COMPUGATES®

COMPUGATES HOLDINGS BERHAD

Registration No. 200401030779 (669287-H)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Compugates Holdings Berhad ("**CHB**" or the "**Company**") ("**EGM**" or "**Meeting**") will be held at Greens III Sports Wing, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 28 May 2025 at 10:45 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Twentieth Annual General Meeting of the Company which will be held at the same venue on the same day at 10:00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:-

ORDINARY RESOLUTION 1

PROPOSED JOINT VENTURE BETWEEN COMPUGATES DEVELOPMENT AND MINING SDN BHD ("CDMSB"), A 70%-OWNED SUBSIDIARY OF COMPUGATES HOLDINGS BERHAD ("CHB") AND CPG PUNCAK SDN BHD ("CPG") FOR THE DEVELOPMENT OF A PARCEL OF LEASEHOLD LAND IN SEPANG, SELANGOR ("DEVELOPMENT LAND") ("PROPOSED JOINT VENTURE")

"**THAT** subject to the approvals being obtained from the relevant authorities and/ or parties as set out in the joint venture agreement dated 31 January 2025 entered into between CDMSB, a 70%-owned subsidiary of CHB and CPG ("**JVA**"), approval be and is hereby given for CDMSB to undertake a multiple phased mixed-use development in accordance with the terms and conditions stipulated in the JVA.

AND THAT the Board of Directors of CHB, 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 the Proposed Joint Venture 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 in any manner as it may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Joint Venture."

ORDINARY RESOLUTION 2

PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES IN CHB (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME OVER THE DURATION OF THE ESOS ("PROPOSED ESOS")

"**THAT**, subject to the approvals of all relevant regulatory authorities being obtained, where required, approval be and is hereby given to the Board of Directors of CHB ("**Board**") for the listing of and quotation for such number of new CHB Shares, representing 15% of the total number of issued shares in CHB (excluding treasury shares, if any) ("**CHB Share(s)**") to be issued arising from the exercise of the options granted under the Proposed ESOS ("**ESOS Option(s)**"), approval be and is hereby given for the Board to:-

i. establish, implement and administer the Proposed ESOS during the duration of the ESOS for the eligible Directors and employees of CHB and its subsidiaries (the "**Group**") (excluding subsidiaries which are dormant, if any) who fulfil the eligibility criteria ("**Eligible Persons**") in accordance with the provisions of the by-laws governing the rules, terms and conditions of the Proposed ESOS ("**Bylaws**"), a draft of which is set out in Appendix II of the circular to the shareholders of CHB dated 9 May 2025 in relation to the Proposed ESOS ("**Circular**");

ii. determine the exercise price of the ESOS Options based on the terms and conditions set out in the Bylaws and allot and issue such number of new CHB Shares to the Eligible Persons from time to time as may be arising from the exercise of the ESOS Options, provided that the total number of new CHB Shares, which may be made available under the Proposed ESOS, shall not in aggregate exceed 15% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time over the duration of the Proposed ESOS;

iii. make the necessary applications and do all things necessary at the appropriate time or times to Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for the new CHB Shares, which may from time to time be allotted and issued arising from the exercise of the ESOS Options and that the new CHB Shares to be allotted and issued upon the exercise of the ESOS Options will, upon allotment and issuance, rank equally in all respects with the existing CHB Shares, save and except that such CHB Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distributions declared, made or paid to shareholders where the entitlement date of such distributions precedes the relevant date of allotment and issuance of such CHB Shares. The new CHB Shares allotted will be subject to all provisions in the Constitution of the Company and Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**"), if any;

iv. add, amend, modify and/ or delete all or any part of the terms and conditions as set out in the Bylaws governing the Proposed ESOS from time to time provided that such addition, amendment, modification and/ or deletion are effected in accordance with the provisions of the Bylaws, and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Proposed ESOS;

v. extend the duration of the Proposed ESOS for a period of up to another two (2) years, provided always that such extension of the Proposed ESOS made in accordance with the provisions of the Bylaws shall not in aggregate exceed a duration of four (4) years from the date the Proposed ESOS takes effect or such other period determined by the relevant authorities;

vi. do all things necessary and make the necessary applications to Bursa Securities for the listing of and quotation for new CHB Shares that may, hereafter from time to time, be allotted and issued under the Proposed ESOS; and

vii. to appoint and authorise a committee by the Board ("**ESOS Committee**"), which the Proposed ESOS will be administered in accordance with the Bylaws by the said ESOS Committee, who will be responsible for implementing and administering the Proposed ESOS. The members of the ESOS Committee shall comprise such number of Directors and/ or senior management personnel of the Group to be identified from time to time.

THAT the Board be and is hereby authorised to give effect to the Proposed ESOS with full power to assent to any conditions, modifications, variations and/ or amendments in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things as they may consider necessary and/ or expedient to implement, finalise and give full effect to the Proposed ESOS;

THAT pursuant to Section 85 of the Companies Act 2016 ("**Act**") read together with Clause 65 of the Constitution of the Company, the shareholders of the Company do hereby waive their pre-emptive rights to be offered new CHB Shares ranking equally to the existing issued CHB Shares arising from any issuance of new CHB Shares to the Eligible Persons pursuant to the Proposed ESOS;

AND THAT the draft Bylaws as set out in Appendix II of the Circular and which is in compliance with the Listing Requirements, be and is hereby approved and adopted."

ORDINARY RESOLUTIONS 3 TO 10

PROPOSED ALLOCATION OF ESOS OPTIONS TO THE ELIGIBLE DIRECTORS, MAJOR SHAREHOLDERS OF CHB AND PERSON CONNECTED TO THEM UNDER PROPOSED ESOS ("PROPOSED ALLOCATION")

"**THAT**, subject to the passing of the Ordinary Resolution 2 and the approval of the relevant authorities being obtained for the Proposed ESOS, including the approval from Bursa Securities for the listing and quotation for the new CHB Shares to be issued arising from the exercise of the ESOS Options, having been obtained, approval be and is hereby given to the Board to authorise the ESOS Committee, at any time from time to time throughout the duration of the Proposed ESOS, to offer and grant to the following Directors of CHB, ESOS Options to subscribe for new CHB Shares under the Proposed ESOS:-

No.	Name	Ordinary Resolutions
i.	Goh Kheng Peow (Substantial shareholder/ Chief Executive Officer)	Resolution 3
ii.	See Thoo Chan (Substantial shareholder/ Executive Director)	Resolution 4
iii.	Tan Sri Datuk Asmat Bin Kamaludin (Non-Independent Non-Executive Chairman)	Resolution 5
iv.	Mohamed Fauzi bin Omar (Non-Independent Non-Executive Director)	Resolution 6
v.	Goh Tai Wai (Non-Independent Non-Executive Director)	Resolution 7
vi.	Low Geok Eng (Independent Non-Executive Director)	Resolution 8
vii.	Tan Siew Li (Independent Non-Executive Director)	Resolution 9
viii.	Keane Goh Yan Han[*1]	Resolution 10

Note:

*[*1] Keane Goh Yan Han is the son of Goh Kheng Peow and See Thoo Chan, and the Group General Manager of CHB.*

Provided always that:-

i. he/ she must not participate in the deliberation or discussion of his/ her own respective allocation of ESOS Options as well as allocation to persons connected to him/ her;

ii. not more than 15% of the new CHB Shares which may be made available under the Proposed ESOS shall be allocated to him/ her, if he/ she, either singly or collectively through persons connected to him/ her, holds 20% or more of the total number of issued shares of CHB (excluding treasury shares, if any);

iii. not more than 70% of the total number of new CHB Shares which may be made available under the Proposed ESOS, in aggregate, to the Directors and Senior Management of the Company who are eligible Employees; and

iv. subject always to such terms and conditions and/ or any adjustments which may be made in accordance with the provisions of the Bylaws, the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authority, as amended from time to time;

THAT pursuant to Section 85 of the Act read together with Clause 65 of the Constitution of the Company, the shareholders of the Company do hereby waive their pre-emptive rights to be offered new CHB Shares ranking equally to the existing issued CHB Shares arising from any issuance of new CHB Shares to the above Directors of CHB Group pursuant to the Proposed ESOS;

THAT the Board be and is hereby authorised to allot and issue the corresponding number of new CHB Shares arising from the exercise of the ESOS Options that may be granted to any of the abovementioned interested Directors and employees of the Company under the Proposed ESOS;

AND THAT the Board be further authorised to do all such acts and things (including executing such documents as may be required) in the said connection and to delegate all or any of the powers herein vested in them to any Director(s) or any officer(s) of the Company to give effect to the Proposed Allocation with full power to assent to and to adopt and implement any condition, variation, modification and/ or amendment as may be necessary or expedient and/ or imposed by and/or agreed with the relevant authorities."

Explanatory Note to Ordinary Resolutions 2 to 9:-

Section 85(1) of the Act provides that:-

"Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders".

Clause 65 of the Company's Constitution states as follows:-

"Subject to any direction to the contrary that may be given by the Company in general meeting, any new shares or other convertible securities shall before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or other convertible securities to which they are entitled. The offer shall be made by notice specifying the number of shares or other convertible securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or other convertible securities offered, the Directors may dispose of those shares or other convertible securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares or other convertible securities which (by reason of the ratio which the new shares or other convertible securities bear to shares or other convertible securities held by persons entitled to an offer of new shares or other convertible securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution."

Pursuant to Section 85(1) of the Act read together with Clause 65 of the Constitution of the Company, the existing shareholders of the Company have pre-emptive rights to be offered new Shares in our Company in proportion to their shareholdings in the Company. By approving the resolution in relation to the Proposed ESOS which entails the allotment and issuance of new CHB Shares arising from the exercise of the ESOS Options in the Company which will rank equally with the existing issued Shares in the Company, the shareholders of the Company are deemed to have waived their pre-emptive rights pursuant to Section 85(1) of the Act and Clause 65 of the Constitution of the Company to be first offered the CHB Shares which will result in a dilution to their shareholding percentage in the Company.

By Order of the Board,

CHANG NGEE CHUANG (MAICSA 7077854)
(SSM PC NO. 201908001421)
JEREMY TAI YUNG WEI (MAICSA 7065447)
(SSM PC NO. 202308000580)

Company Secretaries
Kuala Lumpur
9 May 2025

Notes:-

A. Appointment of Proxy(ies)

(i) A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.

(ii) A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.

(iii) A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.

(iv) Where a member is an Authorised Nominee as defined under The Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

(v) The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the proxy form must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, Tricor Drop-in Box located at Unit G-2, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. In the case of electronic appointment, the proxy form must be deposited via TIIH Online at https://tiih.online. Please refer to the Annexure to the Form of Proxy for further information on electronic submission. All proxy form submitted must be received by the Company not less than 48 hours before the time set for holding the Meeting or any adjournment thereof or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

(vi) An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.

(vii) In respect of deposited securities, only members whose names appear on the Record of Depositors on 22 May 2025, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

(viii) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out in this Notice will be put to vote by way of poll.

Personal data privacy:-

By submitting form(s) of proxy appointing proxy(ies) or corporate representative(s) or attorney(s) to attend, participate (including to pose questions to the Board of Directors of the Company) and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxy(ies) or corporate representative(s) or attorney(s) appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) or corporate representative(s) or attorney(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) or corporate representative(s) or attorney(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) or corporate representative(s) or attorney(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

COMPUGATES®

Registration No. 200401030779 (669287-H)

Administrative Details for the

Extraordinary General Meeting ("EGM") of Compugates Holdings Berhad

Day, Date and Time	:	**Wednesday, 28 May 2025 at 10:45 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Twentieth Annual General Meeting of the Company which will be held at the same value on the same day at 10:00 a.m. or at any adjournment thereof.**
Meeting Venue	:	**Greens III Sports Wing, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan**

APPOINTMENT OF PROXY

Only members whose names appear on the Record of Depositors as at **22 May 2025** shall be eligible to attend, speak and vote at the EGM or appoint a proxy(ies) and/or the Chairman of the Meeting to attend and vote on his/her behalf.

Shareholders who appoint proxy(ies) to participate the EGM must ensure that the duly executed Form of Proxy are deposited in a hard copy form or by electronic means to Tricor no later than **Monday, 26 May 2025 at 12:00 p.m.**

The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner: -

(i) **In hard copy form**

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Drop-in Box located at Unit G-2, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) **By electronic form**

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to procedures below for electronic lodgement of proxy form.

	Procedure	Action
i.	**Steps for Individual Members**	
(a)	Register as a User with Tricor's TIIH Online website	• Using your computer, please access the website at https://tiih.online Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
(b)	Proceed with submission of Form of Proxy	• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. Select the corporate event: "**COMPUGATES HOLDINGS BERHAD EGM – Submission of Proxy Form**". • Read and agree to the Terms & Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. • Review and confirm your proxy(ies) appointment. • Print Form of Proxy for your record.

ii.	**Steps for Corporation or Institutional Members**	
(a)	Register as an User with Tricor's TIIH Online website	• Access TIIH online at https://tiih.online • Under e-Services, the authorised or nominated representative of the corporation or institutional member selects "**Create Account by Representative of Corporate Holder**". • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. *(Note: The representative of a corporation or institutional member must register as a user in accordance with the above steps before he/she can subscribe to this corporate member electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)*
(b)	Proceed with submission of Form of Proxy	• Login to Tricor's TIIH Online website at https://tiih.online • Select the corporate event: "**COMPUGATES HOLDINGS BERHAD EGM – Submission of Proxy Form**". • Read and agree to the Terms & Conditions and confirm the Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9:00 a.m. to 5:30 p.m. (except on public holidays): -

Tricor Investor & Issuing House Services Sdn. Bhd.
General Line : +603-2783 9299
Fax Number : +603-2783 9222
Email : is.enquiry@vistra.com
Contact persons :
Mohammad Khairudin : +603-2783 7973 Mohamad.Khairudin@vistra.com
Nurul Ainee : +603-2783 9265 Nurul.Ainee@vistra.com

COMPUGATES®

Registration No. 200401030779 (669287-H)

CIRCULAR REQUEST FORM

Dear Shareholder,

If you would like to receive a printed copy of the Circular, kindly fill in the details below and return the form to us via email to corporateaffairs@compugates.com. Alternatively, you can submit your request online through the Share Registrar's website at https://tiih.online. The hardcopy will be promptly dispatched upon receipt of your request.

Particular of Shareholder

Name:	
NRIC/Passport/Co. No.:	
CDS Account No.:	
Mailing Address:	
Tel No.:	
Date:	

Signature of Member:

You may also download the circular from the Company's website at https://www.compugates.com.

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, solicitor, accountant, bank manager or other professional adviser immediately.

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, valuation certificate and report, if any, and 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.

COMPUGATES®

COMPUGATES HOLDINGS BERHAD
Registration No. 200401030779 (669287-H)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PART A

I. PROPOSED JOINT VENTURE BETWEEN COMPUGATES DEVELOPMENT AND MINING SDN BHD ("CDMSB"), A 70%-OWNED SUBSIDIARY OF COMPUGATES HOLDINGS BERHAD ("CHB") AND CPG PUNCAK SDN BHD ("CPG") FOR THE DEVELOPMENT OF A PARCEL OF LEASEHOLD LAND IN SEPANG, SELANGOR ("DEVELOPMENT LAND") ("PROPOSED JOINT VENTURE"); AND

II. PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME ('ESOS") OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES IN CHB (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME OVER THE DURATION OF THE ESOS ("PROPOSED ESOS")

PART B

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF CHB IN RELATION TO THE PROPOSED JOINT VENTURE

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

UOBKayHian

UOB KAY HIAN SECURITIES (M) SDN BHD
Registration No. 199001003423 (194990-K)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser

MainStreet

MAINSTREET ADVISERS SDN BHD
Registration No. 200701032292 (790320-P)
(A licensed corporate finance advisory firm)

The Extraordinary General Meeting ("**EGM**") of the Company will be held at Greens III Sports Wing, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 28 May 2025 at 10:45 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Twentieth Annual General Meeting of the Company which will be held at the same venue on the same day at 10.00 a.m. or at any adjournment thereof. The Notice of EGM together with the Form of Proxy is enclosed in this Circular.

A member entitled to attend, participate and vote at the EGM is entitled to appoint a proxy or proxies to attend, participate and vote on his/ her/ its behalf. The completed and signed Form of Proxy should be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd in the following manner not less than forty eight (48) hours before the time for holding the EGM or at any adjournment thereof:

(i) In hard copy:
  (a) By hand or by post to the office of the 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, Wilayah Persekutuan Kuala Lumpur, Malaysia or alternatively, Tricor Drop-in Box located at Unit G-2, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia; or
  (b) By fax at 03-2783 9222 or e-mail to is.enquiry@vistra.com; or
(ii) By electronic form:
  (a) To submit Form of Proxy electronically via TIIH Online at https://tiih.online.

The lodging of the Form of Proxy shall not preclude you from attending, participating and voting at the EGM should you subsequently wish to do so and in such event, your Form of Proxy shall be deemed to have been revoked.

Last date and time for lodging the Form of Proxy : Monday, 26 May 2025 at 10.45 a.m.

Date and time of the EGM : Wednesday, 28 May 2025 at 10.45 a.m.

This Circular is dated 9 May 2025

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

"Act"	:	The Companies Act 2016
"Board"	:	The Board of Directors of CHB
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"Bylaw(s)"	:	The rules, terms and conditions governing the Proposed ESOS as may be amended, modified and/ or supplemented from time to time, the draft of which is set out in Appendix II of this Circular
"CCC"	:	Certificate of Completion and Compliance
"CDMSB" or the "Landowner"	:	Compugates Development and Mining Sdn Bhd
"CHB" or the "Company"	:	Compugates Holdings Berhad
"CHB Group" or the "Group"	:	CHB and its subsidiaries, collectively
"CHB Share(s)" or the "Share(s)"	:	Ordinary share(s) in CHB
"Circular"	:	This circular dated 9 May 2025 in relation to the Proposals
"CPG" or the "Developer"	:	CPG Puncak Sdn Bhd
"Development"	:	A multiple phased mixed-use development consisting of shophouses, service apartments, retail outlets and affordable development units on the Development Land
"Development Land"	:	A parcel of leasehold land measuring 14.50 hectares (35.83 acres) identified as H.S.(D) 13828, PT 26800, Mukim of Dengkil, District of Sepang, State of Selangor
"Director(s)"	:	The director(s) of CHB and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act, 2007
"Effective Date"	:	The implementation date of the Proposed ESOS, which is also a date on which all relevant requirements of Paragraph 6 of the Listing Requirements are fully complied with, including the approvals and/ or conditions referred to in the Bylaws thereof having been obtained and/ or complied with
"EGM"	:	Extraordinary general meeting
"Eligible Person(s)"	:	Eligible Directors (including non-executive Directors) and employees of the Group (excluding dormant subsidiaries, if any), as the case may be, who meet the eligibility criteria for participation in the Proposed ESOS as set out in the Bylaws
"EPS"	:	Earnings per share
"ESOS"	:	Employees' share option scheme

"ESOS Committee"	:	The committee consisting of Directors and/ or other persons as shall be appointed and duly authorised by our Board, to implement and administer the ESOS in accordance with the provisions of the Bylaws
"ESOS Option(s)"	:	The options to be granted to the Eligible Persons which may be exercised to subscribe for new Shares at the exercise price of the ESOS Options
"FPE"	:	Financial period ended/ ending
"FYE"	:	Financial year ended/ ending
"GDC"	:	Gross development cost
"GDV"	:	Gross development value
"GKP"	:	Goh Kheng Peow
"ICT"	:	Information and communication technology
"Interested Directors"	:	See Thoo Chan and Goh Tai Wai, collectively
"Interested Persons"	:	GKP, See Thoo Chan and Goh Tai Wai, collectively
"IVPS" or the "Valuer"	:	IVPS Property Consultant Sdn Bhd
"JVA"	:	Conditional joint venture agreement dated 31 January 2025 signed between CDMSB and CPG
"Keane Goh"	:	Keane Goh Yan Han
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	30 April 2025, being the latest practicable date prior to the printing and despatch of this Circular
"LTD"	:	30 January 2025, being the last trading day prior to the date of the announcement of the Proposals
"MainStreet" or the "Independent Adviser"	:	MainStreet Advisers Sdn Bhd
"Minimum Landowner's Entitlement"	:	The minimum landowner's entitlement of RM234 million that CDMSB will receive pursuant to the JVA, for contributing the Development Land for CPG to develop
"MFRS 2"	:	Malaysian Financial Reporting Standards 2
"NA"	:	Net assets attributable to the owners of the Company
"NBV"	:	Net book value
"Offer Date"	:	The date on which an offer is made by the ESOS Committee in writing to participate in the Proposed ESOS
"PAT/ (LAT)"	:	Profit/ (Loss) after taxation
"PBT/ (LBT)"	:	Profit/ (Loss) before taxation

"Proposals"	:	The Proposed Joint Venture and the Proposed ESOS, collectively
"Proposed ESOS"	:	Proposed establishment of an ESOS of up to 15% of the total number of issued shares in CHB (excluding treasury shares, if any) at any point in time over the duration of the ESOS to Eligible Persons
"Proposed Joint Venture"	:	Proposed joint venture between CDMSB and CPG for the development of the Development Land
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RPT"	:	Related party transaction pursuant to Paragraph 10.08 of the Listing Requirements
"UOBKH" or the "Adviser"	:	UOB Kay Hian Securities (M) Sdn Bhd
"Valuation Certificate"	:	The valuation certificate dated 3 February 2025 issued by the Valuer in respect of the Development Land
"Valuation Report"	:	Valuation report dated 3 February 2025 on the Development Land
"VWAP"	:	Volume weighted average price

All references to "**you**" or "**your(s)**" in this Circular are made to the shareholders of CHB, who are entitled to attend and vote at the EGM.

Unless specifically referred to, words denoting incorporating the singular shall, where applicable include the plural and vice versa and words denoting incorporating the masculine gender shall where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, 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 and date in this Circular shall be a reference to Malaysian time and date, respectively, unless otherwise specified. Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding adjustments.

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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposals. Shareholders are advised to read this Circular in its entirety for further details and not to rely solely on this Executive Summary in arriving at a decision on the Proposals before voting at the EGM.

Key information	Description	Reference to Circular
Summary of the Proposals	**Proposed Joint Venture** On 31 January 2025, CDMSB, a 70%-owned subsidiary of CHB, entered into the JVA with CPG to undertake a multiple phased mixed-use development consisting of shophouses, service apartments, retail outlets, and affordable development units on a parcel of commercial land held under H.S.(D) 13828, PT 26800, Mukim of Dengkil, District of Sepang, State of Selangor. The Minimum Landowner's Entitlement was arrived at between CDMSB and CPG on a willing buyer-willing seller basis, after taking into consideration the estimated GDV of the Development of RM1.36 billion, based on feasibility studies undertaken by CPG and CDMSB, and the agreed percentage of entitlement that CDMSB will receive for each type of development. **Proposed ESOS** The Proposed ESOS involves the granting of ESOS Options to Eligible Persons to subscribe for new CHB Shares on the terms and conditions as set out in the Bylaws at an exercise price which shall be determined at a later date. The maximum number of CHB Shares, which may be made available pursuant to the Proposed ESOS shall not exceed in aggregate 15% of the total number of issued shares (excluding treasury shares, if any) of CHB at any point in time over the duration of the Proposed ESOS.	Sections 2 and 3, Part A
Utilisation of proceeds	**Proposed Joint Venture** Given that CDMSB is a 70%-owned subsidiary of the Group, the future proceeds arising from the landowner's entitlement, illustrated through using 70% of the Minimum Landowner's Entitlement (i.e. RM163.80 million) to be received is intended to be utilised in the following manner:-	Sections 2.11 and 3.11, Part A

Details of utilisation	Timeframe for utilisation	RM'000	%
Expansion of the Group's property development segment	Within 24 months from the collection date of the landowner's entitlement for each respective phase of the Development	147,420	90.00
Working capital requirements of the Group's trading and services segment	Within 24 months from the collection date of the landowner's entitlement for each respective phase of the Development	16,380	10.00
Total		**163,800**	**100.00**

Key information	Description	Reference to Circular
	Proposed ESOS The actual amount of proceeds to be raised from the Proposed ESOS will depend on the number of ESOS Options granted and exercised at the relevant point of time and the exercise price payable upon the exercise of the ESOS Options, respectively. The proceeds arising from the exercise of the ESOS Options as and when received will be utilised for the working capital requirements of the Group, as well as business expansion which includes potential acquisitions and/ or investments in companies and/ or assets and/ or strategic collaborations, joint-ventures or alliances that are expected to create synergies and add value to the Group's existing business.	
Rationale and justifications for the Proposals	**Proposed Joint Venture** • The Proposed Joint Venture is undertaken as part of the Group's business plan to expand and grow its property development segment in order to provide the Group with an additional form of income, and to reduce the Group's reliance on its trading and services segment. • CDMSB is expected to derive a pro forma net gain of approximately RM83.08 million from the completion of the Proposed Joint Venture (with RM58.16 million attributable to the Group), in return for contributing the Development Land under the Proposed Joint Venture. • The landowner's entitlement to be received from the Development may provide the Group with greater financial flexibility in respect of financial allocation for the expansion of its property development segment and for its working capital requirements.	Section 4.1, Part A
	Proposed ESOS • to recognise and reward the Eligible Persons by giving recognition to their contributions and services that are considered vital to the operations, hence motivating employee performance to create sustainable growth and profitability for the Group; • to retain, motivate and reward the Eligible Persons by allowing them to participate in the Group's profitability and eventually realise any potential capital gains arising from possible appreciation in the value of CHB Shares upon disposal; • to align the interests of Eligible Persons with that of the shareholders through the achievement of the Group's objectives and plans; • to attract prospective employees with relevant skills and experience to the Group by making compensation packages offered more competitive; and • to foster and reinforce the Eligible Persons' loyalty and sense of belonging to the Group by enabling them to participate directly in the Company's equity, thereby incentivising the Eligible Persons to contribute more actively to the operations and future growth and success of the Group.	Section 4.2, Part A
Risk factors	The potential risk factors of the Proposed Joint Venture are as follows:- • Non-fulfilment of conditions precedent of the JVA; • Loss of opportunity; and • Compulsory acquisition by the Government of Malaysia.	Section 6, Part A

Key information	Description	Reference to Circular
Interests of directors, major shareholders, chief executive and/ or persons connected to them	**Proposed Joint Venture** Save as disclosed below, none of the Directors and/ or major shareholders of CHB and/ or persons connected to them have any interests, whether direct or indirect, in the Proposed Joint Venture:- (i) GKP; (ii) See Thoo Chan; and (iii) Goh Tai Wai. **Proposed ESOS** All Directors and chief executive are eligible to participate in the Proposed ESOS and are therefore deemed interested in the Proposed ESOS to the extent of their respective proposed allocation and the proposed allocations to persons connected to them, if any, under the Proposed ESOS.	Section 10, Part A
Board's recommendation	The Board (save for the Interested Directors), having considered all aspects of the Proposed Joint Venture including but not limited to the terms and conditions of the JVA, basis and justification in arriving at the Minimum Landowner's Entitlement, rationale, prospects, risk factors and financial effects of the Proposed Joint Venture, is of the opinion that the Proposed Joint Venture is in the best interest of the Company. The Board (save for the Interested Directors) recommends that you vote **IN FAVOUR** of the resolution pertaining to the Proposed Joint Venture to be tabled at the forthcoming EGM. The Board having considered all aspects of the Proposed ESOS, including but not limited to the terms and conditions and the rationale of the Proposed ESOS, is of the opinion that the Proposed ESOS is in the best interest of the Company. The Board also recommends that you vote **IN FAVOUR** of the ordinary resolutions pertaining to the Proposed ESOS to be tabled at the forthcoming EGM.	Section 14, Part A
MainStreet's recommendation	MainStreet is of the opinion that the Proposed Joint Venture is fair and reasonable and not detrimental to the non-interested shareholders of CHB. Accordingly, MainStreet recommends that the non-interested shareholders of CHB vote in favour of the resolution pertaining to the Proposed Joint Venture to be tabled at the forthcoming EGM	Part B

PART A

CIRCULAR TO THE SHAREHOLDERS OF CHB IN RELATION TO THE PROPOSALS

COMPUGATES®

COMPUGATES HOLDINGS BERHAD
Registration No. 200401030779 (669287-H)
(Incorporated in Malaysia)

Registered Office

No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
Malaysia

9 May 2025

Board of Directors

Tan Sri Datuk Asmat Bin Kamaludin *(Non-Independent Non-Executive Chairman)*
See Thoo Chan *(Executive Director)*
Goh Tai Wai *(Non-Independent Non-Executive Director)*
Mohamed Fauzi Bin Omar *(Non-Independent Non-Executive Director)*
Tan Siew Li *(Independent Non-Exexcutive Director)*
Low Geok Eng *(Independent Non-Executive Director)*

To: The shareholders of CHB

Dear Sir/ Madam,

I. PROPOSED JOINT VENTURE; AND
II. PROPOSED ESOS

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

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1. INTRODUCTION

On 31 January 2025, UOBKH had, on behalf of the Board, announced that:-

(i) the Company's 70%-owned subsidiary, CDMSB had entered into a JVA with CPG for the development of a parcel of leasehold land measuring 14.50 hectares (35.83 acres) identified as H.S.(D) 13828, PT 26800, Mukim of Dengkil, District of Sepang, State of Selangor; and

(ii) the Company proposes to undertake the establishment of an ESOS of up to 15% of the total number of issued shares in CHB (excluding treasury shares, if any) at any point in time over the duration of the ESOS to Eligible Persons.

