded at Terminal AmanJaya, based on the number of ticket-purchasing passengers, was 760,740 in 2014, and rose to 842,907 in 2016 at a CAGR of 5.3%; and
- Perak Transit Berhad's segmental revenue for its integrated terminal complex operations has also demonstrated significant growth, rising from RM25.0 million in the FYE 31 December 2014 to RM37.0 million in the FYE 31 December 2016, at a CAGR of 21.7%.

Given the distribution and potential expansion of its services, socio-economic development in the state of Perak impacts the growth potential of Perak Transit Berhad. Projected growth in the Northern region is set to generate a multiplier effect that will benefit the Perak economy and will provide the bedrock for development across industries and sectors within the state. This projected growth trajectory will require supporting infrastructure and services developments such as public transportation services as an enabler for growth.

Summary

In light of these factors and the economic growth potential, the public transportation sector is expected to benefit and SMITH ZANDER believes that Perak Transit Berhad is well positioned to capitalise on these opportunities, particularly considering Perak Transit Berhad's strong presence in the public transportation market in Ipoh, Perak, where:

- Terminal AmanJaya has been licensed by SPAD for terminal operations and gazetted by the Ipoh City Council as a station for public services vehicles (bus and taxi services). SPAD has further released the

IMR REPORT ON THE PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK AND ADVERTISING, PUBLIC BUS TRANSPORTATION SERVICES AND RETAIL MARKETS IN MALAYSIA (CONT'D)

SMITH ZANDER

"Pekeliling Suruhanjaya Pengangkutan Awam Darat Bil. 02 Tahun 2014: Operasi Perkhidmatan Bas Ekspres di Bandaraya Ipoh – Mengambil dan Menurunkan Penumpang Di Terminal AmanJaya" which identifies Terminal AmanJaya as the location where all express bus services operating in Ipoh are mandated to pickup and drop off passengers, except in selected circumstances with written consent from SPAD;

- The total number of passengers recorded at Terminal AmanJaya, based on the number of ticket-purchasing passengers, was 760,740 in 2014, and rose to 842,907 in 2016 at a CAGR of 5.3%;
- Perak Transit Berhad's segmental revenue for its integrated terminal complex operations has also demonstrated significant growth, rising from RM25.0 million in the FYE 31 December 2014 to RM37.0 million in the FYE 31 December 2016, at a CAGR of 21.7%; and
- In 2014, Perak Transit Berhad recorded an annual passenger ridership of 6,367,932 passengers for its stage bus services in Ipoh, based on figures submitted to SPAD for subsidies under the ISBSF. When compared to the total annual stage bus passenger ridership in Ipoh of 6,509,000 passengers as recorded by SPAD, Perak Transit Berhad achieved a stage bus passenger ridership market share of 97.8% in Ipoh, Perak.

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors have seen and approved this Circular, and they collectively and individually accept full responsibility for the accuracy of the information contained in this Circular. The Directors confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, there are no false or misleading statements, or other facts which, if omitted, would make any statement in this Circular false or misleading.

2. CONSENTS**2.1 Adviser**

TA Securities, being the Adviser, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereon in the form and context in which they appear in this Circular.

2.2 Independent Market Researcher

SMITH ZANDER, being the Independent Market Researcher, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, IMR Report and all references thereon in the form and context in which they appear in this Circular.

3. CONFLICT OF INTERESTS**3.1 Adviser**

TA Securities has confirmed that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the adviser for the Proposals.

3.2 Independent Market Researcher

SMITH ZANDER, has confirmed that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Independent Market Researcher.

4. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, the Group is not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant, which may materially and adversely affect the financial position or business of the Group. The Board is not aware of proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Group.

5. MATERIAL COMMITMENT

As at the LPD, the Board is not aware of any material commitment incurred or known to be incurred by the Company or the Group, which may have material impact on the financial position of the Group.

6. CONTINGENT LIABILITIES

As at the LPD, the Board is not aware of any contingent liability incurred or known to be incurred by the Company or the Group, which may have material impact on the financial position of the Group.