The Proposed Joint Venture is deemed as an RPT under Paragraph 10.08 of the Listing Requirements in view that the Proposed Joint Venture involves the interests of the Interested Persons. Pursuant thereto, the Board (save for the Interested Directors) had on 5 March 2024 appointed MainStreet, to act as the Independent Adviser to advise the non-interested shareholders of CHB as to whether the Proposed Joint Venture is fair and reasonable so far as the non-interested shareholders of the Company are concerned, and whether the Proposed Joint Venture is to the detriment of the non-interested shareholders of CHB, details of which are set out in Part B of this Circular. Please refer to **Section 10.1, Part A** of this Circular for details on the interests of directors, major shareholders and/ or persons connected with them.

On 28 April 2025, UOBKH had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 28 April 2025, resolved to approve the listing of and quotation for such number of CHB Shares, representing up to 15% of the total number of issued shares (excluding treasury shares of CHB, if any) that may be issued pursuant to the Proposed ESOS on the Main Market of Bursa Securities subject to the conditions as set out in **Section 9, Part A** of this Circular.

Details of the Proposals are set out in the ensuing sections of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

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

2. DETAILS OF THE PROPOSED JOINT VENTURE

On 31 January 2025, CDMSB entered into the JVA with CPG to undertake a multiple phased mixed-use development consisting of shophouses, service apartments, retail outlets, and affordable development units on the Development Land.

Pursuant to the Proposed Joint Venture, CDMSB as the Landowner, will contribute the Development Land and CPG as the Developer, will undertake the Development. CDMSB shall grant their irrevocable consent to CPG, as the developer for the Development, to undertake the planning, construction, project management and sale of the entire Development at CPG's own costs and expenses, subject to the terms and conditions as stated in the JVA. Please refer to **Appendix I** of this Circular for the salient terms of the JVA.

2.1 Information on the Development

A summary of the proposed Development is set out as follows:-

Developer	:	CPG Puncak Sdn Bhd
Landowner	:	Compugates Development and Mining Sdn Bhd
Land area size	:	145,000 square metres
Proposed type of development	:	Multiple phased mixed-use development consisting of shophouses, service apartments, retail outlets and affordable housing over 8-9 development phases
Estimated commencement date of construction	:	The Development is expected to commence in the first half of 2026, subject to CDMSB and CPG obtaining the necessary approvals stipulated in the JVA
Estimated completion date	:	The final phases of the Development are expected to be completed by the second half of 2039
Estimated GDV	:	RM1.36 billion[*1]
Estimated GDC	:	RM741.68 million[*1]
Minimum Landowner's Entitlement	:	RM234.00 million

Note:-

*[*1]* *The estimated GDV and GDC is based on feasibility studies undertaken by CPG and CDMSB. The estimated GDV takes into consideration the types of development units, average selling price per square foot and comparable residential and commercial developments within the vicinity of the Development Land. The estimated GDC includes the construction costs comprising piling works, building works, mechanical and electrical works, structural and architectural works as well as external works and development costs comprising mainly project management fees, authority and utilities fees.*

In conducting the feasibility studies, the appointed property consultants have assumed that plots 1 and 2 of the Development has a net sellable area of 218,100 square feet and 95,221 square feet, respectively, while the remaining plots of the Development have a building efficiency of 70%, whereby 70% of the proposed floor area may be sold. Through an assessment of the selling prices of comparable developments in the surrounding areas of the Development Land (i.e. Cyberjaya, and Kota Warisan, Selangor), the appointed property consultants have adopted an estimated selling price of RM570 to RM600 per square foot for the Development, in arriving at the estimated GDV of RM1.36 billion. The appointed quantity surveyor has also assessed the proposed plot ratio of the phases of the Development, the estimated costs of other development projects in Cybersouth, Dengkil, and the proposed type of development for each plot, and have adopted an estimated construction cost per square foot of RM182 to RM224 per square foot for the Development, in arriving at the estimated GDC of RM741.68 million. In arriving at their assessment of GDV and GDC, the appointed property consultants and quantity surveyor have not assessed the number of units to be developed given that such information has not been determined. Instead, the appointed property consultants and quantity surveyor have assessed the proposed plot ratio of the Development, in determining the estimated GDV and GDC of the Development.

At this juncture, the name of the Development has not yet been determined. For the avoidance of doubt, there will be no joint venture company to be incorporated for the purposes of the Proposed Joint Venture. Additionally, CDMSB as the Landowner of the Development Land is not expected to incur any financial commitment, and is not required to finance nor contribute to the development cost of the Development. CPG as the Developer shall bear the development cost in relation to undertaking the Development.

The development plan for the Development has not been finalised by CPG at this Juncture, and the number of units proposed under the Development has not been confirmed. However, based on a feasibility study conducted by CPG and CDMSB, the Development is proposed to have the following details:-

Type	**Land Area (square metres)**
Double-storey shop/ office	58,794
Mixed development of double-storey shop/ office and service apartment with 2 carparks	23,533
Service apartment with 2 carparks	49,293

For information purposes, the development plan for the Development is expected to be finalised and submitted by the Developer to the relevant authorities (such as Majlis Perbandaran Sepang and the Sepang Land Office) upon the fulfilment of the conditions precedent of the JVA, targeted to be in the second half of 2025, subject to the fulfilment of the conditions precedents of the JVA. Barring any unforeseen circumstances, the Developer expects the planning permission for the Development to be obtained within six months from the date of submission to the relevant authorities (estimated to be in the first quarter of 2026). The Developer will also make the relevant submissions to other authorities, which include but not limited to, Indah Water Konsortium, Tenaga Nasional Berhad and the Department of Irrigation and Drainage for their respective approvals for the Development. Subsequently, the Development is envisaged to commence immediately upon the Developer obtaining all the necessary approvals from the relevant authorities which is estimated to be in the second quarter of 2026, and to be developed over an estimated period of 13 years, with a further automatic extension of 3 years and/ or any further extension to be agreed upon between CDMSB and CPG. Accordingly, the Development is estimated to be completed by the second half of 2039.

For information purposes, assuming that the Development commences in the second quarter of 2026 (using May 2026 as an illustration), the Development is anticipated to have the following timeline:-

Milestone	Proposed development type[*1]	Estimated duration/ timing of commencement	Receipt of Landowner's entitlement
Commence development of plots 1 and 2	Shophouse/ office	3 years/ commencing by May 2026	1 month from completion (i.e. June 2029)
Commence development of plots 3 and 4	Service apartment, highrise commercial space, shophouse/ office	3 years/ commencing by June 2029	1 month from completion (i.e. July 2032)
Commence development of plots 5 and 6	Shophouse/ office	3 years/ commencing by July 2032	1 month from completion (i.e. August 2035)
Commence development of plots 7, 8 and 9	Service apartment and/ or highrise commercial space	3-4 years/ commencing by August 2035	1 month from completion (i.e. September 2039)

Note:-

[*1] *The timing for the development of the affordable housing portion of the Development will be determined by CPG at a later date upon finalisation of the development plan.*

Landowner's Entitlement

Pursuant to the Proposed Joint Venture, CDMSB as the Landowner of the Development Land shall be entitled to a landowner's entitlement, being a share of the Development's estimated GDV in the proportion as follows:-

Type of development	Landowner's entitlement from the GDV[*1] (%)
Shophouse development	22.00
Service apartments and/ or highrise commercial space	18.00
Retail outlet and space below highrise	20.00
Affordable development	TBC[*2]

Notes:-

[*1] *The landowner's entitlement for each type of development was determined between CPG and CDMSB after assessing the estimated potential GDV and the risks associated with each type of development. For the development of service apartments and highrise commercial space, the development process is more complex with higher risks on the Developer, given that the structure is higher, with more mechanical & electrical systems (e.g. elevators, heating, ventilation, etc.) to be constructed. As such, the landowner's entitlement portion is lower as compared to shophouse developments, which are less complex and have a lower risk during development.*

[*2] *In respect of any affordable development component within the shophouse development, service apartments and/ or highrise commercial space, or retail outlet and space below highrise, the landowner's entitlement is to be mutually agreed upon between CDMSB and CPG at a later date based on the amount of profits generated from the affordable development.*

As agreed between CDMSB and CPG in the JVA, the landowner's entitlement to be received by CDMSB shall not be lower than the Minimum Landowner's Entitlement of RM234.00 million. However, in the event that the GDV of the Development exceeds the amount estimated by CPG of RM1.36 billion, CDMSB may receive a higher amount of landowner's entitlement based on the percentages as shown above. Given that the Development is to be undertaken over a period of 13 years, CDMSB may recognise its landowner's entitlement progressively throughout this period upon the completion of the respective phases of the Development.

Pursuant to the JVA, CDMSB may accept payment of the landowner's entitlement in either of the following manners:-

i. **Cash payment** – CDMSB may accept payment of the landowner's entitlement in cash, whereby the value of landowner's entitlement will be calculated based on the launching price of the respective properties in accordance with the percentages set out in the table above; or

ii. **Properties in kind** – CDMSB may accept payment of the landowner's entitlement in properties in kind, whereby CDMSB and CPG shall mutually agree on the type and number of properties allocated to CDMSB, which CDMSB may later sell. To determine the value of the properties allocated to CDMSB, CDMSB and CPG may appoint an independent valuer to assess and ascribe a value to the number and type of properties allocated, in order to ensure that CDMSB receives a value above or equal to the Minimum Landowner's Entitlement.

Notwithstanding the method of payment of the landowner's entitlement, the total value of such payment shall in no event be less than the Minimum Landowner's Entitlement.

The Board (save for the Interested Directors) had decided to undertake the Proposed Joint Venture instead of an outright sale of the Development Land after taking into consideration that CDMSB may obtain a higher return for the Development Land through the Minimum Landowner's Entitlement, as opposed to an outright sale of the Development Land. For information purposes, the Minimum Landowner's Entitlement of RM234.00 million represents a premium of RM99.40 million or 73.85% to the market value of the Development Land of RM134.60 million as ascribed by the Valuer.

The Board (save for the Interested Directors) takes cognisance that the Minimum Landowner's Entitlement is expected to be received over a period of 13 years, and have also considered whether the Proposed Joint Venture will be more value accretive to the Group as opposed to an outright sale of the Development Land after 13 years. Notwithstanding that there is a possibility that the market value of the Development Land may appreciate to RM234.00 million (being the Minimum Landowner's Entitlement) over the duration of the Development, such appreciation is uncertain and is subject to numerous factors such as the performance of the property market in Malaysia and in Cybersouth, Dengkil, the performance of the Malaysian economy, etc., which are factors that cannot be forecasted at this juncture. Conversely, the Proposed Joint Venture, via the Minimum Landowner's Entitlement, enables the Group to secure a premium on the Development Land of 73.85% to its current market value.

Additionally, given that the actual landowner's entitlement to be received by CDMSB is based on a percentage of the GDV of the Development (as shown above in **Section 2.1, Part A** of this Circular), any appreciation to the market value of land in Cybersouth, Dengkil, may also result in an increase to the GDV of the Development. Correspondingly, this may result in an increase in the actual landowner's entitlement that CDMSB will receive pursuant to the Development.

Further, in view that CDMSB expects to receive the landowner's entitlement from the Development gradually across the 13-year period upon commencement of the Development, the management of CHB has computed the indicative present value of the Minimum Landowner's Entitlement in order to compare against the market value of the Development Land. Based on the management of CHB's computations, the indicative present value of the Minimum Landowner's Entitlement amounts to RM138.30 million ("**Indicative Present Value**"), representing a premium of 2.75% to the Market Value of the Development Land of RM134.60 million. The Indicative Present Value was computed on the assumption that the Development is completed by the second half of 2039, the first landowner's entitlement payment is received by the first half of 2029, and based on a discount rate of 5.467%[*1].

Note:-

[*1] *For the purposes of determining the discount rate of 5.467% used to compute the Indicative Present Value of the Minimum Landowner's Entitlement, the management of CHB has taken the average Weighted Average Cost of Capital ("**WACC**") of property development and construction companies listed on Bursa Securities with similar market capitalization and size, extracted from Bloomberg. The management of CHB has utilised this to determine the discount rate as opposed to the WACC of CHB, given that CHB's main business and revenue contributor is its trading and services business, and CHB has not invested significant equity or debt in its property development segment thusfar.*

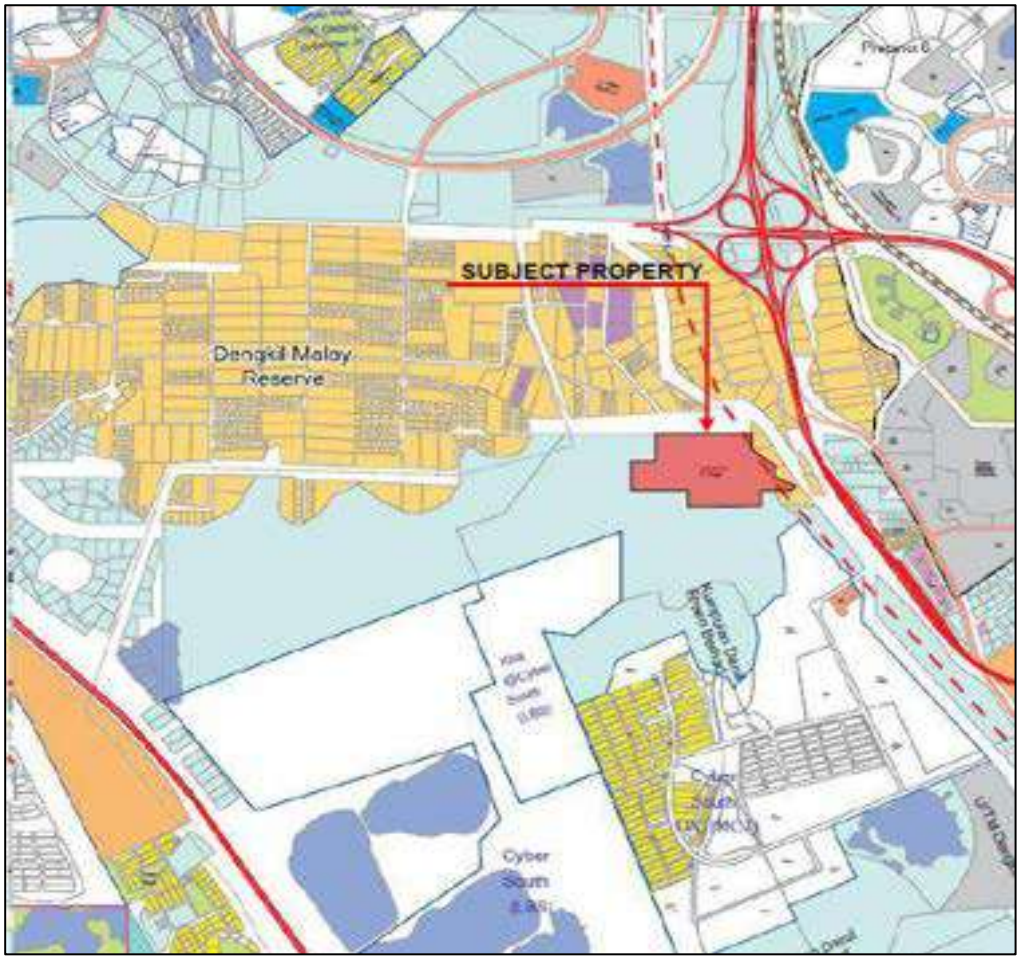
Further, the funds to be received from the landowner's entitlement are intended to be channelled mainly towards the expansion of the Group's property development segment, with the objective to reduce the Group's reliance on its trading and services segment and improve the Group's overall financial performance. Further details of the utilisation of proceeds from the landowner's entitlement are set out in **Section 2.11, Part A** of this Circular. Taking into consideration of the above, the Board (save for the Interested Directors) opines that undertaking the Proposed Joint Venture is more value accretive to the Group compared to an outright sale of the Development Land, as it enables the Group to secure a premium on the Development Land at this time, while also generating income which the Group can utilise for its business operations.

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2.2 Information on the Development Land

The Development Land is located within the sub-urban area of Cyberjaya situated in the Mukim of Dengkil, District of Sepang, State of Selangor. The Development Land is accessible from the city centre via Lebuhraya Kuala Lumpur – Putrajaya ("**MEX**"), Lebuhraya Sungai Besi, Lebuhraya Damansara Puchong, Elite Highway and the South Klang Valley Expressway. The immediate surrounding of the Development land consist of mainly undeveloped vacant lands, terrace houses, apartments, condominiums, shophouses and offices. Notable landmarks located nearby include the UiTM Dengkil Campus, Royal Malaysia Custom Dengkil, and the Kuala Lumpur International Airport (KLIA & KLIA 2) is located approximately 25 kilometers south of the subject property.

The Development Land currently houses a sales gallery for the Development, two vacant double storey concrete building, four vacant single storey concrete buildings, a pump house, and a guard house. These existing structures, save for the sales gallery, will be demolished by the Developer upon commencement of the Development. For avoidance of doubt, the Group has not generated any form of revenue (i.e. rental) from the Development Land to date.



The salient information on the Development Land is as follows:-

Legal description of title.	:	HS(D) 13828, PT 26800, Mukim of Dengkil, District of Sepang, Selangor Darul Ehsan
Mukim / district / state	:	Mukim of Dengkil, District of Sepang, Selangor Darul Ehsan
Surveyed land area	:	14.50 hectares (145,000 square metres/ 1,560,766 square feet)
Term of tenure	:	99 years leasehold interest expiring on 21 May 2103
Registered owner	:	CDMSB
Encumbrances	:	Nil
Express condition	:	*"Bangunan Perniagaan"*
Category of land use	:	Building
Restriction-in-interest	:	"Tanah yang diberi milik ini tidak boleh dipindah milik, dipajak atau digadai melainkan dengan kebenaran Pihak Berkuasa Negeri"
Caveats	:	A private caveat was entered by Main Uptown Sdn Bhd vide Presentation No. 001B54272/2015, registered on 22 October 2015[*1]
Audited NBV as at 31 December 2024	:	RM93.63 million
Material date of valuation	:	31 December 2024
Market value[*2]	:	RM134.60 million

Notes:-

[*1] *The caveat is no longer valid as at the LPD.*

[*2] *In arriving at the market value of the Development Land, IVPS has appraised the Development Land using the comparison method on the assumption that it is a piece of vacant industrial land whereby no planning approval has been obtained from the relevant authorities. Hence, other methods of comparison are not applicable.*

Under the comparison approach, the Development Land's market value is determined by comparing it with recent sales and/ or listing of similar properties in the vicinity, or if not available, within similar localities. Given that no two properties are often identical, adjustments were made for differences in factors such as location, physical characteristics and time element. Professional judgement was called upon in interpreting available data and making the adjustments.

Based on the preliminary plan and feasibility study conducted by the Developer and CDMSB, the estimated GDV of the Development is approximately RM1.36 billion and the estimated project cost is approximately RM741.68 million to be fully borne by the Developer. Through the Development, CDMSB will be entitled to a share of the GDV derived from the Development, amounting to RM234.00 million (being the Minimum Landowner's Entitlement) or higher in the event the actual GDV of the Development exceeds the estimated value of RM1.36 billion, computed in the manner set out in **Section 2.1, Part A** of this Circular. The landowner's entitlement from the Proposed Joint Venture is expected to be recognised by CDMSB progressively, following the completion of each respective phase of the Development.

2.3 Information on the parties

2.3.1 Information on CDMSB

CDMSB was incorporated in Malaysia on 18 September 2008 under the Companies Act, 1965 (and is deemed registered under the Act) as a private limited company. As at the LPD, the issued share capital of CDMSB is RM100.00 comprising 100 ordinary shares. The principal business activity of CDMSB is property investment holding and property development.

As at the LPD, the directors and shareholders of CDMSB and their direct shareholdings in CDMSB are set out below:-

Name	Designation	Nationality/ Place of incorporation	No. of shares	%
GKP	Director	Malaysian	-	-
Datin Sabariah binti Dahlan	Director/ Shareholder	Malaysian	20	20.00
Compugates Marketing Sdn Bhd[*1]	Shareholder	Malaysia	70	70.00
Lim Kok Leong	Shareholder	Malaysian	10	10.00

Note:-

*[*1] For shareholders' information, Compugates Marketing Sdn Bhd is a wholly-owned subsidiary of CHB.*

2.3.2 Information on CPG

CPG was incorporated in Malaysia on 16 February 2022 under the Act as a private limited company. As at the LPD, the issued share capital of CPG is RM100.00 comprising 100 ordinary shares. As at the LPD, CPG does not have any convertible securities. The principal activities of CPG are the construction of residential buildings and non-residential buildings.

As at the LPD, CPG has no subsidiary and no associate company.

As at the LPD, the directors and shareholder of CPG and their direct shareholdings in CPG are set out below:-

Name	Designation	Nationality/ Place of incorporation	No. of shares	%
Chuah Chong Ewe	Director/ Shareholder	Malaysian	49	49.00
Keane Goh	Director/ Shareholder	Malaysian	51	51.00

CPG is jointly led by Chuah Chong Ewe and Keane Goh, and was incorporated for the purposes of undertaking the Proposed Joint Venture. Prior to the Proposed Joint Venture, CPG had not undertaken any property development projects.

However, Chuah Chong Ewe and Keane Goh have worked together on several property development projects, which were mainly driven by Chuah Chong Ewe as a major shareholder and director of the developer, and supported by Keane Goh as Project Coordinator responsible for planning and overseeing the development of the respective projects. For information purposes, some of the major property development/ construction contracts that Chuah Chong Ewe and Keane Goh have undertaken are as follows:-

Name of development	Year of completion	Type of development	Location	Total contract value RM'000
Ara Tre Residences	Completed in 2022	High-rise residential development	Ara Damansara, Selangor	237,500
Myara Park Residences	Completing in the second half of 2025	Mixed development comprising residential, office and commercial development	Ara Damansara, Selangor	120,000
Daun Villa	Completing in the second half of 2025	Landed residential development	Dengkil, Selangor	143,000

Chuah Chong Ewe

Chuah Chong Ewe, a Malaysian, aged 58 graduated with a Bachelor's Degree in LLB (Hons) from the University of Malaya in 1992 and was admitted to the Malaysian Bar Council in 1993. He has accumulated approximately 20 years of experience in legal practice.

He commenced his career in 1993 as an advocate and solicitor at Murad & Foo before leaving in 1995 to join as advocate and solicitor at Syarikat Ng & Anuar. Subsequently in 2005, he joined Seal Incorporated Berhad as Advisor before being promoted as its Group Chief Executive Officer. In 2014, he left Seal Incorporated Berhad and joined Pentamaster Corporation Berhad as its Chief Executive Officer and Executive Director. He resigned from Pentamaster Corporation Berhad in 2021 but remains as a major shareholder. In 2018, he joined Luster Industries Berhad where he was appointed as Executive Director and was subsequently redesignated as Managing Director in 2023, a position he holds until today. Further, he joined Aimflex Berhad as Executive Director in 2022 and was subsequently redesignated as Executive Chairman in 2023. In 2023, he also joined LFE Corporation Berhad as an Executive Chairman.

Save for his position as the Executive Chairman and substantial shareholder of Aimflex Berhad, the Managing Director and substantial shareholder of Luster Industries Berhad, substantial shareholder of Pentamaster Corporation Berhad and the Executive Chairman of LFE Corporation Berhad, Chuah Chong Ewe does not hold any directorships nor is he a substantial shareholder in any other public listed entities in Malaysia.

Keane Goh

Keane Goh, a Malaysian, aged 37, was appointed as the Group General Manager of CHB Group in 2017. Keane Goh is responsible for overseeing and managing CHB's interest in its property development segment including but not limited to project management, planning and implementation of property development projects, overseeing business operations and financial aspects of the Group as well as overseeing the strategic expansion for the Group.

Keane Goh graduated in 2010 with a Bachelor's Degree in Commerce with double majors in marketing and finance from Curtin University of Technology. From 2010 to 2011, he joined Southall Sdn Bhd as a Sales Manager, where he was mainly involved in the sale of information technology and consumer technology products.

Thereafter, Keane Goh joined Compugates Marketing Sdn Bhd, a wholly-owned subsidiary of CHB, which is principally involved in investment holding, planting and trading of agarwood trees, trading of ICT products and agarwood derivatives, as a Consultant in 2012 where he was responsible for overseeing the development and marketing of its agarwood plantation business, including the establishment of its tea product the Treesure Gaharu Tea. He was subsequently promoted to Group General Manager of the CHB Group in 2017, where he was responsible for the operation and strategic planning of the Group's agarwood plantation as well as its property development projects.

In 2018, he also joined the Puncakdana Sdn Bhd (whereby Chuah Chong Ewe is a major shareholder and director) group of companies ("**Puncakdana Group**") as a Project Coordinator, a position he currently holds, where he is responsible for the planning and development of several of Puncakdana Group's property development projects such as the mixed developments of Ara Tre Residences and Myara Park in the Ara Damansara area, with a total estimated GDV of RM500 million and RM250 million respectively. For clarity, Keane Goh spends most of his time working in the capacity of Group General Manager of the Group, while he is involved in Puncakdana Group's property development projects from time to time as Project Coordinator.

2.4 Basis and justification of determining the Minimum Landowner's Entitlement

The Minimum Landowner's Entitlement was arrived at between CDMSB and CPG on a willing buyer-willing seller basis, after taking into consideration the estimated GDV of the Development of RM1.36 billion, based on feasibility studies undertaken by CPG and CDMSB, and the agreed percentage of entitlement that CDMSB will receive for each type of development.

The Board is of the opinion that the basis in arriving at the Minimum Landowner's Entitlement is justifiable and reasonable after having considered the following:-

(i) the Minimum Landowner's Entitlement (i.e. RM234.00 million) represents a premium of RM99.40 million or 73.85% to the market value of the Development Land of RM134.60 million;

(ii) CDMSB is expected to derive a pro forma net gain of approximately RM83.08 million upon the completion of the Proposed Joint Venture (with RM58.16 million attributable to the Group) and the receipt of the Minimum Landowner's Entitlement, the computation of which has been set out in **Section 2.10, Part A** of this Circular; and

(iii) the rationale and benefits of the Proposed Joint Venture as detailed in **Section 4, Part A** of this Circular.

Additionally, the management of CHB has also computed the Indicative Present Value of the Minimum Landowner's Entitlement in order to compare the present value of the Development Land when undertaking the Proposed Joint Venture, against the market value of the Development Land assuming CDMSB had undergone an outright sale of the Development Land. The Indicative Present Value amounts to RM138.30 million, representing a premium of 2.75% to the market value of the Development Land of RM134.60 million. As such, the Board is of the opinion that the Proposed Joint Venture enables CDMSB to secure a larger premium for the Development Land at this juncture through the Proposed Joint Venture, and is more value accretive to the Group, as compared to an outright sale of the Development Land.

2.5 Salient features of the Valuation Report

IVPS was appointed by the Company to conduct a valuation on the Development Land for the Proposed Joint Venture.

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

In arriving at the market value of the Development Land, IVPS has adopted the Comparison Approach, which involves the process of comparing and adopting as a yardstick recent transactions and sale evidences of other similar properties in the vicinity or other comparable localities. Where dissimilarities exist, adjustments are made.

The Valuer adopted the Comparison Approach as the only method of valuation considering the Development Land is a vacant commercial land without detailed planning approval. Furthermore, there are adequate sale comparables in the vicinity of the Development Land which can be relied upon.

Accordingly, the adopted market value of the Development Land is RM134.60 million as at 31 December 2024 (being the date of valuation). Further details of the valuation are set out in **Appendix III** of this Circular.

2.6 Mode of settlement

Pursuant to the terms of the JVA, the Minimum Landowner's Entitlement will be fully satisfied via cash or properties in kind in the following manner:-

Development	**Payment terms/ Timing**	**Percentage of GDV %**
Shophouse development	Payable within one (1) month the completion of the construction of the respective phase of the Development with CCC	22.00
Service apartments and/ or Highrise commercial development	Payable within one (1) month the completion of the construction of the respective phase of the Development with CCC	18.00
Retail outlet and space below highrise development	Payable within one (1) month the completion of the construction of the respective phase of the Development with CCC	20.00
Affordable development	Payable within one (1) month the completion of the construction of the respective phase of the Development with CCC	TBC[*1]
	Total	**100.00**

Note:-

[*1] *To be mutually agreed upon between CDMSB and CPG at a later date based on the profits of the affordable development component.*

For information purposes, RM1.00 million was received from CPG on 6 March 2025, being the refundable deposit paid for securing the Development Land for the Proposed Joint Venture.

2.7 Liabilities to be assumed

Save for the cost and expenses to be incurred in relation to the Proposed Joint Venture as set out in the JVA, there are no other liabilities including contingent liabilities and/ or guarantees to be given/ assumed by CHB and CDMSB, to CPG arising from the Proposed Joint Venture.

2.8 Additional financial commitment required

CDMSB is not expected to incur any financial commitment under the JVA. In addition, CDMSB (being the Landowner) is not required to finance nor contribute to the development cost of the Development.

2.9 Original cost and date of investment in the Development Land

The original cost of investment for the Development Land and the date of such investment are set out below:-

Date of investment	**Cost of investment RM'000**
25 September 2008	4,171

2.10 Expected gain arising from the Proposed Joint Venture

The Proposed Joint Venture is expected to result in a pro forma gain to the Group, details of which are set out below:-

	RM'000
Minimum Landowner's Entitlement	234,000
Less: net carrying amount of inventories in relation to the Development Land as at 31 December 2024[*1]	(95,903)
Less: estimated income tax[*2]	(54,613)
Less: estimated expenses in relation to the Proposed Joint Venture	(400)
Total pro forma gain	**83,084**
Profit attributable from the Proposed Joint Venture to:-	
- Owners of the Company	58,159
- Non-controlling interests	24,925
	83,084

Notes:-

[*1] *The net carrying amount of inventories consists of the NBV of the Development Land as at 31 December 2024 of RM93.63 million, and the other direct costs in relation to the Development Land of RM2.27 million.*

[*2] *The estimated income tax has been computed based on the Minimum Landowner's Entitlement of RM234.00 million, deducting the original land cost and other direct costs of RM6.45 million, arriving at the estimated assessable profit from the Proposed Joint Venture of RM227.55 million. The assessable profit is expected to be subject to income tax progressively, as and when the landowner's entitlement is ascertained under each phase of the Development, at the prevailing Malaysian corporate income tax rate of 24%, totaling an estimated income tax of approximately RM54.61 million. However, the actual income tax payable will be subject to the final assessment by a tax consultant to be appointed by CDMSB.*

CDMSB anticipates to receive an estimated total pro forma gain of RM83.08 million from the Proposed Joint Venture with RM58.16 million attributable to the Group. For information purposes, the pro forma gain set out above was reviewed and computed by the management of CHB.

2.11 Utilisation of proceeds

As set out in **Section 2.6, Part A** of this Circular, the Development is expected to be completed over a period of 13 years with a further extension of 3 years from the date of commencement. As such, the landowner's entitlement to CDMSB can only be recognised progressively throughout this period, and is to be paid within 1 month from the date of completion of the respective phases of the Development. Subject to the progress of the Development, the first tranche of landowner's entitlement is estimated to be received by the first half of 2029 upon completion of the first phase of the Development.

Purely for illustration purposes, given that CDMSB is a 70%-owned subsidiary of the Group, the utilisation of proceeds below is illustrated based on 70% of the Minimum Landowners Entitlement (i.e. RM163.80 million). The future proceeds arising from the landowner's entitlement, illustrated through using 70% of the Minimum Landowner's Entitlement, are intended to be utilised by the Group in the following manners:-

Details of utilisation	**Timeframe for utilisation**	**RM'000**	**%**
Expansion of the Group's property development segment[*1]	Within 24 months from the collection date of the landowner's entitlement of each respective phase of the Development	147,420	90.00
Working capital requirements of the Group's trading and services segment[*2]	Within 24 months from the collection date of the landowner's entitlement of each respective phase of the Development	16,380	10.00
		163,800	**100.00**

Notes:-

*[*1]* *The Board intends to allocate approximately 90.00% of the proceeds raised from the Proposed Joint Venture to fund the expansion plans and/ or working capital requirements of the Group's property development segment, with the intention to reduce the Group's reliance on its trading and services segment, and grow a separate revenue stream moving forward. As part of the Group's strategy to grow its property development segment, the Group intends to undertake the acquisition of strategic landbanks which the Group may use to undertake property development activities, enter into joint venture agreements with other developers to jointly develop such landbank and/ or to acquire such landbank as property investment for resale in the future to derive gain.*

*At this juncture, the Group is evaluating certain potential plots of land ("**Potential Target Lands**") as possible acquisitions that may enable the Group to grow its property development segment. For information purposes, the Potential Target Lands are a non-exhaustive list and the Board is also in the midst of identifying other potential plots of land in Malaysia which may be suitable to grow the Group's landbank. The details of the Potential Target Lands are as below:-*

Potential Target Lands	***Approximate size of land Acres***	***Approximate purchase consideration (subject to negotiation and finalisation) RM'000***
Land in Dengkil, Selangor	*45 – 55*	*35,000 – 40,000*
Land in Kuala Langat, Selangor	*1,000 - 1,100*	*160,000 – 200,000*

As the first payment of the landowner's entitlement of the Development is estimated to be received in the first half of 2029, the Group is progressively monitoring the feasibility and prospects of the Potential Target Lands and other potential plots of land in Malaysia, against the progress of the property market in Malaysia.

At this juncture, the Group has primarily evaluated the Potential Target Lands given its proximity to the Group's own landbank, consisting of the Development Land, and a 62 acres of land, also in Cybersouth, Dengkil, which is currently utilised for the JCSB JVA (as defined further in this section). Given the progress of the JCSB JVA and the feasibility studies that the Group has undertaken within the vicinity of Cybersouth, Dengkil, the Group remains cautiously optimistic of the prospects of landbank in Dengkil, Selangor, and has commenced its evaluation on this area. However, the Group is also monitoring the growth of property development activities in other locations across Malaysia, including types of developments in these areas that have a high take-up rate, and the current and future surrounding amenities of such locations, in order to better position itself to acquire strategic landbank when the landowner's entitlement is received.

We set out below the estimated timeline of the Development and the estimated timing that CDMSB anticipates to receive the landowner's entitlement of the respective phases of the Development, assuming that the Development commences in the second quarter of 2026 (using May 2026 as an illustration):-

Milestone	***Proposed development type***	***Estimated duration/ timing of commencement***	***Receipt of Landowner's entitlement***
Commence development of plots 1 and 2	*Shophouse/ office*	*3 years/ commencing by May 2026*	*1 month from completion (i.e. June 2029)*
Commence development of plots 3 and 4	*Service apartment, highrise commercial space, shophouse/ office*	*3 years/ commencing by June 2029*	*1 month from completion (i.e. July 2032)*
Commence development of plots 5 and 6	*Shophouse/ office*	*3 years/ commencing by July 2032*	*1 month from completion (i.e. August 2035)*
Commence development of plots 7, 8 and 9	*Service apartment and/ or highrise commercial space*	*3-4 years/ commencing by August 2035*	*1 month from completion (i.e. September 2039)*

As shown above, the landowner's entitlement from the Development will be received progressively within 1 month from the completion of the respective phases of the Development. As such, the Group may fund such acquisition of landbank via a combination of the funds raised from the JCSB JVA (as defined later in this section), the Proposed Joint Venture, internally generated funds and/ or bank borrowings, subject to the Group's funding requirements in the future. As and when the Group enters into definitive agreement(s) for such acquisitions, the Group shall make the relevant announcement on Bursa Securities and to seek the approval from its shareholders, if required under the Listing Requirements.

*Additionally, the Group is also in early discussions to undertake a joint venture project on a piece of vacant land measuring 52.92 acres (214,159 square metres) located in the District of Tuaran, Sabah, East Malaysia, whereby the Group, through its wholly owned subsidiary in Sabah (i.e. Compugates Sabah Sdn Bhd) is proposing to act as the lead developer for a proposed joint venture development ("**Potential JVA**"). At this juncture, the Group is in preliminary negotiation stages with the landowner for the Potential JVA, and the Group is conducting feasibility studies on the land to determine the potential GDV and prospects of the Potential JVA. Based on preliminary negotiations, the Potential JVA 3 is expected to entail a mixed-use development consisting of multi-storey housing and terrace shophouses.*

In the event the Group and the landowner decide to proceed with the Potential JVA, this may represent the Group's first venture into undertaking property development activities as a developer which is in line with the Group's business plans to expand the operations and revenue stream of its property development segment. By acting as the developer instead of the landowner, the Group may recognise revenue from its property development segment based on the sales of units at the completion of each construction milestone, which would allow the Group to recognise revenue at an earlier stage as compared to receiving landowner's entitlement at the completion of each phase within the development. However, the Group takes cognisance that the operational costs involved with undertaking a property development project as a developer is significantly higher than as a landowner and requires significantly more expertise and manpower. Therefore, in the event the Potential JVA materialises, the Group may utilise a portion of the proceeds raised from the Proposed Joint Venture to fund labour costs, professional fees, raw material costs, etc, and other working capital requirements associated with the property development segment. Prior to undertaking property development activities, the Group endeavours to ensure that it has sufficient experienced personnel, manpower, and financial resources to undertake such activities. The Group will also make the requisite announcement on Bursa Securities as and when it enters into an agreement to undertake a property development, and the Group will seek the approval from its shareholders, if required under the Listing Requirements.

*The Board opines that undertaking the above will enable the Group to grow its property development segment and reduce its reliance on its trading and services segment. As part of the Group's expansion plans for its property development segment, the Group had on 30 May 2023 obtained shareholders' approval for the diversification of the Group's existing business to include property development ("**Diversification**").*

*Currently, CDMSB is undertaking a joint venture on its 62 acres of land in Cybersouth, Dengkil, Selangor whereby CDMSB is the landowner and Jade Classic Sdn Bhd ("**JCSB**") is the developer to undertake the overall development and construction ("**JCSB JVA**"). The JCSB JVA was entered on 28 November 2017 and CDMSB will be entitled to a landowner's entitlement of approximately RM117.00 million, representing 20.00% of the GDV of the JCSB JVA. For information purposes, we set out below a key summary timeline of the JCSB JVA:-*

Timing	***Key events***
April 2021	*Commencement of earthworks for the JCSB JVA*
March 2024	*Commencement of soft launch sales for phase 1 of the JCSB JVA in stages.*
November 2024	*Official launch of phase 1 of the JCSB JVA (comprising 338 townhouse units and 80 double-storey units from stages 1, 2 and 3 of phase 1).*
Fourth quarter of 2024	*Commencement of main building works for the JCSB JVA*
First half of 2027	*Completion of phase 1 of the JCSB JVA and handover of vacant possession to the purchasers of the JCSB JVA units*

As at the LPD, 90% of the units under phase 1 of the JCSB JVA have been booked. Pursuant to the above, CDMSB's landowner's entitlement is expected to be recognised progressively from the first half of 2025 to the second half of 2027, following the handover of vacant possession to the purchasers of the JCSB JVA units in phases. As at the LPD, CHB had received payments amounting to RM2.68 million from JCSB for a portion of the phase 1 sales of the JCSB JVA and anticipates to receive further payments progressively following further handovers of vacant possession to the purchasers of the JCSB JVA units moving forward.

As such, the Proposed Joint Venture represents the Group's second foray into the property development segment and is expected to contribute a Minimum Landowner's Entitlement of RM234.00 million to CDMSB pursuant to the terms of the JVA over a period of 13 years from the commencement of the Development. The Board opines that through the initiatives as stated above, the Group may expand its property development segment and fund the segment's future working capital requirements such as administrative and operational expenses, with the intention to reduce its reliance on its trading and services business, in order to create an additional revenue stream in order to improve the financial performance of the Group.

*2 *The Board also intends to allocate approximately 10.00% of the proceeds raised from the Proposed Joint Venture to fund the working capital requirements of the Group's trading and services segment.*

Trading and services segment

Aside from focusing on its property development segment, the Group also intends to allocate funds from the Minimum Landowner's Entitlement for the working capital requirements of its trading and services segment, which is the Group's 100% revenue contributor for the FYE 31 December 2024. The business activities of the Group's trading and services segment involve the Group purchasing products from manufacturers and suppliers both locally and internationally (i.e. United States of America and Japan), and then later distributing these products to dealers and end users locally and in overseas markets. The products that the Group trades in are mainly in the ICT sector which include printers, cameras, scanners, portable chargers, and ink and toner cartridges.

The Group's trading and services segment has recorded losses since 2009 after sustaining challenging conditions mainly as a result of the increase in competition from e-commerce distributors of ICT products, the transition from traditional ICT hardware towards digital based products, increase in import costs of the Group's supplies, the Coronavirus-19 pandemic, weakening of the Malaysia Ringgit and geo-political tensions. Certain suppliers of the Group had begun implementing cash payment terms for the purchase of supplies due to the unfavourable circumstances of the ICT sector. Therefore, in order to ensure that the Group has an optimal inventory level to meet customer demands without interruption, the Group will allocate a portion of the proceeds from the landowner's entitlement for the working capital requirements of the trading and services segment, which include the purchase of ICT supplies. By purchasing its ICT supplies on cash payment terms as opposed to a 30-day credit term, the Group is able to obtain substantial discounts from suppliers, therefore offering more competitive prices for its products and also improving its margins.

Additionally, the Group is in the process of diversifying its ICT product range and sourcing for different suppliers, in order to reduce the cost of its supplies and to increase its product offering to include products with higher consumer demand. In tandem with this, the Group has also implemented certain cost rationalisation strategies internally for its trading and services segment (i.e. staff cost reductions which include temporary reduction of pay increments and streamlining of internal administrative and human resource operations) since 2023, in order to reduce the operating cost of this segment and to potentially improve the Group's cash liquidity and financial performance moving forward.

Notwithstanding that the Group intends to grow its property development segment to become its major revenue contributor moving forward, the revenue from the landowner's entitlement of the JCSB JVA and the Development can only be recognised progressively over the long term. Therefore, the Group intends to implement the abovementioned strategies with the objective of improving the financial performance and reducing operating cost of its trading and services segment, with the objective of turning this segment profitable. Once the Group obtains larger revenue contribution from the landowner's entitlement of the JCSB JVA and the Development, the Group may scale down the costs and operations of its trading and services segment, and allocate additional resources to the growth of its property development segment.

Pending the utilisation of the cash proceeds within 24 months from the last collection date, the cash proceeds will be placed in interest-bearing deposit(s) with licensed financial institution(s) and/ or short-term money market instrument(s). The interest derived from such deposit(s) and/ or any gain arising from such short-term money market instrument(s) will be utilised for the additional working capital requirements of the Group.

2.12 Cash company or Practice Note 17 listed issuer

The disposal will not result in the Company becoming a cash company as prescribed in Paragraph 8.03 of the Listing Requirements or a Practice Note 17 listed issuer as prescribed in Paragraph 8.04 of the Listing Requirements.

3. DETAILS OF THE PROPOSED ESOS

The Proposed ESOS involves the granting of options to subscribe for new CHB Shares at specified prices to be determined in the manner as set out in **Section 3.5, Part A** of this Circular. The Proposed ESOS is available to the eligible Directors and employees of CHB Group that are not dormant who fulfil the criteria of eligibility for participation in the Proposed ESOS as set out in the Bylaws.

The Proposed ESOS will be administered by a committee to be duly appointed and authorised by the Board. The ESOS Committee shall be vested with such powers and duties as are conferred upon it by the Board to administer the Proposed ESOS in such manner that it shall, in its discretion deem fit, in accordance with the provisions set out in the Bylaws. The decision as to whether or not to stagger the allocation of the ESOS Options over the duration of the Proposed ESOS as well as for the granting of ESOS Options, shall be determined by the ESOS Committee at a later date.

The ESOS Committee may at its absolute discretion decide that the ESOS Options be satisfied via the following methods:-

(i) issuance of new CHB Shares;

(ii) transfer of CHB's treasury shares (if any) or any other methods as may be permitted by the Act; or

(iii) a combination of any of the above.

In considering the mode of satisfaction as referred to in item (i) to (iii) above, the ESOS Committee will take into consideration amongst others, factors such as the prevailing market price of CHB Shares and the potential cost arising from the granting of ESOS Options.

3.1 Maximum number of CHB Shares available under the Proposed ESOS

The maximum number of CHB Shares, which may be made available pursuant to the Proposed ESOS shall not exceed in aggregate 15% of the total number of issued shares (excluding treasury shares, if any) of CHB at any point in time over the duration of the Proposed ESOS.

3.2 Basis of allotment and maximum allowable allotment

The maximum number of ESOS Options that may be offered to an Eligible Person under the Proposed ESOS shall be determined at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst other relevant factors, the Eligible Person's performance, employment grade, seniority, length of service, and/ or contribution of the Eligible Person and such other factors that the ESOS Committee may deem relevant in its discretion and shall be subject to the following:-

(i) the total number of new CHB Shares to be issued under the Proposed ESOS shall not exceed the amount stipulated in **Section 3.1, Part A** of this Circular;

(ii) the Directors and senior management of the Group (excluding dormant subsidiaries) do not participate in the deliberation or discussion of their respective allocation of ESOS Options as well as allocation of ESOS Options to persons connected with them, if any;

(iii) the allocation to an Eligible Person, who either singly or collectively, through persons connected to the Eligible Person, holds 20% or more of the total number of issued CHB Shares, must not exceed 10% of the total number of CHB Shares to be made available under the Proposed ESOS; and

(iv) not more than 70% of the total number of CHB Shares to be made available under the Proposed ESOS shall be allocated, in aggregate, to the Directors and senior management of the Group (excluding dormant subsidiaries), on the basis that they are crucial to the performance of the Group as determined by the ESOS Committee at their sole and absolute discretion. The Group has allocated 70%, as the maximum allocation allowed to be made available under the Proposed ESOS to the Directors and senior management of the Group (being a larger proportion as compared to other Eligible Persons), with the intention to incentivise the Directors and/ or senior management of the Group for their contribution towards the development, growth and strategic direction to drive long term shareholder value enhancement of the Group. The Proposed ESOS will be utilised mainly as a performance-based incentive to retain and drive the high-level management of the Group (who are the key decision-makers for the Group's business operations), so that they may structure and implement more effective business strategies in order to improve the Group's financial performance, which is the Group's main focus at this juncture.

provided always that it is in accordance with the Listing Requirements or any prevailing requirements issued by Bursa Securities or any other relevant authorities as amended from time to time.

In the event that any Eligible Person is a member of the ESOS Committee, such Eligible Person shall not participate in the deliberation and/ or voting of their own allocation of the ESOS Options or allocation to persons connected with them.

The ESOS Committee has the absolute discretion in determining whether the ESOS Options will be granted in a single tranche or on a staggered basis over the duration of the Proposed ESOS as well as whether the ESOS Options are subject to any vesting period or vesting conditions, including any performance target that must be achieved, the determination of which will be carried out at a later date after the establishment of the ESOS Committee. In the event the ESOS Committee staggers the allocation of the ESOS Options to the Eligible Persons over the duration of the Proposed ESOS, the proposed maximum allocation available for each year during the duration of the Proposed ESOS is as follows:-

Period	**Maximum allocation available**
First year	75% maximum ESOS Options available
Second year onwards	100% of the remaining ESOS Options available

However, this is subject to the discretion of the ESOS Committee, and is subject to the performance of the Group and the Eligible Persons. The ESOS Committee may allocate more than 75% of the available ESOS Options in the first year of the Proposed ESOS, in the event the performance targets of the Eligible Persons are achieved.

The Company shall ensure that allocation of ESOS Options is verified by its Audit Committee at the end of each financial year as being in compliance with the criteria for allocation of ESOS Options which have been disclosed. Further, The ESOS Committee has the discretion to determine whether the Eligible Person is required to achieve any specific performance target(s) before he/ she may exercise the ESOS Options granted to him/ her. Any such performance target(s) if set, shall be stated in the offer letter to the Eligible Person.

3.3 Eligibility

Subject to the discretion of the ESOS Committee, only Eligible Persons who meet the following conditions as at the Offer Date shall be eligible to participate in the Proposed ESOS:-

(i) in respect of an employee of a company within the Group (which is not dormant), the employee must fulfil the following criteria as at the Offer Date to participate in the Proposed ESOS in the manner provided in the Bylaws:-

(a) is at least 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

(b) is confirmed in writing as a full-time employee (not under any probationary period) and has been in the full-time employment of the Company or any company in the Group (which are not dormant) for such period as may be determined by the ESOS Committee prior to and up to the Offer Date and has not served a notice to resign nor received a notice of termination;

(c) is serving in a specific designation under the employment contract for a fixed duration excluding those who are employed for a specific project or on short-term contract or any other employees under contract as may be determined by the ESOS Committee;

(d) if he/ she is not a participant of any other share issuance scheme for employees implemented by any company in the Group which is in force for the time being; and/ or

(e) fulfils any other criteria and/ or falls within such category as may be determined by the ESOS Committee from time to time at its absolute discretion.

(ii) in respect of a Director of a company within the Group (which is not dormant), the Director must fulfil the following criteria as at the Offer Date:-

(a) is at least 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

(b) has been appointed as a Director of the Company or any company in the Group (which are not dormant) (including executive or non-executive and/ or independent or non-independent Directors of CHB Group but excluding alternate and/ or similar substitute Directors) for such period as may be determined by the ESOS Committee prior to and up to the Offer Date and has not served a notice to resign nor received a notice of termination; and

(c) fulfils any other criteria and/ or falls within such category as may be determined by the ESOS Committee from time to time at its absolute discretion,

provided always that the selection of any Director or employee for participation in the Proposed ESOS and the number of ESOS Options to be offered to an Eligible Person under the Proposed ESOS shall be at the sole discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding.

Notwithstanding the above, the ESOS Committee may, in its absolute discretion, waive any of the conditions of eligibility as set out above. The specific allocation of ESOS Options granted by the Company to a Director, major shareholder or chief executive of the Company or holding company of the Company or a person connected with any of the them who is an Eligible Person must be approved by the shareholders of the Company at a general meeting.

3.4 Duration and termination

The Proposed ESOS, when implemented, shall be in force for a period of 2 years from the Effective Date. The Company may, if the Board deems fit and upon the recommendation of the ESOS Committee, extend the Proposed ESOS for a period of up to a further 2 years immediately from the expiry of the first 2 years, and shall not in aggregate exceed 4 years from the Effective Date.

Such extended Proposed ESOS shall be implemented in accordance with the terms of the Bylaws, save for any amendment and/ or change to the relevant statutes and/ or regulations then in force. Unless otherwise required by the relevant authorities or the Listing Requirements, no further approvals shall be required for the extension of the Proposed ESOS and the Company shall serve appropriate notices on the Eligible Person and/ or make any necessary announcements to any parties and/ or Bursa Securities (if required) within 30 days prior to the date of expiry of the Proposed ESOS or such other period as may be stipulated by Bursa Securities.

Subject to the compliance with the Listing Requirements, other requirements of Bursa Securities and any other relevant authorities, the Company may, if the Board deems fit and upon the recommendation of the ESOS Committee, at any time during the duration of the Proposed ESOS, terminate the Proposed ESOS in accordance with the terms of the Bylaws provided that an announcement is released to Bursa Securities on the following:-

(i) the effective date of termination of the Proposed ESOS;

(ii) the number of ESOS Options exercised; and

(iii) the reasons for termination.

Any unaccepted offer and unvested and/ or unexercised ESOS Options (whether fully or partially) shall lapse and be deemed cancelled and be null and void on the effective date of termination of the Proposed ESOS.

3.5 Basis of determining the exercise price

Subject to any adjustments made under the Bylaws and pursuant to the Listing Requirements, the exercise price which will be payable by the Eligible Person upon the exercise of the ESOS Options shall be based on the 5-day VWAP of CHB Shares at the Offer Date, with a discount of not more than 10% during the tenure of the Proposed ESOS, as determined by the Board upon recommendation of the ESOS Committee.

3.6 Ranking of the CHB Shares pursuant to the exercise of ESOS Options

The CHB Shares to be issued and/ or transferred upon the exercise of the ESOS Options (as the case may be), shall upon allotment and issuance and/ or transfer (as the case may be) and full payments, rank equally in all respects with the existing CHB Shares, save and except that such CHB Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distributions declared, made or paid to shareholders where the entitlement date of such distributions precedes the relevant date of allotment and issuance and/ or transfer (as the case may be) of such CHB Shares.

The ESOS Options shall not carry any right to vote at any general meeting of the Company. The new CHB Shares to be allotted and issued and/ or CHB's treasury shares transferred from the exercise of the ESOS options will be subject to the provisions of the constitution of the Company and the Listing Requirements if any.

3.7 Retention Period

The ESOS Committee shall be entitled to prescribe or impose, in relation to any offer, any condition relating to any retention period or restriction on transfer of CHB Shares to be issued and/ or transferred via treasury shares arising from the exercise of ESOS Options as it deems fit.

In addition to the above, pursuant to Paragraph 8.20 of the Listing Requirements, an eligible Director who is a non-executive Director of CHB and/ or any of its subsidiaries, which are not dormant, shall not sell, transfer or assign the CHB Shares obtained through the exercise of the ESOS Options offered to him/ her within 1 year from the Offer Date.

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3.8 Proposed allocation

Paragraph 6.06(1) of the Listing Requirements states that the Company must not issue any shares to its Directors, major shareholders or chief executive or a person connected with them unless its shareholders in a general meeting have approved the specific allotment to be made to them. Accordingly, the Company will seek its shareholders' approval at the forthcoming EGM for the proposed allocation of the ESOS Options to the following persons:-

Name	**Designation**
Directors and substantial shareholder	
See Thoo Chan	Executive Director and Substantial Shareholder
GKP	Chief Executive Officer and Substantial Shareholder
Directors	
Tan Sri Datuk Asmat Bin Kamaludin	Non-Independent Non-Executive Chairman
Mohamed Fauzi Bin Omar	Non-Independent Non-Executive Director
Goh Tai Wai	Non-Independent Non-Executive Director
Low Geok Eng	Independent Non-Executive Director
Tan Siew Li	Independent Non-Executive Director
Persons connected with them	
Keane Goh[*1]	Group General Manager

Note:-

[*1] *Keane Goh is the son of GKP (CHB's Chief Executive Officer) and See Too Chan (Executive Director), who are both, the substantial shareholders of CHB.*

3.9 Listing and quotation for the new CHB Shares to be issued arising from the exercise of ESOS Options

Bursa Securities had, vide its letter dated 28 April 2025, approved the listing and quotation of the new CHB Shares to be issued pursuant to the exercise of the ESOS Options on the Main Market of Bursa Securities. The approval of Bursa Securities is subject to the conditions disclosed in **Section 9, Part A** of this Circular.

3.10 Alteration of capital

In the event of any alteration in the capital structure of CHB during the Proposed ESOS, whether by way of rights issue, bonus issue or other capitalisation issues, subdivision or consolidation of CHB Shares or reduction of capital or any other variation of capital being effected Company shall cause such adjustments to be made in:-

(i) the exercise price for the unexercised ESOS Options; and/ or

(ii) the number of CHB Shares which an Eligible Person who has accepted the offer will be entitled to subscribe for upon the exercise of each ESOS Option to endeavour to give each grantee the same proportion of the CHB Shares as that to which he/ she was previously entitled prior to such adjustment.

3.11 Utilisation of proceeds from the Proposed ESOS

The actual amount of proceeds to be raised from the Proposed ESOS will depend on the number of ESOS Options granted and exercised at the relevant point of time and the exercise price payable upon the exercise of the ESOS Options, respectively.

The proceeds arising from the exercise of the ESOS Options as and when received will be utilised for the working capital requirements of the Group, which may include the purchase of input materials, utilities, general expenses such as but not limited to staff costs, as well as business expansion which includes potential acquisitions and/ or investments in companies and/ or assets and/ or strategic collaborations, joint-ventures or alliances that are expected to create synergies and add value to the Group's existing business.

The proceeds are expected to be utilised within 12 months from the receipt of such proceeds throughout the tenure of the Proposed ESOS. However, the proceeds to be utilised for each component of working capital requirements are subject to the operating and funding requirements of the Group at the point of utilisation and therefore cannot be determined at this juncture.

Pending utilisation of proceeds raised as and when the ESOS Options are exercised, the proceeds will be placed in deposits with licensed financial institutions or short-term money market instruments. The interests derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used to fund the Group's working capital requirements.

3.12 Other fund-raising exercises in the past 12 months

CHB had, on 6 August 2024 announced the private placement of up to 10% of the total number of issued shares of CHB ("**Private Placement I**") pursuant to the General Mandate obtained at the 19th Annual General Meeting of the Company held on 30 May 2024. As at 23 October 2024, CHB completed the Private Placement I and had placed out 550,037,068 Placement Shares at the issue price of RM0.0090 per Share, raising total gross proceeds of approximately RM4.95 million. The details of utilisation of proceeds from the Private Placement I are set out below:-

Details of utilisation	**Expected timeframe for utilisation from receipt of funds**	**Proposed utilisation based on actual proceeds raised RM'000**	**Proceeds utilised RM'000**	**Balance proceeds unutilised RM'000**
Expansion of the Group's property development segment[*1]	Within 24 months	785	177	608
Working capital requirements[*2]	Within 12 months	4,085	4,085	-
Expenses for the Private Placement I	Upon completion of the Private Placement I	80	57	23
Total		**4,950**	**4,319**	**631**

Notes:-

*[*1] CHB Group had earmarked approximately RM0.78 million of the actual proceeds raised from the Private Placement I for the expansion of the Group's property development segment by way of funding the expenses of the JVA (which is the subject of this Circular) and the potential joint venture with land owner(s) which is to be utilised in the following manner:-*

(i) RM0.18 million shall be earmarked towards the preliminary expenses in assessing and undertaking the Proposed Joint Venture, such as fees associated with undertaking feasibility studies on the Development Land and preparing development plans; and

(ii) RM0.60 million shall be earmarked as a deposit to be paid to potential landowner(s) for prospective future property development projects, to allow the Group to assume the role of the lead developer.