FURTHER INFORMATION (CONT'D)

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office at D-3-7 Greentown Square, Jalan Dato' Seri Ahmad Said, 30450 Ipoh, Perak, during normal business hours (excluding public holidays) for the period commencing from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) the Memorandum and Articles of Association of Perak Transit;
- (ii) the audited consolidated financial statements of Perak Transit for the past 2 FYE 2015 to FYE 2016 and the unaudited consolidated financial statements of Perak Transit for the FPE 31 March 2017;
- (iii) the IMR Report;
- (iv) the letters of consent and conflict of interest as referred to in Sections 2 and 3 above; and
- (v) the draft Deed Poll.

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PERAK TRANSIT BERHAD

(Company No.: 831878-V)

(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Perak Transit Berhad (“**Perak Transit**” or the “**Company**”) will be held at Mersawa & Rengas Hall, Level 2, MU Hotel, No. 18, Jalan Chung On Siew, 30250 Ipoh, Perak Darul Ridzuan on Thursday, 24 August 2017 at 9.00 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit to pass the following resolutions, with or without any modifications:

ORDINARY RESOLUTION 1

PROPOSED BONUS ISSUE OF UP TO 114,294,800 NEW ORDINARY SHARES IN THE COMPANY (“PERAK TRANSIT SHARE(S)”) (“BONUS SHARE(S)”) TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF 1 BONUS SHARE FOR EVERY 10 EXISTING PERAK TRANSIT SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER (“PROPOSED BONUS ISSUE OF SHARES”)

“**THAT**, subject to all approvals being obtained from the relevant authorities in respect of the listing of and quotation for up to 114,294,800 Bonus Shares on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board of Directors of Perak Transit (“Board”) be and is hereby authorised to capitalise a total sum of up to RM11,429,480 from the share premium account of the Company, the details of which are set out in Section 2.1.2 of the Circular to shareholders of the Company dated 3 August 2017, for the purposes of the Proposed Bonus Issue of Shares;

THAT the Board be and is hereby authorised to apply such capitalisation sum and to issue up to 114,294,800 Bonus Shares to be credited as fully paid-up and such new Bonus Shares be allotted to the shareholders of the Company whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later by the Board (“Entitlement Date”), on the basis of 1 Bonus Share for every 10 existing Perak Transit Shares held in the Company on the Entitlement Date;

THAT the Board be and is hereby authorised to deal with any fractional entitlements from the Proposed Bonus Issue of Shares, if any, in such a manner at its absolute discretion as the Board may deem fit and expedient and in the best interest of the Company;

THAT the Bonus Shares will, upon allotment and issuance, rank *pari passu* in all respects with the existing Perak Transit Shares, except that the Bonus Share will not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid for which the entitlement date for the aforesaid distribution precedes the date of allotment and issuance of the Bonus Shares;

AND THAT the Board be and is hereby authorised to sign and execute all documents, do all acts, deeds and things as may be required to give effect to and to complete the Proposed Bonus Issue of Shares with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things for and on behalf of the Company in any manner as they may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue of Shares.”

ORDINARY RESOLUTION 2

PROPOSED ISSUANCE OF UP TO 571,474,000 FREE WARRANTS ("WARRANT(S)") ON THE BASIS OF 1 WARRANT FOR EVERY 2 PERAK TRANSIT SHARES HELD ON THE SAME ENTITLEMENT DATE AS THE PROPOSED BONUS ISSUE OF SHARES ("PROPOSED FREE WARRANTS ISSUE")

"THAT, subject to all approvals being obtained from the relevant authorities in respect of the admission to the Official List of the ACE Market of Bursa Securities and listing of and quotation for up to 571,474,000 Warrants on the ACE Market of Bursa Securities, the Board be and is hereby authorised to allot up to 571,474,000 Warrants to the shareholders of the Company whose names appear on the Record of Depositors of the Company on the same Entitlement Date as the Proposed Bonus Issue of Shares on the basis of 1 Warrant for every 2 existing Perak Transit Shares held;

THAT approval be and is hereby given to the Board to create and issue the Warrants based on the indicative principal terms of the Warrants as set out in the Circular to Shareholders of the Company dated 3 August 2017 and the terms and conditions of a deed poll to be executed by the Company ("Deed Poll");