Although some potential landbanks have been identified, the management of CHB are still in the midst of conducting feasibility studies to thoroughly evaluate the risk and reward associated with developing each landbank, as well as their economic sustainability in the long term, prior to making any financial commitment.

*2 *CHB Group had earmarked approximately RM4.09 million of the actual proceeds raised from the Private Placement III to fund the working capital requirements of the trading & services segment of the Group, the details are as follows:-*

	Proposed Utilisation based on actual proceeds raised RM'000	***Proceeds utilised RM'000***	***Balance proceeds unutilised RM'000***
Procurement of supplies (i.e. printers, cameras, scanners, portable chargers, and ink and toner cartridges)	*2,247*	*2,247*	*-*
Payment to the creditors of the Group	*980*	*980*	*-*
Salaries and staff-related expenses (i.e. employees' salaries and allowances, wages and overtime, traveling expenses, employee benefits expenses and other employee incentives)	*531*	*531*	*-*
Other operating and administrative expenses (i.e. rental, digital marketing expenses, office expenses and utilities)	*327*	*327*	*-*
Total	***4,085***	***4,085***	***-***

During the FYE 31 December 2023, the Group has been procuring supplies from its suppliers on cash payment terms for its trading and services business. This is because certain of the Group's suppliers offer discounts on the purchase of certain supplies on cash payment terms, as oppossed to a 30-day credit term. Pursuant to this, the Board had decided to utilise cash payment terms instead of credit payment terms in order to reduce the Group's cost of purchasing supplies. Through this, the Group is also able to offer more competitive prices for the range of products that it subsequently sells. The Board opined that allocating funds to the working capital requirements of the trading and services segment is essential to maintain the Group's cash liquidity to continue purchasing suppliers for its trading and services segment.

Save for the Private Placement I, the Company has not undertaken any other equity fund raising exercises in the 12 months prior to the date of this Circular.

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4. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSALS

4.1 Proposed Joint Venture

The Proposed Joint Venture is undertaken as part of the Group's business plan to expand and grow its property development segment in order to provide the Group with an additional form of income, and to reduce the Group's reliance on its trading and services segment, which is the Group's sole revenue contributor for the FYE 31 December 2024 but has been loss making since 2009. The Board (save for the Interested Directors) have assessed the Proposed Joint Venture and the Minimum Landowner's Entitlement of RM234.00 million that CDMSB is entitled to receive pursuant to the Development, and have opined that the Proposed Joint Venture augurs well with the Group's business plan and will provide the Group with recurring income in the form of landowners entitlement, over the 13 years development period of the Development. In arriving at its opinion, the Board has taken cognisance of the following:-

i. as compared to the market value of the Development Land of RM134.60 million, the Minimum Landowner's Entitlement (i.e. RM234.00 million) represents a premium of RM99.40 million or 73.85%. Further, the Indicative Present Value also represents a premium of RM3.70 million or 2.75% to the market value of the Development Land, indicating that the Proposed Joint Venture is more value accretive to the Group as compared to an outright sale of the Development Land;

ii. CDMSB is expected to derive a pro forma net gain of approximately RM83.08 million upon the completion of the Proposed Joint Venture (with RM58.16 million attributable to the Group), as set out in **Section 2.10, Part A** of this Circular;

Further, as stated in **Section 2.11, Part A** of this Circular, 90.00% of the landowner's entitlement to be received pursuant to the Proposed Joint Venture is to be utilised for the expansion of the Group's property development segment. Such expansion plans include the acquisition of strategic landbanks which the Group may use to undertake property development activities, enter into joint venture agreements with other developers and/ or to acquire such landbank as property investment for resale in the future to derive gain. At this juncture, the Group has mainly evaluated the Potential Target Lands, which are located in Dengkil and Kuala Langat, Selangor, and are in close proximity to the Development Land. Given the the progress of the JCSB JVA, whereby 90% of the units under phase 1 of the JCSB JVA have been booked, the Group is cautiously optimistic of the prospects of landbank in the aforementioned locations. However, as the first payment of the landowner's entitlement is only expected to be received in the first half of 2029 and gradually over the 13 year period of the Development, the Group intends to evaluate landbank across various locations in Malaysia, in order to better position itself to acquire strategic landbank when the landowner's entitlement is received. As such, the Proposed Joint Venture will provide the Group with a long-term income in the form of landowner's entitlement, which the Group may then utilise to further grow its property development segment.

The Proposed Joint Venture is also being undertaken to allow CHB to unlock the value of the Development Land by leveraging on the skills, track record and experience of Chuah Chong Ewe, who is director and shareholder of CPG. Chuah Chong Ewe has managed several companies providing property development services ranging from the inception to the completion of a portfolio for commercial, residential and integrated projects. The Proposed Joint Venture is expected to add value to the Development and will allow the Group to leverage on the expertise, technical know-how, and sales and marketing capabilities of Chuah Chong Ewe through CPG. He also brings extensive corporate leadership experience by having led multiple other public listed entities in Malaysia as discussed in **Section 2.3.2, Part A** of this Circular, namely Luster Industries Berhad and LFE Corporation Berhad, both of which have ventures in property development and construction.

Additionally, Keane Goh, who is the Group General Manager of the CHB Group and the son of GKP and See Thoo Chan (the substantial shareholders of CHB), has prior working experience with Chuah Chong Ewe, where Keane Goh has acted as Project Coordinator in the Puncakdana Group since 2018, as set out in **Section 2.3.2, Part A** of this Circular. Some of the major property development/ construction contracts that Chuah Chong Ewe and Keane Goh have undertaken are as follows:-

Name of development	**Type of development**	**Location**	**Total contract value RM'000**
Ara Tre Residences	High-rise residential development	Ara Damansara, Petaling Jaya, Selangor	237,500
Myara Park Residences	Mixed development comprising residential, office and commercial development	Ara Damansara, Petaling Jaya, Selangor	120,000
Daun Villa	Landed residential development	Dengkil, Selangor	143,000

The Board (save for the Interested Directors), opine that the experience of Chuah Chong Ewe may benefit the Proposed Joint Venture, and may contribute positively to the successful progress and sales of the Development.

Moving forward, the Group is also in early discussions for the Potential JVA, whereby the Group is proposing to act as the lead developer for a proposed joint venture development project in the District of Tuaran, Sabah. By acting as lead developer, the Group may recognise revenue from its property development segment based on the sales of units at the completion of each construction milestone, which would allow the Group to recognise revenue at an earlier stage as compared to receiving landowner's entitlement at the completion of each phase within the development. However, the Board also takes note that the operational costs involved with acting as lead developer is significantly higher than as a landowner, and requires significantly more expertise and manpower. As such, the Group intends to be properly positioned financially with sufficient cash liquidity, and with adequate expertise and manpower, before undertaking property development activities as a lead developer. In deliberating on the Proposed Joint Venture, the Board (save for the Interested Directors) have also taken cognisance of the Group's present financial position, and have opined that the Proposed Joint Venture may be more beneficial to the Group as opposed to acting as the lead developer for the Development. Notwithstanding this, in the event the Potential JVA materialises, the Group may utilise a portion of the proceeds raised from the Proposed Joint Venture to fund labour costs, professional fees, raw material costs, etc, and other working capital requirements associated with acting as a lead developer.

Taking into consideration the facts set out above, the Board (save for the Interested Directors), opine that the Proposed Joint Venture augurs well with the Group's business plan to expand its property development segment, and will provide the Group with greater financial flexibility, as and when CDMSB receives the landowner's entitlement over the course of the Development. Barring any unforeseen circumstances and premised on the above, the Board opines that the Proposed Joint Venture is expected to contribute positively to the CHB Group moving forward.

4.2 Proposed ESOS

The Proposed ESOS is expected to achieve the following objectives:-

(i) to recognise and reward the Eligible Persons by giving recognition to their contributions and services that are considered vital to the operations, hence motivating employee performance to create sustainable growth and profitability for the Group;

(ii) to retain, motivate and reward the Eligible Persons by allowing them to participate in the Group's profitability and eventually realise any potential capital gains arising from possible appreciation in the value of CHB Shares upon disposal;

(iii) to align the interests of Eligible Persons with that of the shareholders through the achievement of the Group's objectives and plans;

(iv) to attract prospective employees with relevant skills and experience to the Group by making compensation packages offered more competitive; and

(v) to foster and reinforce the Eligible Persons' loyalty and sense of belonging to the Group by enabling them to participate directly in the Company's equity, thereby incentivising the Eligible Persons to contribute more actively to the operations and future growth and success of the Group.

The Proposed ESOS is also extended to non-executive Directors of the Group in recognition of their contributions towards the growth and performance of the Group.

Additionally, the Board has deliberated on the benefits of undertaking the Proposed ESOS, as compared to other forms of rewarding its employees, such as cash bonuses or stock options, and have decided to undertake the Proposed ESOS. The Board opines that the Proposed ESOS is the most suitable mechanism to reward its employees given that it is a non-cash incentive which enables the Group to reward Eligible Persons without utilising significant amount of cash. Given that the Group's current business plan is to grow its property development segment and reduce the operating costs of its trading and services segment, the Proposed ESOS enables the Group to incentivise and reward Eligible Persons while also conserving its cash liquidity, which the Group may then use for its business plans. Conversely, if the Group rewards its employees through cash related incentives such as a cash bonus, the Group will also realise an increase in its administrative expenses, which will decrease its PAT/ (LAT) and negatively impact the financial results of the Group.

While the Board notes that the share price of CHB has been relatively low in the range of RM0.01 to RM0.02 for the past year up to the LPD, this may provide additional motivation for employees to meet their performance targets, given that there is a large upside that employees may realise, in the event their performance results in the improved financial performance of the Group. Taking consideration of the above, the Board opines that the Proposed ESOS is the most appropriate mechanism to reward and motivate its employees, while also enabling the Group to conserve its cash liquidity to utilise for its business plans.

5. INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS OF THE GROUP

5.1 Overview and outlook of the Malaysian economy

Malaysia's economy continued its growth momentum, supported by favourable economic performance, amid persistent challenges in the external environment. This signifies the country's strong fundamentals and diversified economic activities as well as investor confidence in the domestic market, anchored by sound Government policies. Furthermore, the Ekonomi MADANI framework, which focuses on restructuring and reforming Malaysia's economic agenda, coupled with the implementation of key policy plans such as the national energy Transition Roadmap (neTR) and new Industrial Master Plan 2030 (nIMP 2030), have started to yield positive results. During the first half of 2024, the economy posted a commendable growth of 5.1% driven by robust domestic demand, combined with further expansion in exports as well as positive growth in all economic sectors. Growth is forecast to continue its momentum in the second half of the year, albeit at a moderate pace. Overall, real GDP in 2024 is revised upward, ranging between 4.8% and 5.3%, surpassing the initial target of 4% to 5%.

For 2025, the economy is projected to grow between 4.5% and 5.5%. On the supply side, the services sector continues to uphold its position as the main driver of growth contributed by tourism activities, sustained exports and acceleration of ICT related activities. Tourism-related industries, particularly food & beverages, accommodation and retail trade segments, are expected to increase further, while the wholesale trade as well as air and water transportations segments will benefit from sustained trade-related activities. Industries such as the utilities and professional services are anticipated to rise in tandem with the acceleration of ICT development, particularly in data centres. The manufacturing sector is projected to expand further attributed to better performance in export-oriented industries, primarily the electrical and electronics ("**E&E**") segment, as external demand for semiconductors continues to increase. Additionally, the domestic-oriented industries are anticipated to remain favourable in line with higher domestic consumption and investment. The construction sector is expected to rise attributed to growth in all subsectors. Prospects for the agriculture sector remain positive supported by higher production of crude palm oil (CPO) and demand from food related industries. On the contrary, the mining sector is forecast to decline marginally due to scheduled plants shutdown for maintenance purposes.

(Source: Economic Outlook 2025, Ministry of Finance of Malaysia)

At its meeting on 6 March 2025, the Monetary Policy Committee ("**MPC**") of Bank Negara Malaysia ("**BNM**") decided to maintain the Overnight Policy Rate ("**OPR**") at 3%. The Malaysian economy recorded a higher growth of 5.1% in 2024, driven by stronger domestic demand and a rebound in exports. Moving forward, despite external uncertainties, the strength in economic activity is expected to be sustained in 2025, anchored by domestic demand. Employment and wage growth, as well as policy measures, including the upward revision of the minimum wage and civil servant salaries, will support household spending. The robust expansion in investment activity will be sustained by the progress of multi-year projects in both the private and public sectors, the continued high realisation of approved investments, as well as the ongoing implementation of catalytic initiatives under the national master plans. Amid global policy uncertainties, exports are expected to expand at a more moderate pace. Nevertheless, exports will remain supported by the global tech upcycle, continued growth in non-electrical and electronics, as well as higher tourist spending. The growth outlook is subject to downside risks from an economic slowdown in major trading partners following significant uncertainties surrounding trade policies and lower-than-expected commodity production. Meanwhile, growth could be lifted by greater spillovers from the global tech upcycle, more robust tourism activity, and faster implementation of investment projects.

Ringgit performance continues to be primarily driven by external developments. The narrowing interest rate differentials between Malaysia and the advanced economies is positive for the ringgit. Financial markets could experience heightened bouts of volatility due to global policy uncertainties. Nevertheless, Malaysia's favourable economic prospects and domestic structural reforms, complemented by ongoing initiatives to encourage flows, will continue to provide enduring support to the ringgit.

At the current OPR level, the monetary policy stance remains supportive of the economy and is consistent with the current assessment of inflation and growth prospects. The MPC remains vigilant to ongoing developments to inform the assessment on the domestic inflation and growth outlook. The MPC will ensure that the monetary policy stance remains conducive to sustainable economic growth amid price stability.

(Source: Monetary Policy Statement on 6 March 2025, Bank Negara Malaysia)

5.2 Overview and outlook of the property development industry in Malaysia

Malaysia's property market is poised for a significant shift in 2025, supported by ongoing economic recovery, urbanisation and strategic investments in key sectors. Recent analyses suggest that property prices are set to rise, underpinned by robust demand in urban centres and the growing influence of industrial property developments. With these dynamics in play, Malaysia's real estate landscape offers both opportunities and challenges for stakeholders.

The nation's post-pandemic economic recovery has gained momentum, creating an environment ripe for increased property demand. Key urban areas, including Kuala Lumpur, Penang and Johor Bahru, are experiencing heightened interest as more Malaysians and expatriates migrate to cities for employment opportunities and better quality of life. This urbanisation trend is a major driver of housing demand, particularly for mid-range and high-end properties in well-connected locales.

Additionally, Malaysia's improving economic indicators, such as rising gross domestic product and growing consumer confidence, are expected to stimulate property transactions. With a burgeoning middle class seeking housing options, demand for residential properties is projected to sustain its upward trajectory. This is especially true in areas that benefit from enhanced infrastructure and connectivity, such as those near ongoing Mass Rapid Transit (MRT) and Light Rail Transit (LRT) expansions.

While the property sector's prospects are largely positive, government policies and economic conditions will play a pivotal role in shaping market sentiment. The 2025 budget, for instance, lacked significant new measures to support homebuyers. Key initiatives like the Home Ownership Campaign (HOC) and Madani Deposit Scheme were notably absent, though limited tax relief for first-time buyers was introduced. These measures are expected to have a modest impact compared to previous campaigns.

Conversely, the absence of aggressive policy interventions has not deterred developers from pursuing growth opportunities. Instead, many are leveraging existing infrastructure projects, such as the Johor Autonomous Rapid Transit system, to enhance the appeal of their developments. These infrastructure enhancements are expected to contribute to long-term property value appreciation, particularly in regions like Johor Bahru.

(Source: Media article titled "Malaysia's Property Market: A Transformative Outlook for 2025" dated 16 December 2024 issued by StarProperty)

The real estate and business services subsector expanded by 9.1% in the first half of 2024 supported by higher demand for professional services, particularly in engineering-related activities. The subsector is expected to grow by 8.1% in the second half of the year supported by the increase of sales transactions from developers to buyers in the real estate segment and higher demand for professional, scientific & technical services. Furthermore, the enhancement of the Malaysia My second Home visa scheme in June 2024, will help boost sales of the high-end segment of local property. For the year, the subsector is expected to grow by 8.6%.

The real estate and business services subsector is forecast to increase by 6.3% driven by sustained demand for professional services, particularly engineering-related services in construction activities, including new data centre facilities. In addition, the expansion of the subsector will be supported by the improvement in sales of residential houses in the real estate segment. Meanwhile, the information and communication subsector is expected to grow by 2.6%, mainly attributed to the completion of fifth-generation (5G) network that will enhance the coverage and network quality. Furthermore, a surge in investment for digital infrastructure including data centres will be crucial in improving the subsector's growth.

The construction sector posted a significant growth of 14.6% in the first half of 2024, driven by expansion in all subsectors. Residential buildings and non-residential buildings subsectors also contributed to the performance on the back of increasing demand for affordable houses as well as vibrant economic activities, respectively. The sector is expected to continue its positive momentum in the second half of 2024, with projected double-digit growth of 13.7%. The residential buildings subsector is projected to grow, supported by increasing demand for affordable houses in line with the Government's initiatives under Budget 2024. This encompases, among others, the implementation of 36 Program Perumahan Rakyat, including 15 existing projects, which will benefit 5,100 residents, 14 Program Rumah Mesra Rakyat to construct 3,500 housing units and new housing MADANI projects.

The construction sector is forecast to register a growth of 9.4% in 2025, largely driven by the acceleration of strategic infrastructure projects. The non-residential buildings subsector is projected to expand further, supported by strong demand for industrial facilities from the realisation of approved investments, coupled with the development of new industrial areas such as the Kerian Integrated Green Industrial Park (KIGIP) and Johor-Singapore Special Economic Zone (JS-SEZ). Furthermore, the residential buildings subsector is anticipated to expand, driven by sustained demand for affordable housing as underlined by the economy MADANI framework, alongside new development projects by the private sector.

(Source: Economic Outlook 2025, Ministry of Finance Malaysia)

5.3 Overview and outlook of the ICT industry in Malaysia

The information and communication subsector expanded by 3% in the first half of 2024, attributed to the telecommunication segment. The subsector is expected to grow by 3.2% in the second half of the year supported by the uptick in digital-based services, social commerce activities as well as streaming of entertainment contents and major sporting events. Likewise, the adoption of digital services, particularly artificial intelligence (AI), cloud computing and cybersecurity programming is anticipated to spur the subsector's growth. Moreover, mobile internet packages for civil servants, students and media practitioners are expected to further increase the internet subscription rate. Hence, the subsector is anticipated to record a growth of 3.1% in 2024.

Meanwhile. The information and communication subsector is expected to grow by 2.6%, mainly attributed to the completion of fifth-generation (5G) network that will enhance the coverage and network quality. Furthermore, a surge in investment for digital infrastructure including data centres will be crucial in improving the subsector's growth.

(Source: Economic Outlook 2025, Ministry of Finance Malaysia)

The Malaysia ICT market size is estimated at USD26.61 billion in 2025, and is expected to reach USD 39.67 billion by 2030, at a CAGR of 8.31% during the forecast period (2025-2030).

In recent years, Malaysia has been fervently championing its digital economy. Initiatives like the Digital Free Trade Zone (DFTZ) and the Malaysia Digital Hub have been launched to lure foreign investments and nurture local tech startups. As a cornerstone of its Digital Economy Plan, the government unveiled the MyDIGITAL program. With an eye on 2030, the government envisions transforming Malaysia into a high-income, digitally-driven nation and a regional digital economy leader. Through the Cloud First plan under the MyDIGITAL framework, Malaysia is poised to bolster its status as a regional data hub.

The Malaysian government has set up Digital Nasional Berhad, a special-purpose entity under the Ministry of Finance, to align with the objectives of the Malaysia Digital Economy Blueprint. This initiative aims to expedite the adoption of 5G technology at the enterprise level, thereby propelling the growth of the country's telecommunication services. Malaysia's strategic initiatives, supported by domestic and international entities, position the nation to harness the potential of 5G technology. This advancement promises improved connectivity, fuels economic growth, and drives the nation's digital transformation, presenting lucrative opportunities for telecommunication service providers.

The degree of competition in the market studied is high over the forecast period. Competition in the ICT market is pronounced, with only slight variations in hardware and software offerings. Multiple companies vie for the same services. Vendors providing innovative, integrated solutions hold a competitive edge over those focused solely on hardware or software. Their bargaining power surpasses that of enterprise division operators, given that differentiation hinges on the specific application area. Market participants are actively seeking to bolster their competitiveness. As a result, the intensity of competitive rivalry is projected to remain high.

(Source: Mordor Intelligence Market Research Company)

5.4 Future prospects of the Group

The Group presently operates three business segments (i.e. the trading and services segment, property development segment and agriculture segment). The trading and services segment has been the Group's sole revenue contributor for its recent financial years and based on CHB's audited financial statements for the FYE 31 December 2024, the Group derived all of its revenue from its trading and services business. Despite this, the Group's trading and services segment has been loss making since 2009 after sustaining challenging conditions mainly as a result of the increased competition from e-commerce distributors, the transition from traditional ICT hardware towards digital based products, increase in import costs of the Group's supplies, Coronavirus-19 pandemic, weakening of the Malaysia Ringgit and geo-political tensions.

As a result of this, the Group has been taking several initiatives to grow its property development segment in order to reduce the Group's reliance on its trading and services segment and improve the Group's overall financial performance. The Group has taken the following growth initiatives for its property development segment:-

(i) CDMSB had entered into the JCSB JVA on 28 November 2017 to undertake a joint development on a parcel of land measuring 62 acres in Cybersouth, Dengkil, Selangor. Through the JCSB JVA, CDMSB as the landowner is entitled to receive 20.00% of the share of GDV from the JCSB JVA, amounting to be approximately RM117.00 million. As stated in **Section 2.11, Part A** of this Circular, 90% of the total units (comprising 338 townhouse units and 80 double-storey units) under phase 1 of the JCSB JVA have been booked and CDMSB anticipates to progressively recognise revenue from the first half of 2025 to the second half of 2027, following the handover of vacant possession to the purchasers of the JCSB JVA units. As at the LPD, the Group had received payment amounting up to RM2.68 million from JCSB for the phase 1 sales of the JCSB JVA and anticipates to receive further payments progressively following the progress of construction towards handovers of vacant possession to the purchasers of the JCSB JVA units moving forward. Further, phase 2 sales of the JCSB JVA is expected to commence by the first half of 2026;

(ii) On 30 May 2023, the Group had undertaken the Diversification to property development. The Diversification was undertaken to properly facilitate the Group's expansion into the property development segment. In anticipation to commence recognising revenue recognition from the share of GDV from the JCSB JVA in 2025, the Board opined that the Diversification was in the best interest of the Group in order to focus on growing its property development segment and reducing reliance on its trading and services segment; and

(iii) The Proposed Joint Venture, which represents the Group's second foray into the property development segment as a landowner. As stipulated in **Sections 2 and 2.1, Part A** of this Circular, CDMSB is entitled to the Minimum Landowner's Entitlement of RM234.00 million for contributing the Development Land for the Proposed Joint Venture. The Development will be undertaken over 8-9 phases, and is expected to be completed in 13 years, with an extension period of 3 years in the JVA. As a result, as and when the construction for the respective phases of the Development are completed, CDMSB is entitled to receive its landowner's entitlement for the respective phase. The landowner's entitlement from the Proposed Joint Venture therefore provides the Group with a form of revenue to be recognised progressively in the long term.

Additionally, in view of the positive property market outlook in Malaysia where real estate and construction performance had continued to improve throughout 2024 backed by stronger market activity and government initiatives (as shown in **Section 5.2, Part A** of this Circular), the Board opines that the Proposed Joint Venture represents another opportunity for the Group to further expand the revenue stream of its property development segment. Throughout the 13-year development period, CDMSB shall be entitled to its landowner's entitlement as and when phases of the Development are completed. Through the proceeds raised from the landowner's entitlement of the Proposed Joint Venture, the Group intends to prioritise the further growth of its property development segment through the acquisition of strategic landbanks which the Group may use to undertake property development activities, enter into joint venture agreements with other developers to jointly develop such landbank and/ or to acquire such landbank as property investment for resale in the future to derive gain. As stated in **Section 2.11, Part A** of this Circular, the Group is in the midst of monitoring and evaluating the Potential Target Lands and other lands in Malaysia against the growth of the property market in Malaysia, in order to better position itself to undertake such acquisitions. The Group may also conduct feasibility studies on certain lands that the Group shortlists as having potential for property development. Pursuant to the above, the Board is prioritising the growth of its property development segment as its business strategy moving forward, in order to improve its overall financial performance.

Further, notwithstanding that the Group intends to further expand the revenue stream of its property development segment via landowner's entitlement through the JCSB JVA and Development, the revenue contribution from the JCSB JVA and Development can only be recognised pursuant to an agreed schedule, which is contingent upon the completion of the specific phases of the JCSB JVA and the Development. As a result, the Group is also maintaining its trading and services segment, which provides the Group with a more recurrent and stable form of revenue. As discussed in **Section 2.11, Part A** of this Circular, the Group's trading and services segment has recorded losses since 2009.

To improve the financial performance of its trading and services segment, the Group intends to implement certain cost rationalisation strategies internally for its trading and services segment with the goal of reducing the operating costs of this segment and improve its margins. Once the Group obtains larger revenue contribution from the landowner's entitlement of the JCSB JVA and the Development, the Group may further scale down the costs and operations of its trading and services segment, and allocate additional resources to the growth of its property development segment. Notwithstanding that the expansion of the Group's main strategy is the growth of its property development segment, the Board intends to improve the financial performance of its trading and services segment and reduce its operating costs, with the objective to turn this segment profitable.

Taking consideration of the above, including the prospects of the Group's ongoing property development projects (i.e. the JCSB JVA and the Proposed Joint Venture), the future expansion plans of the Group's property development segment and the overview and outlook of the property market set out in **Section 5.2, Part A** of this Circular, the Board opines that the Proposed Joint Venture may contribute positively to the expansion of the Group's property development segment, in order to reduce its reliance on its trading and services segment and to enhance its financial performance moving forward.

(Source: Management of CHB)

6. RISK FACTORS

6.1 Non-fulfilment of conditions precedent of the JVA

The completion of the JVA is subject to the fulfilment of the conditions precedent and obligations for both parties set forth in the JVA. In the event of default by either party, the counter party has the right to terminate the JVA, if the remedies were not made good within the specified timeline as per the provision of the JVA.

Nevertheless, the management of CDMSB will endeavour to take all reasonable steps to ensure the fulfilment of its obligations for the purpose of completing the JVA.

6.2 Loss of opportunity

Upon completion of the Development and the sale of the Development units, CDMSB will cease to be the beneficial owner of the Development Land as and when the units are delivered to end-purchasers. In addition, under the JVA, CDMSB will cease interest in the Development Land including all unsold buildings (whether completed or pending construction) in favour of the Developer upon receipt of full payment of the landowner's entitlement. As such, the Group would no longer be able to benefit from any potential appreciation in the market value of the Development Land in the future.

Notwithstanding the above, CDMSB is expected to realise a pro forma net gain of approximately RM83.08 million by the end of the Proposed Joint Venture (with RM58.16 million attributable to the Group), and such cash surplus arising from the Minimum Landowner's Entitlement, upon collection, would enable the Company to re-mobilise capital and resources to fund future expansion plans for the Group's property development segment and for the financing of working capital requirements.

6.3 Compulsory acquisition by the Government of Malaysia

Pursuant to the Land Acquisition Act 1960 ("**LA 1960**"), the relevant state authority has the power to compulsorily acquire any land within the jurisdiction of such relevant state authority in Malaysia in accordance with the aforesaid LA 1960. In the event of any compulsory acquisition of the Development Land or any part thereof, the amount of compensation to be awarded will be determined on the basis prescribed in the LA 1960 and other relevant laws. If all or any portion of the Development Land is compulsorily acquired by the relevant state authority at any point in time, the amount of such compensation may be less than the market value of the Development Land. In the event of any compulsory acquisition of the Development Land or any part thereof, the Group may seek to minimise any potential losses from such transactions by invoking the relevant provisions in the LA 1960 in relation to its rights to submit an objection in respect of the amount of compensation, where necessary.

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7. EFFECTS OF THE PROPOSALS

7.1 Issued share capital

The Proposed Joint Venture will not have any effect on the issued share capital of the Company as there is no issuance of CHB Shares involved.

The Proposed ESOS will not have an immediate effect on the issued share capital of CHB until such time when new CHB Shares are issued pursuant to the exercise of the ESOS Options. The issued share capital of CHB will increase progressively depending on the number of new CHB Shares that are issued pursuant to the exercise of the ESOS Options.

The pro forma effects of the Proposed ESOS on the issued share capital of the Company are set out below:-

	No. of Shares	**RM**
Issued share capital as at the LPD	6,050,407,750	96,245,795
Shares to be issued assuming full exercise of ESOS Options	907,561,162	13,068,881[*1]
Enlarged issued share capital	**6,957,968,912**	**109,314,676**

Note:-

[*1] *Computed based on the illustrative issue price of RM0.0144 per ESOS Option, representing approximately 9.43% discount to the 5-day VWAP of CHB Shares up to and including the LPD of RM0.0159 per CHB Share.*

7.2 NA and gearing level

Barring any unforeseen circumstances, the Proposed Joint Venture is not expected to have any immediate material effect on the NA and gearing level of CHB Group for the FYE 31 December 2025.

The Proposed ESOS is not expected to have an immediate effect on the NA, NA per Share and gearing of the Group until such time when the ESOS Options are exercised. The effects on the NA, NA per Share and gearing of the Group would depend on factors such as the number of ESOS Options granted and the fair value of the ESOS Options after taking into account, amongst others, the exercise price of the ESOS Options as well as any vesting conditions.

Whilst the granting of ESOS Options under the Proposed ESOS is expected to result in recognition of a charge in the statement of comprehensive income of the Group pursuant to the MFRS 2 as issued by the Malaysian Accounting Standards Board, the recognition of such MFRS 2 charge would not affect the Group's NA as the corresponding amount will be classified as an equity compensation reserve which forms part of the shareholders' equity.

Upon vesting of the ESOS Options and/ or exercise of the ESOS Options pursuant to the Proposed ESOS, the NA per Share of the Group is expected to:-

(i) increase if the exercise price of the ESOS Options is higher than the NA per Share of the Group; and

(ii) decrease if the exercise price of the ESOS Options is lower than the NA per Share of the Group,

at such point of exercise.

7.3 Earnings and EPS

7.3.1 Proposed Joint Venture

The Proposed Joint Venture is not expected to have any immediate material effect on the earnings and EPS of CHB Group for the FYE 31 December 2025. Notwithstanding that, the Minimum Landowner's Entitlement from the Proposed Joint Venture which is expected to be completed over a period 13 years, with a further automatic extension of 3 years and/ or any further extension from the date of the commencement of the Development, may contribute positively to the earnings and EPS of CHB Group for the future financial years as and when the Development is completed and sold.

7.3.2 Proposed ESOS

The Proposed ESOS is not expected to have any material effect on the earnings of the Group for FYE 31 December 2025, save for the possible impact of the MFRS 2 upon granting of the ESOS Options. However, any potential effect on the earnings and EPS of the Group in the future would depend on the impact of MFRS 2, the number and exercise price of the ESOS Options exercised as well as the utilisation of the proceeds arising therefrom.

Under the MFRS 2, the potential cost arising from the issuance of the ESOS Options, which is measured by the fair value of the ESOS Options after taking into account, amongst others, the number of ESOS Options granted and vested and the exercise price, will need to be measured at the grant date and to be recognised as an expense over the vesting period, and therefore may affect the future earnings of the Group, the quantum of which can only be determined at the grant date. However, the estimated cost does not represent a cash outflow by CHB as it is merely an accounting treatment.

The fair value of the ESOS Options will be determined after taking into consideration, amongst others, the historical volatility of CHB Shares, the risk-free rate, the exercise price of the ESOS Options and time to maturity of the ESOS Options from the vesting date of the ESOS Options. Nevertheless, we have taken note of the potential impact of MFRS 2 on the Group's future earnings and shall take into consideration such impact in the allocation and granting of the ESOS Options to the Eligible Persons.

Notwithstanding the above, the EPS of the Group may be diluted depending on the number of new CHB Shares to be issued and/ or transferred via treasury shares pursuant to the exercise of the ESOS Options. The effects of any exercise of the ESOS Options on the EPS of the Group would also depend on the returns to be generated by the Group from the utilisation of proceeds from the exercise of the ESOS Options.

7.4 Convertible securities

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

7.5 Substantial shareholders' shareholdings

The pro forma effects of the Proposed ESOS on the substantial shareholders' shareholdings in CHB are set out below:-

	Shareholdings as at the LPD				After the issuance of Shares pursuant to the Proposed ESOS			
	<----------Direct---------->		<----------Indirect---------->		<----------Direct--------->		<----------Indirect---------->	
Substantial shareholders	**No. of Shares**	**%[*1]**	**No. of Shares**	**%[*1]**	**No. of Shares**	**%[*2]**	**No. of Shares**	**%[*2]**
Curate Holdings Sdn Bhd	906,487,872	14.98	-	-	906,487,872	13.03	-	-
GKP	379,289,013	6.27	467,727,240[*3]	7.73	379,289,013	5.45	467,727,240[*3]	6.72
Hian Holdings Sdn Bhd	800,037,068	13.22	-	-	800,037,068	11.50	-	-
See Thoo Chan	467,727,240	7.73	379,289,013[*4]	6.27	467,727,240	6.72	379,289,013[*4]	5.45
Soo Yi Xin	200,000	-[*6]	906,487,872[*5]	14.98	200,000	-[*6]	906,487,872[*5]	13.03
Sierra Bonus Sdn Bhd	348,331,300	5.76	-	-	348,331,300	5.01	-	-
Eternal Harmony Sdn Bhd	600,000,000	9.92	-	-	600,000,000	8.62	-	-

Notes:-

[*1] *Based on the issued shares of 6,050,407,750 as at the LPD.*

[*2] *Based on the issued shares of 6,957,968,912 after the exercise of ESOS Options.*

[*3] *Deemed interested by virtue of the direct shareholding of his spouse, See Thoo Chan in CHB pursuant to Section 8 of the Act.*

[*4] *Deemed interested by virtue of the direct shareholding of her spouse, GKP in CHB pursuant to Section 8 of the Act.*

[*5] *Deemed interested by virtue of her direct shareholding in Curate Holdings Sdn Bhd pursuant to Section 8 of the Act.*

[*6] *Negligible*

8. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of CHB Shares as traded on Bursa Securities for the past 12 months from May 2024 to April 2025 are set out below:-

	High RM	Low RM
2024		
May	0.020	0.010
June	0.020	0.015
July	0.020	0.010
August	0.020	0.010
September	0.015	0.010
October	0.015	0.010
November	0.015	0.010
December	0.015	0.010
2025		
January	0.015	0.010
February	0.020	0.010
March	0.020	0.015
April	0.020	0.015
Last transacted market price on the LTD		0.010
Last transacted market price on the LPD		0.015

(Source: Bloomberg)

9. APPROVALS REQUIRED/ OBTAINED

The Proposals are subject to the following approvals:-

(i) Bursa Securities, which has vide its letter dated 28 April 2025, for the listing of and quotation for such number of CHB Shares, representing up to 15% of total number of issued shares of CHB, which may be made available pursuant to the Proposed ESOS on the Main Market of Bursa Securities, subject to the following conditions;

No.	Conditions	Status of compliance
(a)	CHB and UOBKH must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed ESOS;	To be complied
(b)	UOBKH is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation, together with the following: (i) a certified true copy of the resolution passed by the shareholders in an EGM approving the Proposed ESOS; and (ii) letter of compliance in relation to the Bylaws pursuant to Paragraph 2.12 of the Listing Requirements together with a copy of the final By-Laws;	To be complied
(c)	CHB is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the Proposed ESOS as at the end of each quarter together with a detailed computation of listing fees payable;	To be complied

(ii) the shareholders of the Company at the forthcoming EGM.

The Proposals are not inter-conditional and are not conditional upon any other proposals undertaken or to be undertaken by the Company.

The highest percentage ratio applicable to the Proposed Joint Venture pursuant to Paragraph 10.02(g) of the Listing Requirements is 202.05%, computed based on the Minimum Landowner's Entitlement accruable to CHB Group over the audited consolidated NA of the Company as at 31 December 2023.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVES AND/ OR PERSONS CONNECTED WITH THEM

10.1 Proposed Joint Venture

Save as disclosed below, none of the Directors and/ or major shareholders of CHB and/ or persons connected to them have any interests, whether direct or indirect, in the Proposed Joint Venture:-

(i) GKP is deemed interested in the Proposed Joint Venture by virtue of him being the Chief Executive Officer and substantial shareholder of CHB and the father of Keane Goh, who is the Group General Manager of CHB and a shareholder and Director of CPG; and

(ii) See Thoo Chan is deemed interested in the Proposed Joint Venture by virtue of her being the Executive Director and substantial shareholder of CHB and the mother of Keane Goh.

In addition to the above, and for information purpose, Goh Tai Wai is the Non-Independent Non-Executive Director of CHB, and the nephew of GKP and See Thoo Chan. Although Goh Tai Wai does not fall within the definition of "person connected" and accordingly does not meet the requirement of a "related party" pursuant to Paragraph 1.01 of the Listing Requirements, he has voluntarily abstained and will continue to abstain from deliberating and voting on the Proposed Joint Venture at the relevant Board meetings, premised on good corporate governance.

Accordingly, the Interested Persons have abstained and will continue to abstain from deliberating and voting on the Proposed Joint Venture at the relevant Board meetings. The Interested Persons will continue to abstain and have undertaken to ensure that persons connected with them will abstain from voting in respect of their respective direct and/ or indirect shareholdings in CHB, if any, on the resolution pertaining to the Proposed Joint Venture at the EGM of the Company to be convened.

The Interested Persons' direct and indirect shareholdings in CHB as at the LPD are set out below:-

	<----------Direct---------->		<----------Indirect---------->	
Name	**No. of CHB Shares**	**%**	**No. of CHB Shares**	**%**
GKP	379,289,013	6.27	467,727,240[*1]	7.73
See Thoo Chan	467,727,240	7.73	379,289,013[*2]	6.27
Goh Tai Wai	-	-	-	-

Notes:-

[*1] *Deemed interested by virtue the direct shareholding of his spouse, See Thoo Chan in CHB.*

[*2] *Deemed interested by virtue the direct shareholding of her spouse, GKP in CHB.*

10.2 Proposed ESOS

All Directors are eligible to participate in the Proposed ESOS and are therefore deemed interested in the Proposed ESOS to the extent of their respective proposed allocation and the proposed allocations to persons connected to them, if any, under the Proposed ESOS. Notwithstanding that, all Directors have deliberated on the Proposed ESOS, and have agreed to present the Proposed ESOS to shareholders for their consideration and approval.

All Directors have and will continue to abstain from all Board deliberations and voting in respect of their respective proposed allocation, and the proposed allocations to persons connected to them under the Proposed ESOS, at the relevant Board meetings. The Directors who are deemed persons connected to Eligible Person under the Proposed ESOS, have and will continue to abstain from all Board deliberations and voting in respect of the proposed allocations to persons connected to them under the Proposed ESOS, at the relevant Board meetings.

All Directors will abstain from voting in respect of their direct and/ or indirect shareholdings, at an EGM of the Company to be convened in respect of the resolutions to be tabled for the Proposed ESOS and any of their respective proposed allocation as well as the proposed allocations to the persons connected to them, under the Proposed ESOS.

All Directors will undertake to ensure that persons connected to them, will abstain from voting in respect of their direct and/ or indirect shareholdings, on the resolutions pertaining to the Proposed ESOS and any of their respective proposed allocations, and the proposed allocations to the persons connected to them, under the Proposed ESOS, to be tabled at an EGM of the Company to be convened.

The direct and indirect shareholdings of the Directors in CHB as at the LPD are set out below:-

	<----------Direct---------->		<----------Indirect---------->	
Name	**No. of CHB Shares**	**%**	**No. of CHB Shares**	**%**
Tan Sri Datuk Asmat bin Kamaludin	-	-	-	-
See Thoo Chan	467,727,240	7.73	379,289,013[*1]	6.27
Mohamed Fauzi bin Omar	-	-	-	-
Goh Tai Wai	-	-	-	-
Low Geok Eng	2,000,000	0.03	3,250,000[*1]	0.05
Tan Siew Li	138,000,000	2.28	-	-

Note:-

[*1] *Deemed interested by virtue their spouse's shareholding in CHB.*

Further, GKP and Keane Goh, who are entitled to participate in the Proposed ESOS, will abstain from voting in respect of their direct and/ or indirect shareholdings in the Company on the ordinary resolutions pertaining to the Proposed ESOS and the proposed allocation to themselves, as well as the proposed allocations to the persons connected to them, if any, under the Proposed ESOS, to be tabled at the forthcoming EGM of the Company. GKP and Keane Goh will also undertake to ensure that persons connected to them, if any, will abstain from voting in respect of their direct and/ or indirect shareholdings in the Company on the ordinary resolutions pertaining to the Proposed ESOS and the proposed allocation to them as well as the proposed allocations to the persons connected to them, if any, under the Proposed ESOS, to be tabled at the forthcoming EGM of the Company.

For information purposes, Keane Goh is the Group General Manager of the CHB Group and the son of GKP and See Thoo Chan (the substantial shareholders of CHB). As at the LPD, he does not hold any CHB Shares.

11. TRANSACTIONS WITH THE INTERESTED PARTIES FOR THE PRECEDING 12 MONTHS

Save for the JVA, CHB Group has not entered into any transactions with the Interested Persons in the 12 months preceding the date of this Circular.

12. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of CHB, after taking into consideration the advice and opinion of the Independent Adviser, is of the opinion that the Proposed Joint Venture is:-

(i) in the best interest of the Company;

(ii) fair, reasonable and on normal commercial terms; and

(iii) not detrimental to the interest of the non-interested shareholders of CHB.

In forming its views, the Audit Committee of CHB has taken into consideration, amongst others, the following:-

(i) the rationale and justification for the Proposed Joint Venture;

(ii) the salient terms of the JVA;

(iii) the basis and justification for arriving at the Minimum Landowner's Entitlement;

(iv) the effects of the Proposed Joint Venture; and

(v) the future prospects of Development.

13. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed ESOS is expected to be implemented by the third quarter of 2025 and to be completed in the third quarter of 2027 (subject to the discretion of the Board with a recommendation from the ESOS Committee for a further extension of 2 years), and the Proposed Joint Venture is expected to be completed over a period of 13 years with a further automatic extension of 3 years and/ or any further extension to be agreed upon between CHB and CPG from the date of obtaining all the necessary approvals from the relevant authorities pursuant to the JVA.

14. DIRECTORS' STATEMENT AND RECOMMENDATION

14.1 Proposed Joint Venture

The Board (save for the Interested Directors), having considered all aspects of the Proposed Joint Venture including but not limited to the terms and conditions of the JVA, basis and justification in arriving at the Minimum Landowner's Entitlement, rationale, prospects, risk factors and financial effects of the Proposed Joint Venture, is of the opinion that the Proposed Joint Venture is in the best interest of the Company.

Accordingly, the Board (save for the Interested Directors) recommends that you vote **IN FAVOUR** of the resolution pertaining to the Proposed Joint Venture to be tabled at the forthcoming EGM.

14.2 Proposed ESOS

The Board having considered all aspects of the Proposed ESOS, including but not limited to the terms and conditions and the rationale of the Proposed ESOS, is of the opinion that the Proposed ESOS is in the best interest of the Company.

However, in view that all Directors are eligible to participate in the Proposed ESOS, the Directors have abstained and will continue to abstain from deliberating and forming any opinion on, and making any recommendations on the resolutions pertaining to their respective allocations as well as allocations to persons connected to them, if any, under the Proposed ESOS. They will also abstain and ensure that persons connected to them, if any, abstain from voting in respect of their direct and/ or indirect interests in CHB, on the resolutions pertaining to the Proposed ESOS and their respective allocations as well as allocations to persons connected to them, if any, under the Proposed ESOS at an EGM of the Company to be convened. Where the resolutions are not related to their respective allocations or to the persons connected to them, if any, the Directors, after having considered all aspects of the Proposed ESOS, are of the opinion that the Proposed ESOS is in the best interest of the Group.

Accordingly, the Board recommends that you vote **IN FAVOUR** of the resolutions pertaining to the Proposals to be tabled at our forthcoming EGM.

15. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, there are no other outstanding proposals, which have been announced but not yet completed as at the date of this Circular.

16. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Greens III Sports Wing, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 28 May 2025 at 10:45 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Twentieth Annual General Meeting of the Company which will be held at the same venue on the same day at 10.00 a.m. or at any adjournment thereof, for the purpose of considering, and if thought fit, passing with or without modifications, the resolutions to give effect to the Proposals.

If you are unable to attend, participate and vote remotely at the EGM via the RPV facilities provided, you are entitled to appoint a proxy or proxies to attend, participate and vote on your behalf. As such, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein, to the Share Registrar office in the following manner:

(i) In hard copy:

   (a) By hand or by post to the office of the 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, Wilayah Persekutuan Kuala Lumpur, Malaysia or alternatively, Tricor Drop-in Box located at Unit G-2, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia; or

   (b) By fax at 03-2783 9222 or e-mail to is.enquiry@vistra.com; or

(ii) By electronic form:

   (a) To submit Form of Proxy electronically via TIIH Online at https://tiih.online;

The lodging of the Form of Proxy shall not preclude you from attending, participating and voting at the EGM should you subsequently wish to do so and in such event, your Form of Proxy shall be deemed to have been revoked.

17. FURTHER INFORMATION

Shareholders are advised to refer to the appendices as set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board
COMPUGATES HOLDINGS BERHAD

TAN SRI DATUK ASMAT BIN KAMALUDIN
Non-Independent Non-Executive Chairman

PART B

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF CHB IN RELATION TO THE PROPOSED JOINT VENTURE

EXECUTIVE SUMMARY

All definitions or defined terms used in this executive summary shall have the same meanings and expressions as defined in the Definitions section of and throughout the Circular, except where the context otherwise requires or where otherwise defined herein.

All references to "you" and "your" are to the shareholders of CHB, whilst references to "we", "us" and "our" are to MainStreet, being the Independent Adviser for the Proposed Joint Venture.

This executive summary highlights the salient information of the Proposed Joint Venture. You are advised to read and understand this Independent Advice Letter ("IAL") in its entirety, together with Part A of the Circular and the appendices thereto for any other relevant information and are not to rely solely on the executive summary before forming an opinion on the Proposed Joint Venture. You are also advised to consider carefully the recommendation contained herein before voting on the resolution pertaining to the Proposed Joint Venture to be tabled at the forthcoming EGM of CHB.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, investment adviser, accountant, solicitor, or other professional advisers immediately.

1. INTRODUCTION

On 31 January 2025, UOBKH had, on behalf of the Board, announced that CHB through its 70%-owned subsidiary, CDMSB (or the Landowner) had on even date, entered into the JVA with CPG for the Proposed Joint Venture.

The Proposed Joint Venture is deemed as an RPT pursuant to Paragraph 10.08 of the Listing Requirements in view of the interests of the Interested Persons as set out in **Section 10.1 of Part A of the Circular**. Accordingly, the Board (save for the Interested Directors) had on 5 March 2024 appointed MainStreet to act as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of CHB in respect of the Proposed Joint Venture.

The purpose of this IAL is to provide the non-interested shareholders of CHB with an independent evaluation of the Proposed Joint Venture together with our comments, opinion and recommendation thereon, subject to the scope and limitations of our role and evaluation as specified herein, in relation to the Proposed Joint Venture.

Please refer to **Section 2 of Part A of the Circular** for full details of the Proposed Joint Venture.

2. OUR EVALUATION OF THE PROPOSED JOINT VENTURE

In evaluating the Proposed Joint Venture, we have taken into consideration the following factors:

Section in this IAL	Area of evaluation	Comments
Section 6.1	Rationale and justifications for the Proposed Joint Venture	We are of the view that the rationale and justifications for the Proposed Joint Venture are reasonable as the Group may be able to generate additional income from the Landowner's Entitlement (as defined in **Section 9(a) of Appendix 1 of the Circular**) for contributing the Development Land. The cash proceeds from the Landowner's Entitlement would provide the Group with greater financial flexibility given their loss-making position for the past 3 financial years. Nevertheless, the non-interested shareholders of CHB should note that the potential benefits arising from the Proposed Joint Venture is subject to certain risk factors as disclosed in **Section 6 of Part A of the Circular**.

Section in this IAL	Area of evaluation	Comments
Section 6.2	Evaluation of the basis and justification of determining the Minimum Landowner's Entitlement	In evaluating the Minimum Landowner's Entitlement, we have considered the following: (i) market value of the Development Land of RM134.60 million as appraised by the Valuer. In arriving at the market value of the Development Land, the Valuer had used the Comparison Approach as the sole method of valuation. We are of the view that the valuation methodology adopted by the Valuer is appropriate as the Development Land is a vacant land without any planning approval or development order. We have reviewed the key bases and assumptions adopted by the Valuer and are satisfied with the reasonableness of the key bases and assumptions. As such, we are satisfied with the valuation conducted by the Valuer as well as the reasonableness of the opinion of the market value expressed by the Valuer on the Development Land; (ii) GDV of the Development based on the Feasibility Study (as defined herein) provided by the management of CPG; and (iii) precedent joint venture transactions. Based on our evaluation of the above, we note that: (i) the Minimum Landowner's Entitlement represents a premium of RM99.40 million or approximately 73.85% over the market value of the Development Land of RM134.60 million; and (ii) the Minimum Landowner's Entitlement which represents approximately 17.21% of the estimated GDV of approximately RM1.36 billion and 18.00% of the minimum GDV of RM1.30 billion, is within the range of landowner's entitlement to GDV of the selected precedent joint venture transactions which were announced on Bursa Securities for the past 2 years up to the LPD of 9.00% to 29.17%. With further reference to **Section 6.2 of this IAL**, we are of the view that the Minimum Landowner's Entitlement is **fair** and **reasonable** and **not detrimental** to the non-interested shareholders of CHB**.**
Section 6.3	Salient terms of the JVA	We have reviewed the JVA and we are of the view that the salient terms of the JVA are **reasonable** and **not detrimental** to the non-interested shareholders of CHB.

Section in this IAL	Area of evaluation	Comments
Section 6.4	Risk factors of the Proposed Joint Venture	In evaluating the Proposed Joint Venture, you should carefully consider the following risk factors as set out in **Section 6 of Part A of the Circular**: (i) Risks relating to non-fulfilment of conditions precedent of the JVA; (ii) Risks relating to loss of opportunity; and (iii) Risks relating to compulsory acquisition by the Government of Malaysia. We wish to highlight that although efforts and measures would be taken by the Board and the management of CHB to limit/mitigate the risks associated with the Proposed Joint Venture, no assurance can be given that the abovementioned risk factors will not occur and give rise to material and adverse impact on the operation and business of CHB, financial positions and/ or CHB's prospects thereon.
Section 6.5	Industry overview, outlook and future prospects of the Group	Based on the generally positive outlook on the Malaysian economy, the property development industry in Klang Valley and the ICT industry in Malaysia, we are of the view that the overall prospects of the Group upon completion of the Proposed Joint Venture are favourable. Nonetheless, we wish to highlight that all businesses are subject to uncertainties which are not within the Board's control such as, amongst others, changes in government policies, changes in interest rates, changes in global economic conditions and changes in the property market.
Section 6.6	Effects of the Proposed Joint Venture	(i) The Proposed Joint Venture will not have any effect on the Company's issued share capital and substantial shareholder's shareholdings as the Proposed Joint Venture does not involve or result in any change to the number of issued CHB Shares. (ii) Barring any unforeseen circumstances, the Proposed Joint Venture is not expected to have any immediate material effect on the NA and gearing level of CHB Group for the FYE 31 December 2025. (iii) The Proposed Joint Venture is not expected to have any immediate material effect on the earnings and EPS of CHB Group for the FYE 31 December 2025. Notwithstanding that, the Minimum Landowner's Entitlement from the Proposed Joint Venture (which is expected to be completed over a period 13 years, with a further automatic extension of 3 years and/ or any further extension from the commencement date of the Development) may contribute positively to the earnings and EPS of CHB Group for the future financial years as and when the Development is completed and sold.

Section in this IAL	Area of evaluation	Comments
		Premised on the above, we are of the view that the overall effect arising from the Proposed Joint Venture are **reasonable** and **not detrimental** to the non-interested shareholders of CHB.

3. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Joint Venture and have set out our evaluation in **Section 6 of this IAL**. Non-interested shareholders of CHB should carefully consider the merits and demerits of the Proposed Joint Venture based on all relevant and pertinent factors including those set out above and other considerations as enumerated in this IAL, the Circular and the appendices.

Based on our assessment and evaluation, we are of the opinion that the Proposed Joint Venture is in the best interest of the Company, **fair** and **reasonable** and **not detrimental** to the non-interested shareholders of CHB. Accordingly, we recommend that the non-interested shareholders of CHB **vote in favour** of the resolution pertaining to the Proposed Joint Venture to be tabled at the forthcoming EGM of CHB.

As far as our analyses and assessment as contained in the IAL are concerned, we have considered factors which we believe to be of general relevance to the non-interested shareholders of CHB as a whole. We have not taken into consideration any specific investment objectives, financial situation, risk profile and particular need of any individual non-interested shareholder or any specific groups of non-interested shareholders of CHB.

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9 May 2025

To: The non-interested shareholders of Compugates Holdings Berhad

Dear Sir/Madam,

COMPUGATES HOLDINGS BERHAD ("CHB" OR "COMPANY")

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF CHB IN RELATION TO THE PROPOSED JOINT VENTURE

This IAL is prepared for the inclusion in the circular to the shareholders of CHB dated 9 May 2025 in relation to the Proposed Joint Venture. All the definitions used in this IAL shall have the same meanings and expressions as defined in the Definitions section of and throughout the Circular, except where the content otherwise requires or where otherwise defined herein.

1. INTRODUCTION

On 31 January 2025, UOBKH had, on behalf of the Board, announced that CHB through its 70%-owned subsidiary, CDMSB (or the Landowner) had on even date, entered into the JVA with CPG for the Proposed Joint Venture.

The Proposed Joint Venture is deemed as an RPT pursuant to Paragraph 10.08 of the Listing Requirements in view of the interests of the Interested Persons as set out in **Section 10.1 of Part A of the Circular**. Accordingly, the Board (save for the Interested Directors) had on 5 March 2024 appointed MainStreet to act as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of CHB in respect of the Proposed Joint Venture.

The purpose of this IAL is to provide the non-interested shareholders of CHB with an independent evaluation of the Proposed Joint Venture together with our comments, opinion and recommendation thereon, subject to the scope and limitations of our role and evaluation as specified herein, in relation to the Proposed Joint Venture. The non-interested shareholders of CHB should nonetheless rely on their own evaluation of the merits and demerits of the Proposed Joint Venture before making a decision on the course of action to be taken at CHB's forthcoming EGM in relation to the Proposed Joint Venture.

Other than for this intended purpose, this IAL should not be used or relied upon by any other parties for any other purpose whatsoever.

YOU ARE ADVISED TO READ BOTH THIS IAL AND PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES AND CAREFULLY CONSIDER THE RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED JOINT VENTURE TO BE TABLED AT THE FORTHCOMING EGM.

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

2. DETAILS OF THE PROPOSED JOINT VENTURE

The full details of the Proposed Joint Venture are set out in **Section 2 of Part A of the Circula**r, which should be read in its entirety by the non-interested shareholders of CHB.

3. SCOPE AND LIMITATIONS TO OUR EVALUATION OF THE PROPOSED JOINT VENTURE

We were not involved in the formulation of, deliberations, negotiations or discussion of the terms and conditions of the Proposed Joint Venture nor were we involved in the deliberations leading up to the decision by the Board in respect of the Proposed Joint Venture. The terms of reference of our appointment as the Independent Adviser in relation to the Proposed Joint Venture are in accordance with the requirements set out in Paragraph 10.08(3) of the Listing Requirements and the Best Practice Guide in relation to Independent Advice Letters issued by Bursa Securities.

Our scope as the Independent Adviser is limited to expressing an independent opinion on the fairness and reasonableness of the Proposed Joint Venture together with our recommendation on whether you should vote in favour of the resolution pertaining to the Proposed Joint Venture, based on the information and documents requested and provided to us or which are available to us, including the following:

(i) information contained in Part A of the Circular, and the appendices attached thereto;

(ii) the Valuation Certificate and Valuation Report prepared by the Valuer;

(iii) the feasibility study, together with the relevant basis and assumptions as provided by the management of CPG dated 4 October 2024 ("**Feasibility Study**");

(iv) independent project assessment report prepared by VPC Alliance (PJ) Sdn Bhd ("**VPC Alliance**") dated 15 January 2025 ("**Independent Project Assessment Report**") for the purpose of estimating the GDV of the Development;

(v) the JVA;

(vi) information furnished to us (both orally and in writing) by the Board and management of CHB and management of CPG; and

(vii) other relevant publicly available information.

We have relied on the Board, management and/ or representatives of CHB as well as the board of directors and management of CPG to exercise due care to ensure that all information, documents, confirmations, and representations provided to us to facilitate our evaluation of the Proposed Joint Venture are complete, reasonable, reliable, and accurate and there is no omission of any material facts.

After making all reasonable enquiries and to the best of our knowledge, we are satisfied that sufficient information has been obtained and we have no reason to believe that the aforesaid information provided to us or which are available to us is unreliable, incomplete, misleading and/or inaccurate as at the LPD. Notwithstanding that, we shall not be under any responsibility or liability for any misstatement of fact or from any omissions therein.

The Board has seen, reviewed and accepted this IAL. The Board, collectively and individually, accepts full responsibility for the accuracy of the information contained in this IAL (save for the views and recommendation of MainStreet) and confirms that, after having made all reasonable enquiries and to the best of their knowledge, there are no omissions of any material facts which would make any statement in this IAL false or misleading.