THAT the Board be and is hereby entitled to deal with all or any of the fractional entitlement of the Warrants arising from the Proposed Free Warrants Issue, which are not validly taken up or which are not allotted for any reason whatsoever, in such manner as the Board may in their discretion deem fit and expedient;

THAT approval be and is hereby given to the Board to issue and allot such number of new Perak Transit Shares credited as fully paid-up arising from the exercise of the Warrants during the exercise period of the Warrants in accordance with the terms and conditions of the Deed Poll;

THAT such further new Perak Transit Shares to be issued arising from the exercise of the Warrants shall upon issuance and allotment, rank *pari passu* in all respects with the existing Perak Transit Shares, save and except the new Perak Transit Shares to be issued upon exercise of the Warrants will not be entitled to any dividends, rights, allotments and/ or other forms of distributions for which the entitlement is prior to the date of allotment and issuance of the new Perak Transit Shares to be issued pursuant to the exercise of the Warrants and that the Board is hereby empowered to obtain the approval from Bursa Securities for the listing of and quotation for the new Perak Transit Shares to be issued;

THAT the Board be and is hereby authorised to do all acts and things as they may consider necessary or expedient in the best interest of the Company including fixing the exercise price of the Warrants with full powers to assent to any condition, modification, variation and/ or amendments as may be required, or imposed by the relevant authorities, and to take all steps and to enter into all such agreement, arrangement, undertaking, indemnities, transfer, assignments and guarantee with any party or persons and to carry out any other matters as may be required to implement, finalise and give full effect to the Proposed Free Warrants Issue;

AND THAT the Board be and is hereby authorised to enter into and execute the Deed Poll constituting the Warrants and to do all acts, deeds and things as they may deem fit or expedient in order to implement, finalise and give effect to the Deed Poll."

**BY ORDER OF THE BOARD
PERAK TRANSIT BERHAD**

CHEAI WENG HOONG (LS 05624)
Company Secretary

Ipoh
Dated: 3 August 2017

Notes:

- a. A member of the Company entitled to attend and vote at the meeting may appoint any person to be his/her proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy shall have the same rights as the member to speak at the meeting.*
- b. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*
- c. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur not less than forty eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*
- d. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- e. Only members whose names appear in the Record of Depositors as at 18 August 2017 will be entitled to attend and vote at the meeting.*

PERAK TRANSIT BERHAD

(831878-V)
(Incorporated in Malaysia)

FORM OF PROXY

(Before completing the form please refer to the notes below)

No. of shares held	CDS Account No.

I/We _____ NRIC/Passport/Co. No. _____
(FULL NAME IN BLOCK LETTERS)
of _____ Tel No. _____
(ADDRESS)

being a member of **PERAK TRANSIT BERHAD**, hereby appoint:

Proxy 1 - Full Name in Block Letters	NRIC/Passport No.	No. of shares	% of shareholdings
Address:			

Proxy 2 - Full Name In Block Letters	NRIC/Passport No.	No. of shares	% of shareholdings
Address:			

or failing him/her, the Chairman of the Meeting, as my/our proxy(ies) to vote for me/us and on my/our behalf at the Extraordinary General Meeting of the Company to be held at Mersawa & Rengas Hall, Level 2, MU Hotel, No. 18, Jalan Chung On Siew, 30250 Ipoh, Perak Darul Ridzuan, Thursday, 24 August 2017 at 9.00 a.m. or at any adjournment thereof. My/our proxy(ies) shall vote as follows:

Ordinary Resolutions:		For	Against
1.	Proposed Bonus Issue of Shares		
2.	Proposed Free Warrants Issue		

(Please indicate with an "X" in the space provided on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy(ies) will vote or abstain at his/her/their discretion)

Dated this _____ day of _____, 2017.

Signature/Seal of Shareholder

NOTES:

- A member of the Company entitled to attend and vote at the meeting may appoint any person to be his/her proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy shall have the same rights as the member to speak at the meeting.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur not less than forty eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
- Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Only members whose names appear in the Record of Depositors as at 18 August 2017 will be entitled to attend and vote at the meeting.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar
Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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