In rendering our advice, we have taken into consideration pertinent factors which we believe are of relevance and importance to you for a holistic assessment of the Proposed Joint Venture and therefore, are of general concern to you. Notwithstanding the following:

(i) it is not within our terms of reference to express any opinion on the legal, accounting and taxation issues relating to the Proposed Joint Venture; and

(ii) we have not taken into consideration any specific investment objectives, financial situation, risk profile or particular needs of any individual shareholder or any specific groups of shareholders. We recommend that any of you who require specific advice in relation to the Proposed Joint Venture in the context of your individual investment objectives, financial situation, risk profile or particular needs to consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Our advice should be considered in the context of the entirety of this IAL. Our evaluation and opinion as set out in this IAL are based on, amongst others, the equity capital market, economic, industry, regulatory and other prevailing conditions and the information/documents made available to us as at the LPD. Such conditions may change significantly over a short period of time. It is also based on the assumption that the parties to the JVA are able to fulfil their respective obligations in accordance with the terms and conditions of the JVA. It should be noted that our evaluation and opinions expressed in this IAL do not take into account the information, events or conditions arising after the LPD or such other period as specified herein, as the case may be.

We shall notify the non-interested shareholders of CHB by way of an announcement if, after the despatch of the IAL and until the date of the EGM, we become aware of the following:

(i) significant change materially affecting the information contained in the IAL;

(ii) there is a reason to believe that the statements in the IAL are misleading/deceptive; and/or

(iii) there is a material omission in the IAL.

If circumstances require, a supplementary IAL will be sent to the non-interested shareholders of CHB if there are material changes in our recommendation as set out in this IAL.

4. DECLARATION OF CONFLICT OF INTEREST AND OUR CREDENTIALS, EXPERIENCE AND EXPERTISE

MainStreet confirms that there are no circumstances which exist or are likely to give rise to a possible conflict of interest situation for MainStreet to carry out the role as the Independent Adviser in connection with the Proposed Joint Venture. Save for the current appointment as the Independent Adviser, we did not have any other professional relationship with CHB at any time during the past 2 years prior to the date of this IAL.

MainStreet is a corporate finance advisory firm licensed by the Securities Commission Malaysia ("**SC**") to carry out the regulated activity of advising on corporate finance under the Capital Market and Services Act 2007. We have in the past assumed the role as an Independent Adviser for other corporate exercises, which included the following RPTs for the past 2 years:

(i) Proposed acquisitions by Maxim Global Berhad of the following:

- 100% equity interest in Zapland Property Sdn Bhd from Gan Lee Ha and Lee Cheh Hian for a purchase consideration of RM39,034,668.65;
- 100% equity interest in Asiatic Network Sdn Bhd from Chai Chang Guan and Chai Seong Min for a purchase consideration of RM32,196,845.87;
- 100% equity interest in Brogan Maxim Sdn Bhd from Tan Sri Gan Seong Lam and Gan Kuok Chyuan for a purchase consideration of RM21,411,281.71;
- 100% equity interest in Maxim Realty Sdn Bhd from Tan Sri Gan Seong Liam and Puan Sri Loh Foong Ping for a purchase consideration of RM10,757,108.81; and
- 13.11% equity interest in Maxim Holdings Sdn Bhd from Sanlens Sdn Bhd for a purchase consideration of RM15,600,094.96,

as per our independent advice letter dated 20 July 2023;

(ii) Proposed disposal by Eurospan Holdings Berhad ("**EHB**") of the entire equity interest in Dynaspan Furniture Sdn Bhd ("**DFSB**") to Guan Kok Beng, Guan Shaw Kee and Guan Shaw Yin for RM38.90 million; proposed disposal by Eurospan Furniture Sdn Bhd (a wholly-owned subsidiary of EHB) ("**EFSB**") of 2 parcels of freehold industrial land together with the buildings erected thereon ("**EFSB Properties**") to DFSB for RM15.65 million; and proposed tenancy between DFSB and EFSB, as per our independent advice letter dated 20 November 2023;

(iii) Proposed acquisition by Iconic Worldwide Berhad ("**Iconic**") of the entire equity interest in Goldenluck Development Sdn Bhd from Dato' Seri Tan Kean Tet ("**DS Tan**") and Tan Seok Ying for a cash consideration of RM39.80 million; and proposed exemption under paragraphs 4.08(1)(b) and 4.08(1)(c) of the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC to DS Tan and any persons acting in concert with him from the obligation to undertake a mandatory take-over offer on the remaining ordinary shares in Iconic not already owned by them, pursuant to the undertaking to subscribe for the rights shares (including excess rights shares) and exercise of warrants by DS Tan and any persons acting in concert with him, as per our independent advice letter dated 7 December 2023;

(iv) Proposed partial settlement of outstanding financing facilities given by the financiers to Boustead Heavy Industries Corporation Berhad ("**BHIC**") via a combination of cash, issuance of new ordinary shares in BHIC ("**BHIC Shares**"), redeemable convertible preference shares ("**RCPS**") - Class A in BHIC and Islamic RCPS - Class A in BHIC; and proposed full settlement of amounts owing to Boustead Holdings Berhad by BHIC amounting up to RM234,000,000 as at 31 December 2023 via the combination of issuance of new BHIC Shares, RCPS - Class B in BHIC and redeemable preference shares - Class C in BHIC, as per our independent advice letter dated 14 December 2023;

(v) Proposed disposal by JKB Development Sdn Bhd (a wholly-owned subsidiary of Jasa Kita Berhad), of a parcel of leasehold industrial land to Urban Reach Sdn Bhd (a 55%-owned subsidiary of FCW Holdings Berhad), for a cash consideration of RM43.08 million, as per our independent advice letter dated 28 December 2023;

(vi) Proposed acquisition by Delight Island Sdn Bhd (a wholly-owned indirect subsidiary of Ewein Berhad ("**Ewein**")) of a parcel of vacant industrial land formed from Magnum Heritage Sdn Bhd for a total cash consideration of approximately RM25.84 million; and proposed acquisition by Ewein of the entire equity interest of VS Solution Services Sdn Bhd from Ooi Eng Leong, Goh Kiang Teng, Goh Yin Ze and Chew Tien Kee for a total purchase consideration of RM32.00 million, to be satisfied via a combination of cash consideration and the issuance of new ordinary shares in Ewein, as per our independent advice letter dated 13 June 2024;

(vii) Proposed acquisition by Kelington Group Berhad ("**KGB**") of the remaining 9.29% equity interest in Ace Gases Sdn Bhd for a purchase consideration of RM35,692,893 to be satisfied via a combination of RM10,079,482 in cash and RM25,613,411 via the issuance of 7,590,958 new ordinary shares in KGB, as per our independent advice letter dated 8 October 2024;

(viii) Proposed acquisition by Paragon Metal Sdn Bhd (a wholly-owned subsidiary of Paragon Union Berhad ("**PUB**")) of 51% equity interest in Metahub Industries Sdn Bhd for a purchase consideration of RM51.00 million, to be satisfied wholly via the issuance of 17,288,136 new ordinary shares in PUB, as per our independent advice letter dated 15 October 2024;

(ix) Proposed acquisition of 4 industrial properties by RHB Trustees Berhad (being the trustee of AME Real Estate Investment Trust) from the subsidiaries of AME Elite Consortium Berhad for a total cash consideration of RM119,450,000, as per our independent advice letter dated 17 October 2024;

(x) Proposed disposal by Sin Chee Heng Sdn Bhd (a wholly-owned subsidiary of Hextar Industries Berhad ("**HIB**")) (**SCH**") of a parcel of land together with the buildings erected thereon, located in Mukim of Cheras ("**Cheras Property**") to Pacific Trustees Berhad ("**Pacific Trustees**") for a cash consideration of RM22.60 million; proposed disposal by PK Fertilizers Sdn Bhd ("**PKF**") of the remaining unexpired period of a lease created over a parcel of land together with the buildings erected thereon located in Mukim of Plentong ("**Pasir Gudang Property**") to Pacific Trustees for a cash consideration of RM23.30 million; proposed creation of tenancy of Cheras Property by SCH from Pacific Trustees; proposed creation of tenancy of Pasir Gudang Property by PKF from Pacific Trustees; and proposed tenancy by Hextar Solutions Sdn Bhd (an indirect wholly-owned subsidiary of HIB) with Pacific Trustees for the tenancy of a parcel of land together with the buildings erected thereon, located in Division of Bintulu, as per our independent advice letter dated 20 December 2024; and

(xi) Proposed acquisition of 3 parcels of contiguous leasehold land, located in Mukim Kuala Lumpur, by Radium J Velodrome Sdn Bhd (formerly known as Gi Citarasa Sdn Bhd) (a wholly-owned subsidiary of Montanica Development Sdn Bhd which is in turn a wholly-owned subsidiary of Radium Development Berhad) for a purchase consideration of RM458.00 million, to be satisfied entirely in cash, as per our independent advice letter dated 24 February 2025.

Premised on the foregoing, we confirm that we are capable and competent to carry out the role and responsibilities as the Independent Adviser to advise the Board and the non-interested shareholders of CHB in relation to the Proposed Joint Venture.

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5. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/ OR PERSONS CONNECTED WITH THEM

The interests of the Directors, major shareholder, chief executive and/ or persons connected with them in relation to the Proposed Joint Venture are disclosed in **Section 10.1 of Part A of the Circular**.

Save for the Interested Persons, namely GKP, See Thoo Chan and Goh Tai Wai, as disclosed in **Section 10.1 of Part A of the Circular**, none of the other Directors, major shareholders, chief executive and/ or persons connected to them have any interests, direct or indirect, in the Proposed Joint Venture.

6. OUR EVALUATION OF THE PROPOSED JOINT VENTURE

In evaluating the Proposed Joint Venture, we have taken into consideration the following factors:

No.	Factors	Details in this IAL
(1)	Rationale and justifications for the Proposed Joint Venture	Section 6.1
(2)	Evaluation of the basis and justification of determining the Minimum Landowner's Entitlement	Section 6.2
(3)	Salient terms of the JVA	Section 6.3
(4)	Risk factors of the Proposed Joint Venture	Section 6.4
(5)	Industry overview, outlook and future prospects of the Group	Section 6.5
(6)	Effects of the Proposed Joint Venture	Section 6.6

6.1 Rationale and justifications for the Proposed Joint Venture

We take note of the rationale and justifications for the Proposed Joint Venture as set out in **Section 4.1 of Part A of the Circular**.

The Group is principally involved in the following business segments:

(i) Property development: Acquiring, planning, and constructing real estate projects, which may include residential, commercial, industrial, or mixed-used developments;

(ii) Trading and services: Trading, marketing, distribution of imaging, IT, communication-based products, and general merchants; and

(iii) Agriculture: Trading and cultivation of agarwood trees.

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The segmental results of CHB Group for the last 3 financial years are summarised as follows:

Business segment	Audited FYE 31 December					
	2022		2023		2024	
	RM'000	%	RM'000	%	RM'000	%
Revenue						
• Property development	-	-	-	-	-	-
• Trading and services	5,508	*99.96*	15,363	*100.00*	21,869	*100.00*
• Agriculture	2	*0.04*	-	-	-	-
Total revenue	**5,510**	***100.00***	**15,363**	***100.00***	**21,869**	***100.00***
(LAT)						
• Property development	-	-	-	-	-	-
• Trading and services	(4,713)	*60.76*	(4,028)	*50.20*	(2,980)	*28.42*
• Agriculture	(3,044)	*39.24*	(3,996)	*49.80*	(7,507)	*71.58*
Total LAT	**(7,757)**	***100.00***	**(8,024)**	***100.00***	**(10,487)**	***100.00***

During the financial years under review, the Group's core business was in the purchasing of IT products such as printers, cameras, scanners and portable chargers from local and international (e.g. United States of America and Japan) manufacturers and suppliers and distributing these products to dealers and end users locally and overseas (e.g. China and Hong Kong) ("**Trading and Services Business**"). As illustrated in the table above, majority of the Group's revenue was derived from this segment. However, it faced a challenging operating environment characterised by cyclical demand and intense competition from e-commerce platforms such as Lazada and Shopee and has been loss making for the past 3 financial years.

In 2023, the Group diversified into the property development business to reduce its reliance on the Trading and Services Business as well as to improve its earnings stream. Presently, CDMSB is undertaking a joint venture arrangement with JCSB on its 62-acre land in Cybersouth, Dengkil, Selangor whereby CDMSB as the landowner will be entitled to a 20.00% share of the GDV of development, amounting to approximately RM117.00 million. Phase 1 of the development was officially launched in November 2024 and as at the LPD, CDMSB has recognised payments amounting to RM2.68 million from JCSB for its landowner's entitlement. Further milestone payments from this development project are expected to contribute positively to the Group's financial performance moving forward. Further, Phase 2 sales of the development is expected to commence by the first half of 2026.

In addition to the JCSB JVA, the Proposed Joint Venture is undertaken to further expand the Group's property development segment. The Proposed Joint Venture is expected to generate additional income through the Landowner's Entitlement derived from the Development over an estimated period of 13 years (with a further automatic extension of 3 years and/ or any further extension from the commencement date of the Development), in return for contributing the Development Land. We note that the Minimum Landowner's Entitlement is the minimum return CDMSB may receive and in the event the GDV derived from the Development is higher, the Landowner's Entitlement will increase proportionately. Therefore, the Proposed Joint Venture may contribute positively to the future earnings of the Group and thus, improving the financial performance and financial position of the CHB Group moving forward.

We note that the Board has also considered whether the Proposed Joint Venture will be more value accretive to the Group as opposed to an outright sale of the Development Land after 13 years. Notwithstanding that there is a possibility that the market value of the Development Land may appreciate to RM234.00 million (being the Minimum Landowner's Entitlement) over the duration of the Development, such appreciation is uncertain and is subject to numerous factors such as the performance of the property market in Malaysia and in Cybersouth, Dengkil, the performance of the Malaysian economy, etc., which are factors that cannot be forecasted at this juncture.

Information on the Development Land

The Development Land is a parcel of leasehold commercial land located within the sub-urban area of Cyberjaya situated in the Mukim of Dengkil, District of Sepang, State of Selangor. The Development Land is easily accessible from the city center via several major expressways, including the MEX (Kuala Lumpur-Putrajaya Expressway), Sungai Besi Expressway, Damansara-Puchong Expressway, Elite Expressway, and the South Klang Valley Expressway. There are several ongoing developments in the vicinity which include Cybersouth, Serenia City, Sunsuria City, Warisan Puteri and Saujana KLIA. Please refer to **Section 2.1 of Part A of the Circular** for the salient information of the Development Land.

Pursuant to the Proposed Joint Venture, as the Landowner, CDMSB will be contributing the Development Land and as the Developer, CPG will have the irrevocable right to develop the Development Land into the Development by subdividing the land into building plots/parcels with separate marketable titles (individual or stratified, as the case may be) in accordance with the layout plan to be prepared by the Developer and undertake the Development at the Developer's absolute discretion subject to the approval of the appropriate authorities. Please refer to **Section 6.3 of this IAL** for the salient terms of the JVA and our commentaries.

CPG's role as the Developer is backed by the skills, track record and experience of Chuah Chong Ewe and Keane Goh in property development, which include managing development projects from inception to completion. Chuah Chong Ewe brings extensive corporate leadership experience, having transitioned from legal practice to leading multiple public listed companies as set out in **Section 2.3.2 of Part A of the Circular**. He currently serves as the Managing Director and substantial shareholder of Luster Industries Berhad and the Executive Chairman of LFE Corporation Berhad, both of which have ventures in property development and construction, which further strengthens CPG's capabilities. Keane Goh is experienced in strategic planning and project execution. In addition to his role as Group General Manager of CHB Group, he also plays a key role in property development projects of Puncakdana Group (owned and managed by Chuah Chong Ewe) where he served as Project Coordinator since 2018.

As set out in **Sections 2.3.2 and 4.1 of Part A of the Circular**, notable projects that Chuah Chong Ewe and Keane Goh have been involved in include AraTre Residences, Myara Park Residences and Daun Villa, which has an aggregate contract value of over of RM500.00 million. The combined experience of Chuah Chong Ewe and Keane Goh in managing and executing development projects provide CHB with the assurance that CPG has the necessary expertise to undertake and execute the Development in line with industry standards and regulatory requirements.

Based on the Feasibility Study undertaken by CPG and CDMSB, the Development Land is proposed to be developed into a multi phased mixed-use development consisting of shophouses, service apartments, retail outlets and affordable housing. The estimated GDV of the Development is approximately RM1.36 billion, of which pursuant to the JVA, the Developer covenants that the total GDV of the whole Development shall not be less than RM1.30 billion ("**Minimum GDV**"). The estimated GDC of the Development is approximately RM741.68 million and is to be fully borne by CPG as the Developer.

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For information purposes, assuming that the Development commences in the second quarter of 2026 (using May 2026 as an illustration), the Development is anticipated to have the following timeline:

Milestone	Proposed development type(1)	Duration / Timing from commencement of the Development	Receipt of Landowner's entitlement
Commence development of plots 1 and 2	Shophouse / office	3 years / Commencing by May 2026	1 month from completion (i.e. June 2029)
Commence development of plots 3 and 4	Service apartment, highrise commercial space, shophouse / office	3 years / Commencing by June 2029	1 month from completion (i.e. July 2032)
Commence development of plots 5 and 6	Shophouse / office	3 years / Commencing by July 2032	1 month from completion (i.e. August 2035)
Commence development of plots 7, 8 and 9	Service apartment and/ or highrise commercial space	3 - 4 years / Commencing by August 2035	1 month from completion (i.e. September 2039)

Note:

(1) The timing for the development of the affordable housing portion of the Development will be determined by CPG at a later date upon finalisation of the development plan.

CDMSB shall be entitled to a minimum payment of RM234.00 million (being the Minimum Landowner's Entitlement), for contributing the Development Land to the Developer pursuant to the Proposed Joint Venture, in the following manner:

Type of development	Payment terms/ Timing	Landowner's Entitlement from the GDV(1)
Shophouse development	Payable within 1 month from the completion of the construction of the respective phase of the Development with CCC	22.00%
Service apartments and/ or Highrise commercial development	Payable within 1 month from the completion of the construction of the respective phase of the Development with CCC	18.00%
Retail outlet and space below highrise development	Payable within 1 month from the completion of the construction of the respective phase of the Development with CCC	20.00%
Affordable development	Payable within 1 month from the completion of the construction of the respective phase of the Development with CCC	TBC(2)

Notes:

(1) The landowner's entitlement for each type of development was determined between CPG and CDMSB after assessing the estimated potential GDV and the risks associated with each type of development. For the development of service apartments and highrise commercial space, the development process is more complex with higher risks on the Developer, given that the structure is higher, with more mechanical & electrical systems (e.g. elevators, heating, ventilation, etc.) to be constructed. As such, the landowner's entitlement portion is lower as compared to shophouse developments, which are less complex and have a lower risk during development.

(2) In respect of any affordable development component within the shophouse development, service apartments and/ or highrise commercial space, or retail outlet and space below highrise, the landowner's entitlement is to be mutually agreed upon between CDMSB and CPG at a later date based on the amount of profits generated from the affordable development.

Through the Proposed Joint Venture, CDMSB is expected to gain a Minimum Landowner's Entitlement of RM234.00 million, representing 17.21% of the estimated GDV of approximately RM1.36 billion and 18.00% of the Minimum GDV of the Development of RM1.30 billion, subject to the successful sale of the development units and the commencement of the main building construction works.

This entitlement reflects a premium of RM99.40 million (73.85%) over the market value of the Development Land and is expected to result in a pro forma net gain of approximately RM83.08 million from the completion of the Proposed Joint Venture, with RM58.16 million attributable to the Group (please refer to **Section 2.10 of Part A of the Circular** for the detailed computation). Further, the Indicative Present Value also represents a premium of RM3.70 million or 2.75% to the market value of the Development Land, indicating that the Proposed Joint Venture is more value accretive to the Group as compared to an outright sale of the Development Land.

As the Development is expected to be undertaken in phases over a 13-year period (with a possible extension of 3 years), the cash proceeds from the Landowner's Entitlement would provide CHB Group with a long-term income in the form of landowner's entitlement upon the successful completion of each phase of the Development and hence is expected to improve the Group's financial flexibility. These funds are intended to be channelled mainly towards the expansion of the Group's property development segment, or for the working capital requirements of the Group's trading and services business, with the objective to reduce the Group's reliance on its trading and services segment and improve the Group's overall financial performance.

Since the Minimum Landowner's Entitlement and the Minimum GDV guarantees a baseline return to CDMSB upon completion of the Proposed Joint Venture, any additional GDV generated from the Development would further increase CDMSB's earnings through its Landowner's Entitlement, thereby benefiting CHB Group.

As mentioned in **Section 2.11 of Part A** of the Circular, the Group is also in early discussions for the Potential JVA, whereby the Group is proposing to act as the lead developer for a proposed joint venture development project in the District of Tuaran, Sabah. As such, the Proposed Joint Venture will allow the Group to properly position itself financially with sufficient cash liquidity, and with adequate expertise and manpower, before undertaking property development activities as a developer.

Based on the above, we are of the view that the rationale and justifications for the Proposed Joint Venture is **reasonable** and **not detrimental** to the non-interested shareholders of CHB. Nevertheless, the non-interested shareholders of CHB should note that the potential benefits arising from the Proposed Joint Venture are subject to certain risk factors as disclosed in **Section 6 of Part A of the Circular** and our commentaries under **Section 6.4 of this IAL**.

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6.2 Evaluation of the basis and justification of determining the Minimum Landowner's Entitlement

The basis and justification of arriving at the Minimum Landowner's Entitlement are set out in **Section 2.4 of Part A of the Circular**.

We note that the Minimum Landowner's Entitlement was arrived at between CDMSB and CPG on a willing buyer-willing seller basis, after taking into consideration the estimated GDV of the Development of RM1.36 billion, based on feasibility studies undertaken by CPG and CDMSB, and the agreed percentage of entitlement that CDMSB will receive for each type of development.

In evaluating the Minimum Landowner's Entitlement, we have taken into consideration, amongst others, the following:

(i) market value of the Development Land of RM134.60 million as appraised by the Valuer;

(ii) GDV of the Development based on the Feasibility Study provided by the management of CPG; and

(iii) precedent joint venture transactions.

6.2.1 Market value of the Development Land

In evaluating the Minimum Landowner's Entitlement, we have reviewed the Valuation Report prepared by the Valuer in accordance with requirements stipulated in the Asset Valuation Guidelines issued by the SC and the Malaysian Valuation Standards published by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia.

In arriving at the market value of the Development Land, we note that the Valuer has considered the Comparison Approach as the sole method of valuation. We concur with the Valuer that the Comparison Approach is appropriate to be used as the sole valuation methodology as the Development Land is a vacant land without any planning approval or development order.

This approach entails analysing recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in location, market condition, terrain, zoning, accessibility/visibility, size, tenure, shape and other relevant characteristics to arrive at the market value.

We have reviewed the key bases and assumptions adopted by the Valuer and are satisfied with the reasonableness of the key bases and assumptions. As such, we are satisfied with the valuation conducted by the Valuer as well as the reasonableness of the opinion of the market value expressed by the Valuer and have relied on the valuation of the Development Land as conducted by the Valuer.

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A summary of the comparable transactions of vacant land considered by the Valuer in arriving at the market value of the Development Land is set out below:

Description		**Comparable 1**	**Comparable 2**	**Comparable 3**
Type of property	:	Commercial land		
Lot No, Town, District and State	:	HS(D) 52600, PT 65618, Bandar Cyberjaya, District of Sepang, Selangor Darul Ehsan	Geran 150651, Lot 13992, Mukim of Dengkil, District of Sepang, Selangor Darul Ehsan	Geran 333413, Lot 119239, Mukim of Dengkil, District of Sepang, Selangor Darul Ehsan
Location	:	Persiaran Sepang, Cyberjaya	Off Jalan Puchong, Puchong	Off Jalan Dengkil-Bangi, Kota Warisan
Tenure	:	Freehold		
Land area	:	46,659 square metre ("**sq m**") (502,233 square feet ("**sq ft**"))	112,396 sq m (1,209,819 sq ft)	90,820 sq m (977,577sq ft)
Consideration	:	RM 50,223,329.60	RM127,000,000	RM 66,500,000
Transacted date	:	8 February 2021	27 November 2019	23 August 2019
Vendor	:	SMD Real Estate Sdn Bhd	Prestige Ceramics Sdn Bhd	Horizon KLPO Sdn Bhd
Purchaser	:	Boon Koon Capital Sdn Bhd, a wholly owned subsidiary of Chin Hin Group Property Berhad	Aspect Potential Sdn Bhd	Benefit Properties Sdn Bhd
Source	:	Bursa Securities	Valuation and Property Services Department	
Land price	:	RM100.00 per square foot ("**psf**")	RM104.97 psf	RM68.03 psf
Adjustments	:	Adjustments are made for time factor, general location, size, tenure and plot ratio.		
Adjustment for market condition	:	12%	15%	15%
Analysed Land Price (after market condition adjustment)	:	RM112.00 psf	RM120.72 psf	RM78.23 psf

Description		Comparable 1	Comparable 2	Comparable 3
Other Adjustments				
General location	:	-15%	-15%	+10%
Land size	:	-10%	-	-5%
Tenure	:	-12%	-12%	-12%
Plot ratio	:	+20%	-	-
Total other adjustments	:	-17%	-27%	-7%
Adjusted price	:	RM92.96 psf	RM88.13 psf	RM72.75 psf

Premised on the foregoing and having considered all other relevant factors in the valuation, the Valuer has selected Comparable 2 as the best comparable in term of size and plot ratio and has adopted a rounded sum of RM88.00 psf. We note that the locations of Comparables 1, 2 and 3 are within 15 km radius from the Development Land and due to the lack of similar types of properties that have been transacted within the area, the comparables selected by the Valuer are from 2019 to 2021. We are of the view that the basis of determining the adopted comparables by the Valuer is reasonable.

During the site inspection, the Valuer noted that part of the Development Land was covered by swamp and pond. Hence, in arriving at the market value of the Development Land, the Valuer had deducted the earthwork cost to fill the Development Land of RM2.70 million (which is fair and reasonable and in line with the market) from the adjusted value of RM88.00 psf to arrive at RM134.647 million (rounded down to RM134.60 million) as illustrated below:

	RM
Land area (1,560,766 sq ft x RM88.00 psf)	137,347,364
(-) Land filing cost	(2,700,000)
Market value	134,647,640
Market value (rounded down)	**134,600,000**

Based on the above, we are of the view that the Minimum Landowner's Entitlement is **fair** and **reasonable** as it represents a premium of RM99.40 million or approximately 73.85% over the market value of the Development Land as appraised by the Valuer of RM134.60 million.

Further details of the valuation of the Development Land are set out in the Valuation Certificate in **Appendix III of the Circular**.

6.2.2 Feasibility Study

We have reviewed the Feasibility Study in respect of the Development and the assumptions used in its preparation and are of the opinion that they have been prepared on bases reflecting the best estimates and judgement by the management of CPG. The key assumptions adopted in the Feasibility Study are as follows:

Parameters	Assumptions	Our comments
GDV (RM1.36 billion)	The estimated GDV provided by the management of CPG is based on the Independent Project Assessment Report. The Independent Project Assessment Report was prepared based on preliminary development plans and has taken into consideration the types of development units, average selling price psf and comparable residential and commercial developments within the vicinity of the Development Land.	In the absence of a detailed development plan, we note that VPC Alliance has assessed the GDV based on the proposed plot ratio of the Development. We note that VPC Alliance has assumed that plots 1 and 2 of the Development has a net sellable area of 218,100 sq ft and 95,221 sq ft respectively, while the remaining plots of the Development have a building efficiency of 70%, whereby 70% of the proposed floor area may be sold. A building efficiency rate of 70% is generally considered reasonable for mixed-use developments in Malaysia, particularly when accounting for common areas such as corridors, lobbies, stairwells, and service areas which are not directly saleable but necessary for building functionality and compliance with planning regulations. We note that VPC Alliance has assessed the selling prices of comparable developments in the surrounding areas of the Development Land (i.e. Cyberjaya, and Kota Warisan, Selangor) and has adopted an estimated built-up area selling price of RM570 to RM600 psf over the span of 13 years as a fair representation for the calculation of total estimated GDV of the Development. We have determined that the locations of the comparable developments adopted are within 15 km of the Development Land and are of the view that the basis of determining the adopted comparable developments by VPC Alliance is reasonable. Premised on the above and after reviewing the Independent Project Assessment Report, we are of the view that the basis and assumptions adopted in deriving the estimated GDV of the Development are **reasonable**.

Parameters	Assumptions	Our comments
GDC (RM741.68 million)	The estimated GDC provided by CPG's management takes into account the construction costs comprising piling works, building works, mechanical and electrical works, structural and architectural works as well as external works and development costs comprising mainly project management fees, authority and utility fees. An independent quantity surveyor had been appointed to verify the construction cost adopted by CPG's management. The independent quantity surveyor had confirmed that the estimated construction cost amounting to RM741.68 million with a construction cost of RM182 psf to RM224 psf is reasonable for the Development.	We note that the estimated GDC of the Development has been confirmed by an independent quantity surveyor. A quantity surveyor is a professional in the construction industry and is responsible for managing all costs related to construction projects. In conducting their assessment, the independent quantity surveyor would have taken into account the basis and assumptions adopted by CPG's management in deriving the estimated GDC of the Development. Given that the estimated GDC has been verified by an independent professional/expert in the field, we are of the view that the estimated GDC is **reasonable**.

It should be highlighted that pursuant to the JVA, the Minimum Landowner's Entitlement is dependent on the GDV (instead of the profit generated from the Development) and the GDC will be fully borne by CPG as the Developer. This ensures a guaranteed minimum return to CDMSB for the Proposed Joint Venture considering that CPG has guaranteed that the GDV of the Development as a whole will not be less than RM1.30 billion and CDMSB as the Landowner is not required to finance nor contribute to the development cost of the Development.

Further, we note that CHB's management has assessed the Indicative Present Value of the Minimum Landowner's Entitlement to evaluate the present value of the Development Land under the Proposed Joint Venture, when compared to a hypothetical outright sale. The analysis indicated that the Indicative Present Value amounts to RM138.30 million, reflecting a premium of 2.75% over the market value of RM134.60 million and was derived based on the assumption that the Development will be completed by the second half of 2039, with the first Landowner's Entitlement payment expected to be received by the first half of 2029. As such, the Board is of the opinion that the Proposed Joint Venture offers CDMSB an opportunity to unlock greater value from the Development Land at this point in time and is more value-accretive to the Group than an outright sale of the Development Land.

We wish to highlight that the evaluation above may be materially or adversely affected should the actual results or sequence of events differ from any of the bases and assumptions upon which the Feasibility Study and the Indicative Present Value computation were based. As such, the adoption of such assumptions and projections does not imply that we warrant their validity or achievability. It is also based on prevailing economic, market and other conditions that may change over a relatively short period of time.

The Minimum Landowner's Entitlement of RM234.00 million guarantees a minimum return of approximately 18.00% of the Minimum GDV of RM1.30 billion, which represents a premium of RM99.40 million or 73.85% over the market value of the Development Land of RM134.60 million. In addition, CDMSB is expected to derive a pro forma net gain of approximately RM83.08 million upon the completion of the Proposed Joint Venture, with RM58.16 million attributable to the Group (please refer to **Section 2.10 of Part A of the Circular** for the detailed computation).

As such, we are of the view that the Minimum Landowner's Entitlement is **fair** and **reasonable**.

Precedent joint venture transactions

We note that CDMSB's entitlement in return for contributing the Development Land to the Developer pursuant to the Proposed Joint Venture will be in proportion to the estimated GDV of the Development as set out in **Section 2.1 of Part A of the Circular**.

Therefore, we have compared the Minimum Landowner's Entitlement against precedent joint venture transactions, which were announced on Bursa Securities in the past 2 years up to the LPD, which are involved in the development of apartments, residential units and mixed-use developments as follows:

Date announced	Company	Transaction details	Landowner's entitlement to GDV
15-Nov-24	Sunmow Holding Berhad	Joint venture between Majlis Daerah Kinabatangan (landowner) and Sunmow Construction Sdn Bhd (developer)	10.73%
29-Feb-24	Fiamma Holdings Berhad and Chin Hin Group Property Berhad	Joint venture between Fiamma Holdings Berhad and its subsidiaries (landowners) and BKG Development Sdn Bhd (developer)	13.50% - 20.50%
18-Jan-24	Magna Prima Berhad	Joint venture between Twinicon (M) Sdn Bhd (landowner) and Golden Rainbow Sdn Bhd (developer)	10.00% - 29.17%
21-Sep-23	Tanco Holdings Berhad	Joint venture between Accession Development Sdn Bhd (landowner) and Palm Springs Development Sdn Bhd (developer)	9.00%
11-Sep-23	Melati Ehsan Holdings Berhad	Joint venture between Pembinaan Kery Sdn Bhd (landowner) and Mega Legacy (M) Sdn Bhd (developer)	10.30% and 17.30%
6-Jul-23	Mah Sing Group Berhad	Joint venture between Liberty Triangle Sdn Bhd (landowner) and Star Residence Sdn Bhd (developer)	14.00%

The Minimum Landowner's Entitlement of RM234.00 million represents approximately 17.21% of the estimated GDV of approximately RM1.36 billion and 18.00% of the Minimum GDV of RM1.30 billion.

Therefore, from the analysis above, the Minimum Landowner's Entitlement of approximately 17.21% of the estimated GDV and 18.00% of the Minimum GDV are within the range of landowner's entitlement to GDV of the precedent joint venture transactions for the past 2 years up to the LPD of 9.00% to 29.17%.

However, we wish to highlight that there are no precedent joint venture development cases which may be considered identical to the Development in terms of type of development, location, landowner's entitlement, GDV, GDC, etc. Whilst we noted that the respective precedent cases may have differences when compared to the Development, we are of the view that the respective precedent cases are reasonable to be adopted for the purpose of determining the estimated range of landowner's entitlement for joint venture developments, as the precedent cases themselves also involve joint venture arrangement with landowner in the development of apartments, residential units and mixed-use developments similar to the Proposed Joint Venture.

Premised on the above and having considered the Feasibility Study, Independent Project Assessment Report and the prospects of the Development as set out in Section 6.5 of this IAL, we are of the view that the Minimum Landowner's Entitlement is fair and reasonable and not detrimental to the non-interested shareholders of CHB based on the following considerations:

(i) the Minimum Landowner's Entitlement represents a premium of RM99.40 million or approximately 73.85% over the market value of the Development Land as ascribed by the Valuer; and

(ii) the Minimum Landowner's Entitlement is within the range of precedent joint venture transactions for the past 2 years up to the LPD.

Nevertheless, non-interested shareholders of CHB should note that the potential benefits and financial returns are subject to certain risk factors as disclosed in Section 6 of Part A of the Circular.

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6.3 Salient terms of the JVA

We have reviewed the salient terms of the JVA as set out in **Appendix I of the Circular** and our comments on the pertinent salient terms are set out below:

No.	Salient terms	MainStreet's comments
1	***Joint Venture*** *Subject to the terms and conditions of the JVA:-* *(a) in consideration of the Landowner's entitlements under this JVA, the Landowner grants irrevocable consent to the Developer to develop the Development Land into the Development and subsequently to sell same to interested end-purchaser(s) all in accordance with the JVA;* *(b) the Developer agrees to accept the grant by the Landowner to develop the Development Land into the Development by subdividing same into building plots/ parcels with separate marketable titles (individual or stratified, as the case may be) in accordance with the layout plan to be prepared by the Developer and undertake the Development at the Developer's absolute discretion subject to the approval of any authority or corporation, including but not limited to the state authority and local authority in connection with or affecting the Development Land ("**Appropriate Authority**"),* *(the "**Joint Venture**").*	This term is **reasonable** and **not detrimental** to the non-interested shareholders of CHB as it sets out the obligations of and the expectation from each party in relation to the Proposed Joint Venture.
2	***Conditions of the Joint Venture*** *The joint venture of the Development Land is subject to the following conditions:* *(a) the Landowner is a subsidiary of a public listed company i.e. CHB (Registration No.: 200401030779 (669287-H)) and the joint venture under the JVA is conditional upon:*	This term is **reasonable** and **not detrimental** to the non-interested shareholders of CHB as it ensures CHB's compliance with the relevant Listing Requirements in relation to the Proposed Joint Venture. These terms are **reasonable** and **not detrimental** to the non-interested shareholders of CHB as it sets out:

No.	Salient terms	MainStreet's comments
	(i) CHB appointing an independent adviser in accordance with the Listing Requirements of Bursa Securities and such independent adviser forming an opinion that the joint venture under the JVA is fair and reasonable; and *(ii) CHB obtaining all the necessary approvals from the relevant authorities, non-interested shareholders and non-interested directors of CHB for the joint venture of the JVA.* *(the date the last of the above conditions are met is the "**Unconditional Date**").* *(b) the Development of the Development Land is based on an "as is where is" basis upon terms and conditions of the JVA and the Landowner delivering vacant possession of the Development Land to the Developer after the Unconditional Date upon request by the Developer. The estimated gross development value of the respective phase of the Development Land is enclosed in the JVA and the estimated gross development value may be varied from time to time subject to the mutual consent of both the Landowner and the Developer ("**Parties**"), provided that the minimum amount receivable by the Landowner from the Development under the JVA is RM234,000,000 ("**Minimum Landowner's Entitlement**").* *(c) The proceeds of sale of the building plots together with the various type of buildings constructed thereon shall be shared in the manner set out in **Section 9 of Appendix I of the Circular**.* *(d) The Development shall be carried out in phases as per the JVA and/ or any amendments to be mutually agreed by the Parties from time to time subject to the condition of the overall development of the whole of the Development Land shall be completed within 13 years from the commencement date (as defined in **item 7 below**) the first phase of the Development Land (which the commencement date for the first phase shall be no later than 1 January 2026 or such extended date as may be mutually agreed between the Parties in writing) with further automatic extension of 3 years and/ or any other further extension to be agreed upon by the Parties.*	(i) The Landowner's obligation to deliver vacant possession of the Development Land to Developer in order to begin the Development process; (ii) the Minimum Landowner's Entitlement due to CDMSB is fair and reasonable based on our evaluation as set out in **Section 6.2 of this IAL**; (iii) the development duration of 13 years from the commencement date is reasonable due to the multi-phased development plan which requires 3 to 4 years for each phase, which is common for development projects; and (iv) the payment timeframe due to the Landowner upon completion of each development phase which is common for transactions of such nature.

No.	Salient terms	MainStreet's comments
	(e) The minimum Landowner's Entitlement shall be in the sum of RM234,000,000.00; *(f) The Landowner's Entitlement of the respective phase of the Development Land shall be settled within 1 month from the date of completion of the development of the respective phase with issuance of certificates of compliance and completion of the respective phase.*	
3	***Developer's Covenants*** *Without prejudice to the terms and conditions in the JVA, during the term of the JVA, inter alia:* *(a) the Developer shall at its own costs and expenses submit application for examination of title, survey and subdivision of the Development Land in accordance with the layout plan prepared by the Developer in accordance with the JVA;* *(b) the Developer shall at its own cost undertake and complete the Development and in the course of planning, erection and completion of the buildings within the Development do all acts and things required and perform the works in conformity in all respects with the provisions of any statutes, applicable thereto and with all relevant by-laws and regulations and in accordance with the conditions of all planning consents and permission and to pay and keep the Landowner indemnified at all times hereafter against all claims for the fees charges fine penalties and other payments whatsoever which during the progress of the works may become payable to or be demanded by any Appropriate Authority in respect of the Works or of anything done under the authority herein contained;* *(c) the Developer shall be liable for and shall indemnify the Landowner against any expense liability loss claims or proceedings arising:* *(i) under any statute or at common law in respect of personal injury to or deaths arising out of or in the course of or caused by the carrying out of the Development by the Developer;*	This term is **reasonable** and **not detrimental** to the non-interested shareholders of CHB as it sets out the covenants of the Developer to ensure that the Development will be completed smoothly and expediently. These terms are to the benefit of the Landowner as it sets out the obligations of the Developer which, amongst others, (i) ensures that all costs and expenses in relation to the Development will be borne by the Developer; (ii) guarantees that the GDV will not be lower than RM1.30 billion; and (iii) indemnifies the Landowner against any expense liability loss claims or proceedings arising from the Developer's default.

No.	Salient terms	MainStreet's comments
	(ii) *due to any breach of statutory duty omission or default of the Developer of any Appropriate Authority or in connection with the Development or any part thereof;* (iii) *due to any person, company and/ or authorities that may arise as a result of any act default or omission on the part of the Developer;* (iv) *due to any action proceeding suit arising as a result of the Development;* *(d) the Developer covenants that the gross development value:* (i) *for plot 1, plot 2, plot 3 and 4 of the JVA collectively shall not be less than RM550,000,000.00; and* (ii) *plot 5, plot 6, plot 7 and plot 8 of the JVA collectively shall not be less than RM750,000,000.00.* *The Development shall be developed in phases. In the event of any amendment to any plot or phase of the Development (which mutually agreed by Parties), the Parties hereby agree that the gross development value of the respective Plot estimated in the JVA may be adjusted based on the mutual consent of parties provided that the total gross development value of the whole land shall not be less than RM1,300,000,000.00 and that the Landowner shall be entitled to no lower than the Minimum Landowner's Entitlement.* *(e) the Developer covenants that it has obtained all necessary approval from and is empowered by its members and board of directors to enter into the JVA and do all things provided under the JVA.*	

No.	Salient terms	MainStreet's comments
4	***Landowner's Covenants*** *Without prejudice to the terms and conditions in the JVA, during the term of the JVA, inter alia:* *(a) the Landowner shall at the cost of the Developer render every reasonable assistance to the Developer to secure the necessary approvals from the Appropriate Authority in respect of the Works of the Development;* *(b) subject to* ***Section 4(d) of Appendix I of the Circular****, the Landowner shall not sell assign or otherwise howsoever dispose of the Development Land so as to prejudicially affect the rights of the Developer contained in the JVA;* *(c) the Landowner shall not do in or near the Development Land any act or thing by reason of which, the Landowner or the Developer may under any statute incur, have imposed on or become liable to any penalty, damage compensation, costs, charges or expenses except as otherwise provided under the JVA;* *(d) the Landowner shall whenever legally required joins as a party to any agreement for the transfer of the units in the Development Land to end-purchasers and shall at the Developer's request execute all such agreements with end-purchasers, if necessary provided that the Developer shall hold the Landowner harmless of any liability under such agreements insofar as such liability is not caused by the Landowner;* *(e) the Landowner shall use its best endeavours to obtain and procure from all the previous consultants and/ or contractors engaged by the Landowner in connection with the Development, if any, their respective release and letters confirming that they have no claims whatsoever against the Landowner and/ or the Development Land; and* *(f) the Landowner hereby agrees to be bound by the Rules 5(5)(a),10 and 11 of the Housing Development (Control and Licensing) Regulations 1989 or any amendment thereto and other regulations from time to time.*	This term is **reasonable** and **not detrimental** to the non-interested shareholders of CHB as it sets out the covenants of the Landowner to ensure that the Development will be completed smoothly and expediently.

No.	Salient terms	MainStreet's comments
5	***Submission of plan for approval*** *The Developer agrees and covenants with the Landowner inter alia as follows:* *(a) to submit before the expiry of 1 month of the Unconditional Date at its own costs and expenses all necessary application for the rezoning (if applicable) and subdivision (which may include surrender and re-alienation) of the Development Land into building plots in accordance with the layout plan as prepared by the Developer and at the Developer's absolute discretion and as approved by the relevant authority and to obtain the issuance of qualified titles for each subdivided lot (individual or stratified, as the case may be) and also to pay all the necessary fees for subdivision to the authorities.* *(b) Notwithstanding **Section 10 of Appendix I of the Circular**, in the event that the Developer fails to obtain the necessary approval from the Appropriate Authority for the rezoning (if applicable) and/ or subdivision (which may include surrender and re-alienation) of the Development Land and approval of layout plan by the Appropriate Authority within **Thirty Six (36) months** from the date of the JVA or such further extension to be mutually agreed upon from time to time between parties, the Landowner shall be entitled to terminate the JVA and the Deposit shall be refunded by the Landowner to the Developer free from interest and the Developer shall undertake all actions and execute all matters to reverse any works undertaken in respect of the Development Land (the cost of which to be borne by the Developer).* *(c) Upon the approval of the rezoning (if applicable) and/ or subdivision (which may include surrender and re-alienation) as well as the approval of the planning permission in respect of the relevant phase of the Development Plan, the Developer shall within twelve (12) months from the date of the approval of the respective phase or such other longer duration as may be agreed upon by the parties hereto from time to time, submit at its own costs and expenses all necessary building plan, road plans, engineering plans and sewage plans to the Appropriate Authority for approval in respect of any phase of the Development at the discretion of the Developer. In the event that the Developer fails to obtain the necessary approval from the Appropriate Authority, the Landowner shall be entitled to terminate the JVA whereupon **Section 11 of Appendix I of the Circular** shall apply.*	This term is **reasonable** and **not detrimental** to the non-interested shareholders of CHB as it sets out the obligation of the Developer in regard to the submission of plan for approval and the remedies to the Landowner in the event any of the approvals cannot be obtained.

No.	Salient terms	MainStreet's comments
6	***Creation of Legal Charge*** *The Developer shall be allowed to mortgage/ pledge/ charge the part of the Development Land (being the respective phase of the Development Land) to a bank or financial institution for a loan to finance the Development and construction of the respective phase of the Development Land.* *The Landowner hereby undertake to execute and/ or provide all necessary document and to co-operate to the fullest extend as required for the purpose of creation and perfection of any legal charge(s) and/ or whatsoever may be so reasonably required by the financial institution as collateral/ security PROVIDED THAT the Developer shall bear and be responsible and liable for the facility(ies) and all interests, costs, expenses, repayments, obligations and shall fully indemnify the Landowner against all obligations and liabilities whatsoever and howsoever arising out of and/ or incidental to the facility granted by the financial institution and the legal charge of the said Land and indemnify and hold harmless the Landowner against all losses, claims, liabilities and expenses arising from the said mortgage/ pledge/ charge.*	This term is **reasonable** and **not detrimental** to the non-interested shareholders of CHB as it allows the Developer to secure financing for the Developement which will facilitate its timely and expedient completion. This term also sets out the obligation of both parties in regard to the creation of legal charge, with specific safeguards in place to protect the Landowner's interests. The Developer assumes full responsibility for the financing facility(ies), including all associated costs, liabilities, and obligations, and is required to fully indemnify the Landowner. This ensures that the Landowner remains protected from any financial or legal repercussions arising from the mortgage, pledge, or charge over the Development Land.
7	***Commencement of works*** *Upon the approval of the building and other necessary plans for the Development according to phase(s) at the discretion of the Developer and the issuance of Housing Developer Licence and Sale Permit under the Housing Development (Control and Licensing) Act 1966 or any amendment thereof (if applicable), the Developer shall within 12 months from the date of approval for the relevant phase (the date of such approval shall be deemed the "**Commencement Date**") commence in a workmanlike manner the construction of the Development and to furnish the building constructed thereon fit for occupation accommodation and use in accordance with the approved plans and specifications with water and electricity supplied thereto and to obtain for each of the buildings/ units so erected a Certificate of Fitness for Occupation or Certificate of Completion and Compliance or Certificate of Practical Completion (as the case may be) to the effect that the buildings/ units for that particular phase have been completed and fit for occupation.* *The Developer shall indemnify and hold harmless the Landowner against all claims and liabilities arising from the late delivery.*	This term is **reasonable** and **not detrimental** to the non-interested shareholders of CHB as it sets out the timeline for the commencement of works which ensures the timely completion of the Development and protects the Landowner from any claims and liabilities arising from late delivery.

No.	Salient terms	MainStreet's comments
8	***Limited power of attorney ("Limited PA")*** *(a) The Landowner shall in order to assist the Developer to expedite the Development of the Development Land appoint and authorise the Developer as its attorney for the purpose of the Development only;* *(b) The granting of the Limited PA to the Developer shall be executed simultaneously upon the execution of the JVA in the form annexed in the JVA;* *(c) In the event the JVA is terminated or rescinded for whatever reasons including but not limited to the reason stated in the JVA, all powers granted under the JVA and the Limited PA by the Landowner on the Land to the Developer is revoked and the Developer shall revoke the Limited PA and all registrations thereof and undertakes to immediately return the Limited PA to the Landowner for revocation and to provide such release letter(s) from the relevant consultant(s) appointed by the Developer in relation to the Development within 7 Business Days after the termination or rescission of the JVA; and* *(d) All cost and expenses associated with the Limited PA shall be borne by the Developer.*	This term is **reasonable** and **not detrimental** to the non-interested shareholders of CHB as the Landowner will grant the Developer Limited PA (at the Developer's cost) to facilitate and/ or enable the Developer to carry out the necessary task in relation to development of the Development Land.
9	***Sharing*** *(a) Subject to **Section 9(b) of Appendix I of the Circular**, the proceeds of sale of the building plots together with the various type of buildings to be constructed on the Development Land shall be shared in the proportion as follows:* *(i) In respect of shophouse development component (hereinafter called the "**Shophouse Development Component**") of the Development Plan, 22% of the gross development value of the Shophouse Development Component shall belong to the Landowner, payable by way of cash or properties in kind and payable upon completion of the construction of the Shophouse Development Component with Certificate of Completion and Compliance or Certificate of Practical Completion (as the case may be) duly obtained for the Shophouse Development Component of the Development;*	This term is **reasonable** and **not detrimental** to the non-interested shareholders of CHB as it serves to clarify the entitlement to both parties pursuant to the Proposed Joint Venture. As we are of the view that the Minimum Landowner's Entitlement is fair and reasonable, the Landowners Entitlement serves as a guide to the percentage of GDV allocated to the Landowner for each phase of development. This structured breakdown provides clarity on the entitlement distribution, ensuring transparency while safeguarding the Landowner's interests.

No.	Salient terms	MainStreet's comments
	*(ii) In respect of service apartment and/ or highrise commercial space (hereinafter called the "**Highrise Development Component**"), 18% of the gross development value of the Highrise Development Component shall belong to the Landowner, payable by way of cash or properties in kind and payable upon completion of the construction of the Highrise Development Component with Certificate of Completion and Compliance or Certificate of Practical Completion (as the case may be) duly obtained for the Highrise Development Component of the Development;* *(iii) In respect of retail outlet and space below the Highrise Development Component (hereinafter called the "**Retail Development Component**"), 20% of the gross development value of the Retail Development Component shall belong to the Landowner, payable by way of cash or properties in kind and payable upon completion of the construction of the Retail Development Component with Certificate of Completion and Compliance or Certificate of Practical Completion (as the case may be) duly obtained for the Retail Development Component of the Development; and* *(iv) In respect of any affordable development component within the Shophouse Development Component, the Highrise Development Component and the Retail Development Component and/ or any other development component within the Development Land (hereinafter called the "**Affordable Development Component**"), the entitlement of the Landowner shall be discussed in good faith between the Landowner and the Developer based on the profit of the Affordable Development Component, payable by way of cash or properties in kind and payable upon completion of the construction of the Affordable Development Component with Certificate of Completion and Compliance or Certificate of Practical Completion (as the case may be) duly obtained for the Affordable Development Component of the Development;* *(collectively, "**Landowner's Entitlement**");*	Please refer to our evaluation on the basis and justifications of the Minimum Landowner's Entitlement as set out in **Section 6.2 of this IAL**. The terms surrounding the payment of the Landowner's Entitlement, whether in cash or properties in kind, provide flexibility and allow for mutual agreement between both parties, ensuring fairness in allocation. We note that the payment of the Landowner's Entitlement in paroperties in kind, with prorated allocation based on mutual agreement, ensures that the Landowner's share reflects the value of the units they are entitled to.

No.	Salient terms	MainStreet's comments
	For the purpose of the JVA, where: *(1) Where the Landowner agrees to accept payment of Landowner's Entitlement in cash, the properties value is calculated based on launching price of the respective launching phase; and* *(2) Where the Landowner agrees to accept payment of Landowner's Entitlement in properties in kind, the type of property allocated to the Landowner is subject to mutual agreement by both Parties as equitable and fair as possible on every type of property.* *(b) In the event the Landowner's Entitlement is to be paid with properties in kind in accordance with **Section 9(a) of Appendix I of the Circular**, the followings shall apply:* *(i) With respect to their share of buildings/ units to be allocated to the Landowner, the Landowner shall be allocated on a prorated basis of all types of buildings / units (both Malay/ Bumiputra Lot(s)/ Quota and Non-Malay/ Non-Bumiputra Lot(s)/ Quota). The allocation of their share of buildings/ units shall be based on mutual agreement between the parties or for lots to be drawn or such other methods of allocation that may be agreed upon between the parties in the event that the parties are unable to agree on the allocation of their share of buildings/ units.* *(ii) The Landowner is absolutely at liberty to sell or dispose off their share of buildings/ units for which they are entitled at a price or prices not lower than that of the Developer.* *(iii) The Developer may sell or otherwise dispose off the buildings/ units and building plots for which the Developer is entitled hereunder to such purchaser or purchasers as the Developer deem fit and to enter into such contract for sale subject to such terms and conditions as the Developer may deem fit and Landowner hereby covenant with the Developer that the Landowner will be a party to such contract for sale, if necessary.*	

No.	Salient terms	MainStreet's comments
	(iv) For the avoidance of doubts, the sharing of the buildings/ units shall be in the following manner: - *The parties hereto acknowledge that different types of buildings/ units (eg: corner units, end units, unit with extra land, units within different storey of the building block, units with specific scenery, penthouse, duplex etc.) command different prices.* - *The parties hereto shall share the different types of buildings/ units in accordance with* ***Section 9(b)(i) of Appendix I of the Circular****.*	
	(c) For removal of doubts, the JVA shall be deemed to be completed once the Landowner receive the Landowner's Entitlement in full and upon which event and subject to the JVA, all balance un-develop portion of the Development Land and all unsold buildings (whether completed or pending construction) absolutely shall be belong to the Developer.	We acknowledge that the Developer will retain full ownership of the undeveloped land and unsold buildings once the Landowner has received their entitlement in full, which is not to the detriment of the Landowner, as they would be fully compensated via the Landowner's Entitlement in accordance with the JVA. Furthermore, this arrangement ensures that the Landowner bears no further financial or market risks, with the Developer assuming full responsibility for any unsold units or undeveloped portions.
	(d) The Parties hereby agree that the basement development and/ or carpark in respect of any phase of the Development Land shall belong to the Developer absolutely.	The provision for the Developer's absolute ownership of the basement and carpark elements of the Development is reasonable given the commercial nature of such spaces, as basement and car park areas are typically integral to the overall development and are managed by the Developer to ensure efficient utilisation, maintenance and revenue generation. Furthermore, by granting the Developer full ownership, this arrangement incentivises them to maximise the Development's overall value, ensuring the proper design, operation, and management of these spaces.

No.	Salient terms	MainStreet's comments
10	***Developer's Default*** *Without prejudice to any other rights and remedies which the Landowner may have in the event that any of the following events shall occur:* *(a) the Developer without reasonable cause suspends the carrying out and the completion of the Works for the Development;* *(b) if the Developer shall breach or fail to observe or perform any of the material terms and stipulations herein contained on their part to be observed or performed;* *(c) if the Developer shall abandon the Development or the Development Land before its completion without reasonable cause and the Developer shall be deemed to have abandoned the Development or the Development Land if the Developer fails to carry out any of the Works for a continuous period of 6 months unless the Developer is able to justify its non carrying out of the construction of the Development in writing to the Landowner;* *(d) the Developer is wound-up;* *(e) the Developer goes into voluntary liquidation otherwise than for the purpose of reconstruction or amalgamation;* *(f) an order of Court is made for the Developer's compulsory liquidation;* *(g) a receiving order made against any of the Developer's assets; or* *(h) the Developer shall cease to exist as a separate corporate entity;* *then the Landowner may give the Developer a written notice specifying the default and requesting the Developer to remedy the default and if the Developer shall fail refuse and/ or neglect to remedy the same within 30 business days from the date of the said notice, the Landowner shall be entitled to terminate the JVA upon giving 30 business days written notice to the Developer and provisions of* ***Section 11 of Appendix I of the Circular*** *shall have effect.*	This term is **reasonable** and **not detrimental** to the non-interested shareholder of CHB as it safeguards the interest of the Landowner to seek remedy or terminate the JVA in the event the Developer defaults its obligation pursuant to the JVA, which is common to be included in transaction of this nature.

No.	Salient terms	MainStreet's comments
11	***Remedies for Developer's Default*** *On the occurrence of any of the events stated under* ***Section 10 of Appendix I of the Circular****, the following provisions shall apply:* *(a) all monies paid by the Developer in respect of the Development Land or pursuant to provisions of the JVA shall be forfeited by the Landowner as liquidated damages;* *(b) the JVA shall be terminated and deemed to be null and void;* *(c) the Developer shall at its own cost immediately cease all Works and operations on the Development Land, remove their personnel and workmen from the Development Land and deliver vacant possession of the Development Land to the Landowner. All fixtures, fittings, buildings (whether partially or fully constructed) on the Development Land shall belong to the Landowner absolutely;* *(d) the Developer shall at its own cost remove or cause to be removed all encumbrances created by the Developer on the Development Land immediately and return of original titles to the Development Land;* *(e) the Developer shall at its own cost return or cause to be returned to the Landowner all originals and duplicate copies of documents and plans and the document of title of the Development Land and revoke all powers of attorney created over the Development Land;* *(f) the Landowner shall be entitled (but not obligated) to take over the Development Land and complete the Works in respect thereof or enter into a new agreement with another developer to complete the same without account to the Developer or require the Developer to put the Development Land back in such state and condition as nearly as it was delivered to the Developer; and* *(g) without prejudice to the rights herein, the Landowner shall be entitled to seek such remedies in law or equity which may be available to the Landowner,*	This term is **reasonable** and **not detrimental** to the non-interested shareholders of CHB as it protects the interest of the Landowner and specifies the remedies that shall apply to the Developer in the event of default by the Developer, which is common to be included in transaction of this nature.

No.	Salient terms	MainStreet's comments
	and thereafter the Landowner shall be entitled to deal the Development Land in such manner as the Landowner may in its sole and absolute discretion deem fit and free from any claims by the Developer.	
12	***Landowner's Default*** *If the Landowner shall breach or fail to observe or perform any of the material terms and stipulations herein contained on their part to be observed or performed, the Developer shall be entitled for specific performance.*	This terms is **reasonable** and **not detrimental** to the non-interested shareholders of CHB as it is a common term, serves to ensure that the Developer shall be entitled for specific performance in the event the Landowner default its obligation pursuant to the JVA.
13	***Developer's indemnity*** *Without limiting any right or remedy available to the Landowner at law or in equity (which includes the right to claim damages and to specific performance), upon the termination of the JVA in accordance with* ***Sections 10, 11, 12 and 13 of Appendix I of the Circular****, the Developer is to indemnify the Landowner for all damages, costs, charges and expenses incurred by it in connection with the negotiation, preparation, breach or non-compliance with the JVA and termination or rescission of the JVA and all matters which are connected therewith.*	This term is **reasonable** and **not detrimental** to the non-interested shareholders of CHB as it protects the interest of the Landowner as the Developer will indemnify the Landowner for all damages, costs, charges and expenses incurred by the Developer in connection with the negotiation, preparation, breach or non-compliance with the JVA and termination or recission of the JVA and all related matters.
14	***Refund of Deposit*** *The Deposit shall be refunded free from interest by Landowner to Developer upon receipt by the Landowner of the Landowner's Entitlement as stipulated in* ***Section 9 of Appendix I of the Circular****.*	This term is **reasonable** and **not detrimental** to the non-interested shareholders of CHB as it sets out the obligation of the Landowner upon receipt of the Landowner's Entitlement.

Based on our evaluation of the salient terms of the JVA above, we are of the view that the salient terms of the JVA are generally on normal commercial terms for transactions of such nature and the said terms are **reasonable** and **not detrimental** to the non-interested shareholders of CHB**.**

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6.4 Risk factors of the Proposed Joint Venture

Section 6 of Part A of the Circular sets out the following risk factors of the Proposed Joint Venture:

(i) Risks relating to non-fulfilment of conditions precedent of the JVA;

(ii) Risks relating to loss of opportunity; and

(iii) Risks relating to compulsory acquisition by the Government of Malaysia.

We wish to highlight that although efforts and measures would be taken by the Board and the management of CHB to limit/mitigate the risks associated with the Proposed Joint Venture, no assurance can be given that the abovementioned risk factors will not occur and give rise to material and adverse impact on the operation and business of CHB, financial positions and/ or CHB's prospects thereon.

In evaluating the Proposed Joint Venture, you should carefully consider the said risk factors and their mitigating factors prior to voting on the resolution pertaining to the Proposed Joint Venture at the forthcoming EGM of CHB. Non-interested shareholders of CHB should also note that the risk factors mentioned therein are not meant to be exhaustive.

Notwithstanding the above risk factors, we believe the rationale and justifications of the Proposed Joint Venture as disclosed in **Section 4.1 of Part A of the Circular**, outweigh the potential risks highlighted above. In addition, the intended utilisation of proceeds, as set out in **Section 2.11 of Part A of the Circular**, will allow the Group to fund the expansion of the Group's property development segment and working capital requirements of the Group's trading and services segment.

6.5 Industry overview, outlook and future prospects of the Group

6.5.1 Overview and outlook of the Malaysian economy

Malaysia's advance gross domestic product ("**GDP**") estimates show that the economy grew by 4.4 per cent in Q1 2025, slightly lower than the 5.0 per cent growth recorded in the previous quarter. This growth was mainly supported by the Services, Manufacturing, and Construction sectors, while the Mining & Quarrying sector continued to decline. On a quarter-on-quarter basis, however, the economy contracted by 3.7 per cent, following a 2.7 per cent expansion in Q4 2024.

Malaysia's inflation rate eased to 1.5 per cent in February 2025 from 1.7 per cent in January, influenced by the slower price increase in Housing, Water, Electricity, Gas & Other Fuels (+2.3%) and Recreation, Sport & Culture (+1.5%). Meanwhile, Personal Care, Education, and Insurance recorded higher inflation, while Restaurant & Accommodation Services, Food & Beverages, and Alcoholic Beverages & Tobacco maintained the previous month's rates. Declines in Information & Communication (-5.3%) and Clothing & Footwear (-0.2%) also attributed to the overall inflation. On a monthly basis, inflation rose slightly by 0.1 per cent, the same rate as in January 2025.

In February 2025, Malaysia's total trade rose by 5.9 per cent year-on-year to RM223.9 billion, driven by higher exports amounting to RM118.3 billion (+6.2%) and imports at RM105.6 billion (+5.5%). Accordingly, the trade surplus contributed to a double-digit increase of 12.2 per cent, reaching RM12.6 billion. On a month-on-month basis, total trade declined by 7.5 per cent, with both exports and imports fell by 3.7 per cent and 11.3 per cent, reflecting a temporary slowdown in trade activity.

Malaysia's labour market continued to strengthen, with the number of employed persons increasing by 2.9 per cent year-on-year to 16.73 million in February 2025, raising the employment-to-population ratio to 68.5 per cent from 68.2 per cent a year earlier. The number of unemployed persons fell by 4.3 per cent to 532.8 thousand, reducing the unemployment rate to 3.1 per cent. Meanwhile, the labour force expanded by 2.6 per cent to 17.27 million, supported by a slight increase in the labour force participation rate to 70.7 per cent.

Looking ahead to the remainder of 2025, Malaysia's economic outlook remains one of resilience, adaptation, and opportunity. While external challenges such as the impact of U.S. tariffs and global trade uncertainties may pose risks to growth, Malaysia's diversified economy, commitment to innovation, and strategic government policies will continue to serve as key pillars of economic stability.

(Source: Malaysian Economic Statistics Review (MESR) Vol. 4/2025, Department of Statistics Malaysia)

6.5.2 Overview and outlook of the property development industry in Klang Valley

As of 3Q 2024, Klang Valley's residential supply showed moderate growth, with existing supply increasing by 4%, amounting to approximately 2.1 million units. High-rise residential supply has surpassed landed supply for the first time in 2024, indicating a shift in consumer preference towards more cost-effective and space efficient non-landed housing in key metropolitan areas.

Landed property supply increased by 2% year on year, with Selangor contributing 99% of the growth, primarily in Sepang, Klang, and Kuala Selangor. However, incoming supply decreased by 14% even with new launches like Irama Villa IV (380 units), Elmina Ridge 1 Phase 2 (228 units), and Ferrous 3 (101 units).

The supply of high-rise residential units continues to grow faster than landed properties, with a 6% year-on-year increase driven by the completion of TRX Residences (896 units), Agile Bukit Bintang (1,316 units), and Duta Park Residences (1,376 units). However, the incoming supply of high-rise units has dropped by 4% following the trend in landed properties. Notable high-rose projects launched in 2024 include Bangsar Hill Park (Talisa-Tower C) with 392 units, Solasta Dutamas (Tower A) with 329 units, Tuju Residences with 932 units, Sunway Velocity 3 with 1,604 units, and Times Square 2 (Phase 1) with 375 units.

Klang Valley's residential overhang situation slightly improved in 3Q 2024, with an overall year-on-year decline of 7%. High-rise properties recorded a 10% reduction, while landed properties saw a modest increase of 292 units following the completion of 8,761 landed units during the same period. The majority of the overhang consisted of properties prices between RM500,000 and RM800,000.

First-time homebuyers can benefit from a tax relief of up to RM7,000, offering a helpful start for young individuals to purchase their own homes. This relief, designed to encourage first-time home ownership, is claimable for three consecutive assessment years for sales and purchase agreements signed between January 1, 2025, and December 31, 2027. New housing developments are also required to designate one or two blocks for affordable Madani units for lower-income groups.

Other than that, a stamp duty exemption on instruments of transfer and loan agreements for homes prices below RM500,000 remains available until the end of 2025 to assist first time homeowners. The government is demonstrating a strong commitment to tackle housing affordability by offering significant tax relief and financial incentives for first time homebuyers.

(Source: Malaysia Real Estate Market Outlook Report 2025, CBRE | WTW)

6.5.3 Overview and outlook of the ICT industry in Malaysia

The ICT industry is one of the few sectors that has seen strong growth since the pandemic. In 2021, the most recent complete year data available, ICT contributed 23.2% to Malaysia's GDP and is projected to rise to 25.5% by 2025. The government and private sector in Malaysia are in the process of embracing a country-wide digital transformation. The digitalization of operations across all major industrial sectors will be a decisive factor in securing Malaysia's role in the future global economy.

To support this nationwide vision, the Malaysian government launched the MyDIGITAL initiative as part of the Malaysia Economy Digital Economy Blueprint. This initiative is part of the government's plans to transform Malaysia into a digitally driven, high-income nation and a regional leader in the digital economy by 2030. Through the government's Cloud First strategy under the MyDIGITAL blueprint, Malaysia looks to enhance its capabilities as a regional data hub, welcoming investment in data centers. The best market entry for U.S. companies is through local partners and distributors.

(Source: International Trade Administration: Information & Communications Technology)

The information and communication subsector expanded by 3% in the first half of 2024, attributed to the telecommunication segment. The subsector is expected to grow by 3.2% in the second half of the year supported by the uptick in digital-based services, social commerce activities as well as streaming of entertainment contents and major sporting events. Likewise, the adoption of digital services, particularly artificial intelligence (AI), cloud computing and cybersecurity programming is anticipated to spur the subsector's growth. Moreover, mobile internet packages for civil servants, students and media practitioners are expected to further increase the internet subscription rate. Hence, the subsector is anticipated to record a growth of 3.1% in 2024.

(Source: Belanjawan 2025 Malaysia Madani: Economic Outlook 2025)

6.5.4 Future prospects of the Group

The Group currently operates in 3 main business segments: trading and services, property development, and agriculture. In recent years, the trading and services segment has been the primary revenue driver, with all of the Group's revenue for the financial year ending 31 December 2024 coming from this segment. However, the segment has been struggling with losses due to factors like increased competition from e-commerce distributors, the transition from traditional ICT hardware towards digital-based products, rising import costs of the Group's supplies, the Coronavirus-19 pandemic, weakening of the Malaysian Ringgit and geopolitical tensions.

To address this, the Group has been focusing on expanding its property development segment to reduce dependence on its trading and services segment and improve overall financial performance. Key initiatives in this direction include:

(i) JCSB JVA

In November 2017, CDMSB entered into a joint venture agreement with JCSB for the development of 62 acres of land in Cybersouth, Selangor. Under this agreement, CDMSB, as the landowner, is entitled to 20% of the GDV, which is expected to amount to approximately RM117.00 million. The first phase of this development has seen strong interest, with 90% of units booked as at the LPD, and revenue from this joint venture is expected to be recognised progressively between the first half of 2025 and second half of 2027. As at the LPD, the Group received payments amounting up to RM2.68 million from JCSB for phase 1 sales. Revenue from phase 1 sales is expected to be progressively recognised following the progress of construction towards handovers of vacant possession to the purchasers of the JCSB JVA units moving forward. Further, phase 2 sales of the JCSB JVA is expected to commence by the first half of 2026;

(ii) Diversification into property development

In May 2023, the Group formally diversified into property development to better position itself for growth in this sector. The diversification aims to complement the expected revenue from the JCSB JVA and enhance the Group's ability to scale its property development segment while reducing reliance on the trading and services segment. In anticipation of revenue recognition from the share of GDV from the JCSB JVA starting in 2025, the Board opined that the Diversification was in the best interest of the Group to accelerate its expansion into property development and building a more sustainable business model moving forward; and

(iii) Proposed Joint Venture

The Group's second foray into property development involves a proposed joint venture, where CDMSB will contribute the Development Land and is entitled to a Minimum Landowner's Entitlement of RM234.00 million. The development will take place over 8-9 phases over a period of 13 years, with a further automatic extension of 3 years and/ or any further extension from the commencement date of the Development. The Group anticipates the recognition of revenue from this venture in the form of the Landowner's Entitlement as and when construction for respective phases of the Development is completed. The Landowner's Entitlement therefore provides the Group with a recurring form of revenue to be recognised progressively in the long term.

With the positive outlook in Malaysia's property market, supported by improved real estate activity and government initiatives, the Board believes that the Proposed Joint Venture presents another opportunity to grow the property development segment and expand the Group's revenue streams. Over the development period of 13 years (with a further automatic extension of 3 years and/ or any further extension from the commencement date of the Development), CDMSB will receive its Landowner's Entitlement as each phase is completed, which is expected to contribute positively to the Group's financial performance, leading to various benefits as outlined in **Section 4.1 of Part A of the Circular**.

As set out in **Section 2.11 of Part A of the Circular**, the proceeds raised from the Landowner's Entitlement are intended to be reinvested into the further growth of the Group's property development segment, including the acquisition of strategic landbanks, forming additional joint ventures with developers and/ or holding landbanks as property investment for resale in the future to derive gains. Additionally, the Group is evaluating potential acquisitions of land parcels in high-growth areas and conducting feasibility studies to identify opportunities that align with its long-term property development strategy.

Despite these property development efforts, the Group recognises the need to continue supporting its trading and services segment, as the revenue from property developments will be recognised over an extended timeline, dependent on the completion of specific phases of the JCSB JVA and the Development. The Group intends to implement certain internal cost rationalisation strategies within its trading and services segment, aiming to reduce operational expenses and enhance its margins. Once the Group obtains larger revenue contributions from the landowner's entitlement of the JCSB JVA and the Development, it may further scale down the costs and operations of its trading and services segment and reallocate additional resources towards the property development segment.

Overall, while the property development segment is a key area for the Group's long-term growth, the trading and services segment will remain essential in the short to medium term, providing a stable revenue base as the property development projects progress. The Board is optimistic that the Proposed Joint Venture will help reduce reliance on the trading and services segment and contribute positively to the Group's financial performance in the future.

Premised on the above and based on the generally positive outlook on the Malaysian economy, the property development industry in Klang Valley and the ICT industry in Malaysia, we are of the view that the overall prospects of the Group upon completion of the Proposed Joint Venture are favourable.

Nonetheless, we wish to highlight that all businesses are subject to uncertainties which are not within the Board's control such as, amongst others, changes in government policies, changes in interest rates, changes in global economic conditions and changes in the property market.

6.6 Effects of the Proposed Joint Venture

We take note of the effects of the Proposed Joint Venture as set out in **Section 7 of Part A of the Circular** and our comments are as follows:

(i) Issued share capital and substantial shareholders' shareholdings

The Proposed Joint Venture will not have any effect on the Company's issued share capital and substantial shareholder's shareholdings as the Proposed Joint Venture does not involve or result in any change to the number of issued CHB Shares.

(ii) NA and gearing level

Barring any unforeseen circumstances, the Proposed Joint Venture is not expected to have any immediate material effect on the NA and gearing level of CHB Group for the FYE 31 December 2025.

(iii) Earnings and EPS

The Proposed Joint Venture is not expected to have any immediate material effect on the earnings and EPS of CHB Group for the FYE 31 December 2025. Notwithstanding that, the Minimum Landowner's Entitlement from the Proposed Joint Venture (which is expected to be completed over a period of 13 years, with a further automatic extension of 3 years and/ or any further extension from the commencement date of the Development) may contribute positively to the earnings and EPS of CHB Group for the future financial years as and when the Development is completed and sold.

Based on the above, we are of the view that the overall effects of the Proposed Joint Venture are **reasonable** and **not detrimental** to the interest of the non-interested shareholders of CHB. The non-interested shareholders of CHB should also note that the actual effects of the Proposed Joint Venture can only be ascertained at the time of completion of the Proposed Joint Venture, and they could be different from the abovementioned proforma effects.

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7. OUR CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Joint Venture and have set out our evaluation in **Section 6 of this IAL**. In arriving at our opinion on the fairness and reasonableness of the Proposed Joint Venture, we have taken into consideration the following pertinent factors:

(i) The rationale and justifications for the Proposed Joint Venture are **reasonable** and **not detrimental** to the non-interested shareholders of CHB;

(ii) The basis and justification of determining the Minimum Landowner's Entitlement are **fair** and **reasonable** and **not detrimental** to the non-interested shareholders of CHB;

(iii) The salient terms of the JVA are **reasonable** and **not detrimental** to the non-interested shareholders of CHB;

(iv) The effects of the Proposed Joint Venture are **reasonable** and **not detrimental** to the shareholders of CHB; and

(v) The prospects of CHB Group are positive.

Premised on the factors discussed above and our evaluation of the Proposed Joint Venture based on the information made available to us, we are of the view that the Proposed Joint Venture is **fair** and **reasonable** and **not detrimental** to the non-interested shareholders of CHB.

Accordingly, we recommend that you **vote in favour** of the resolution in respect of the Proposed Joint Venture to be tabled at the forthcoming EGM.

We have not taken into consideration any specific investment objective, financial situation or particular need of any individual non-interested shareholders of CHB. We recommend that any non-interested shareholders of CHB who require specific advice in relation to the Proposed Joint Venture in the context of their individual investment objectives, financial situation, or particular needs, to consult their respective stockbrokers, bank managers, investment advisers, accountants, solicitors, or other professional advisers.

YOU ARE ADVISED TO READ BOTH THIS IAL AND PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES AND CAREFULLY CONSIDER THE RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED JOINT VENTURE TO BE TABLED AT THE FORTHCOMING EGM.

Yours faithfully,
MAINSTREET ADVISERS SDN BHD

Lai Swee Sim
Managing Director

Nurul Ain Khirul Ashar
Director

The salient terms of the JVA are set out below:-

1. Joint Venture

Subject to the terms and conditions of the JVA:-

(a) in consideration of the Landowner's entitlements under this JVA, the Landowner grants irrevocable consent to the Developer to develop the Development Land into the Development and subsequently to sell same to interested end-purchaser(s) all in accordance with the JVA;

(b) the Developer agrees to accept the grant by the Landowner to develop the Development Land into the Development by subdividing same into building plots/ parcels with separate marketable titles (individual or stratified, as the case may be) in accordance with the lay-out plan to be prepared by the Developer and undertake the Development at the Developer's absolute discretion subject to the approval of any authority or corporation, including but not limited to the state authority and local authority in connection with or affecting the Development Land ("**Appropriate Authority**"),

(the "**Joint Venture**").

2. Conditions of the Joint Venture

2.1 The joint venture of the Development Land is subject to the following conditions:

(a) the Landowner is a subsidiary of a public listed company i.e. CHB (Registration No.: 200401030779 (669287-H)) and the joint venture under the JVA is conditional upon:

(i) CHB appointing an independent adviser in accordance with the Listing Requirements of Bursa Securities and such independent adviser forming an opinion that the joint venture under the JVA is fair and reasonable; and

(ii) CHB obtaining all the necessary approvals from the relevant authorities, non-interested shareholders and non-interested Directors of CHB for the joint venture of the JVA.

(the date the last of the above conditions are met is the "**Unconditional Date**").

(b) the Development of the Development Land is based on an "as is where is" basis upon terms and conditions of the JVA and the Landowner delivering vacant possession of the Development Land to the Developer after the Unconditional Date upon request by the Developer. The estimated gross development value of the respective phase of the Development Land is enclosed in the JVA and the estimated gross development value may be varied from time to time subject to the mutual consent of both the Landowner and the Developer ("**Parties**"), provided that the minimum amount receivable by the Landowner from the Development under the JVA is RM234,000,000 ("**Minimum Landowner's Entitlement**").

(c) The proceeds of sale of the building plots together with the various type of buildings constructed thereon shall be shared in the manner set out in **Section 9** of this **Appendix I**.

(d) The Development shall be carried out in phases as per the JVA and/ or any amendments to be mutually agreed by the Parties from time to time subject to the condition of the overall development of the whole of the Development Land shall be completed within 13 years from the commencement date (as defined in item 7 below) the first phase of the Development Land (which the commencement date for the first phase shall be no later than 1 January 2026 or such extended date as may be mutually agreed between the Parties in writing) with further automatic extension of 3 years and/ or any other further extension to be agreed upon by the Parties.

(e) The minimum Landowner's Entitlement shall be in the sum of RM234,000,000.00;

(f) The Landowner's Entitlement of the respective phase of the Development Land shall be settled within 1 month from the date of completion of the development of the respective phase with issuance of certificates of compliance and completion of the respective phase.

3. Developer's Covenants

Without prejudice to the terms and conditions in the JVA, during the term of the JVA, inter alia:

(a) the Developer shall at its own costs and expenses submit application for examination of title, survey and subdivision of the Development Land in accordance with the layout plan prepared by the Developer in accordance with the JVA;

(b) the Developer shall at its own cost undertake and complete the Development and in the course of planning, erection and completion of the buildings within the Development do all acts and things required and perform the works in conformity in all respects with the provisions of any statutes, applicable thereto and with all relevant by-laws and regulations and in accordance with the conditions of all planning consents and permission and to pay and keep the Landowner indemnified at all times hereafter against all claims for the fees charges fine penalties and other payments whatsoever which during the progress of the works may become payable to or be demanded by any Appropriate Authority in respect of the Works or of anything done under the authority herein contained;

(c) the Developer shall be liable for and shall indemnify the Landowner against any expense liability loss claims or proceedings arising:

(i) under any statute or at common law in respect of personal injury to or deaths arising out of or in the course of or caused by the carrying out of the Development by the Developer;

(ii) due to any breach of statutory duty omission or default of the Developer of any Appropriate Authority or in connection with the Development or any part thereof;

(iii) due to any person, company and/ or authorities that may arise as a result of any act default or omission on the part of the Developer;

(iv) due to any action proceeding suit arising as a result of the Development;

(d) the Developer covenants that the gross development value:

(i) for plot 1, plot 2, plot 3 and 4 of the JVA collectively shall not be less than RM550,000,000.00; and

(ii) plot 5, plot 6, plot 7 and plot 8 of the JVA collectively shall not be less than RM750,000,000.00.

The Development shall be developed in phases. In the event of any amendment to any plot or phase of the Development (which mutually agreed by Parties), the Parties hereby agree that the gross development value of the respective Plot estimated in the JVA may be adjusted based on the mutual consent of parties provided that the total gross development value of the whole land shall not be less than RM1,300,000,000.00 and that the Landowner shall be entitled to no lower than the Minimum Landowner's Entitlement.

(e) the Developer covenants that it has obtained all necessary approval from and is empowered by its members and board of Directors to enter into the JVA and do all things provided under the JVA.

4. Landowner's Covenants

Without prejudice to the terms and conditions in the JVA, during the term of the JVA, inter alia:

(a) the Landowner shall at the cost of the Developer render every reasonable assistance to the Developer to secure the necessary approvals from the Appropriate Authority in respect of the Works of the Development;

(b) subject to **Section 4(d)** of this **Appendix I**, the Landowner shall not sell assign or otherwise howsoever dispose of the Development Land so as to prejudicially affect the rights of the Developer contained in the JVA;

(c) the Landowner shall not do in or near the Development Land any act or thing by reason of which, the Landowner or the Developer may under any statute incur, have imposed on or become liable to any penalty, damage compensation, costs, charges or expenses except as otherwise provided under the JVA;

(d) the Landowner shall whenever legally required joins as a party to any agreement for the transfer of the units in the Development Land to end-purchasers and shall at the Developer's request execute all such agreements with end-purchasers, if necessary provided that the Developer shall hold the Landowner harmless of any liability under such agreements insofar as such liability is not caused by the Landowner;

(e) the Landowner shall use its best endeavours to obtain and procure from all the previous consultants and/ or contractors engaged by the Landowner in connection with the Development, if any, their respective release and letters confirming that they have no claims whatsoever against the Landowner and/ or the Development Land; and

(f) the Landowner hereby agrees to be bound by the Rules 5(5)(a),10 and 11 of the Housing Development (Control and Licensing) Regulations 1989 or any amendment thereto and other regulations from time to time.

5. Submission of plan for approval

The Developer agrees and covenants with the Landowner inter alia as follows:

(a) to submit before the expiry of 1 month of the Unconditional Date at its own costs and expenses all necessary application for the rezoning (if applicable) and subdivision (which may include surrender and re-alienation) of the Development Land into building plots in accordance with the layout plan as prepared by the Developer and at the Developer's absolute discretion and as approved by the relevant authority and to obtain the issuance of qualified titles for each subdivided lot (individual or stratified, as the case may be) and also to pay all the necessary fees for subdivision to the authorities.

(b) Notwithstanding **Section 10** of this **Appendix I**, in the event that the Developer fails to obtain the necessary approval from the Appropriate Authority for the rezoning (if applicable) and/ or subdivision (which may include surrender and re-alienation) of the Development Land and approval of layout plan by the Appropriate Authority within **Thirty Six (36) months** from the date of the JVA or such further extension to be mutually agreed upon from time to time between parties, the Landowner shall be entitled to terminate the JVA and the Deposit shall be refunded by the Landowner to the Developer free from interest and the Developer shall undertake all actions and execute all matters to reverse any works undertaken in respect of the Development Land (the cost of which to be borne by the Developer).

(c) Upon the approval of the rezoning (if applicable) and/ or subdivision (which may include surrender and re-alienation) as well as the approval of the planning permission in respect of the relevant phase of the Development Plan, the Developer shall within twelve (12) months from the date of the approval of the respective phase or such other longer duration as may be agreed upon by the parties hereto from time to time, submit at its own costs and expenses all necessary building plan, road plans, engineering plans and sewage plans to the Appropriate Authority for approval in respect of any phase of the Development at the discretion of the Developer. In the event that the Developer fails to obtain the necessary approval from the Appropriate Authority, the Landowner shall be entitled to terminate the JVA whereupon **Section 11** of this **Appendix I** shall apply.

6. Creation of Legal Charge

The Developer shall be allowed to mortgage/ pledge/ charge the part of the Development Land (being the respective phase of the Development Land) to a bank or financial institution for a loan to finance the Development and construction of the respective phase of the Development Land.

The Landowner hereby undertake to execute and/ or provide all necessary document and to co-operate to the fullest extend as required for the purpose of creation and perfection of any legal charge(s) and/ or whatsoever may be so reasonably required by the financial institution as collateral/ security PROVIDED THAT the Developer shall bear and be responsible and liable for the facility(ies) and all interests, costs, expenses, repayments, obligations and shall fully indemnify the Landowner against all obligations and liabilities whatsoever and howsoever arising out of and/ or incidental to the facility granted by the financial institution and the legal charge of the said Land and indemnify and hold harmless the Landowner against all losses, claims, liabilities and expenses arising from the said mortgage/ pledge/ charge.

7. Commencement of works

Upon the approval of the building and other necessary plans for the Development according to phase(s) at the discretion of the Developer and the issuance of Housing Developer Licence and Sale Permit under the Housing Development (Control and Licensing) Act 1966 or any amendment thereof (if applicable), the Developer shall within 12 months from the date of approval for the relevant phase (the date of such approval shall be deemed the "**Commencement Date**") commence in a workmanlike manner the construction of the Development and to furnish the building constructed thereon fit for occupation accommodation and use in accordance with the approved plans and specifications with water and electricity supplied thereto and to obtain for each of the buildings/ units so erected a Certificate of Fitness for Occupation or Certificate of Completion and Compliance or Certificate of Practical Completion (as the case may be) to the effect that the buildings/ units for that particular phase have been completed and fit for occupation.

The Developer shall indemnify and hold harmless the Landowner against all claims and liabilities arising from the late delivery.

8. Limited power of attorney ("Limited PA")

(a) The Landowner shall in order to assist the Developer to expedite the Development of the Development Land appoint and authorise the Developer as its attorney for the purpose of the Development only;

(b) The granting of the Limited PA to the Developer shall be executed simultaneously upon the execution of the JVA in the form annexed in the JVA;

(c) In the event the JVA is terminated or rescinded for whatever reasons including but not limited to the reason stated in the JVA, all powers granted under the JVA and the Limited PA by the Landowner on the Land to the Developer is revoked and the Developer shall revoke the Limited PA and all registrations thereof and undertakes to immediately return the Limited PA to the Landowner for revocation and to provide such release letter(s) from the relevant consultant(s) appointed by the Developer in relation to the Development within 7 Business Days after the termination or rescission of the JVA; and

(d) All cost and expenses associated with the Limited PA shall be borne by the Developer.

9. Sharing

(a) Subject to **Section 9(b)** of this **Appendix I**, the proceeds of sale of the building plots together with the various type of buildings to be constructed on the Development Land shall be shared in the proportion as follows:

(i) In respect of shophouse development component (hereinafter called the "**Shophouse Development Component**") of the Development Plan, 22% of the gross development value of the Shophouse Development Component shall belong to the Landowner, payable by way of cash or properties in kind and payable upon completion of the construction of the Shophouse Development Component with Certificate of Completion and Compliance or Certificate of Practical Completion (as the case may be) duly obtained for the Shophouse Development Component of the Development;

(ii) In respect of service apartment and/ or highrise commercial space (hereinafter called the "**Highrise Development Component**"), 18% of the gross development value of the Highrise Development Component shall belong to the Landowner, payable by way of cash or properties in kind and payable upon completion of the construction of the Highrise Development Component with Certificate of Completion and Compliance or Certificate of Practical Completion (as the case may be) duly obtained for the Highrise Development Component of the Development;

(iii) In respect of retail outlet and space below the Highrise Development Component (hereinafter called the "**Retail Development Component**"), 20% of the gross development value of the Retail Development Component shall belong to the Landowner, payable by way of cash or properties in kind and payable upon completion of the construction of the Retail Development Component with Certificate of Completion and Compliance or Certificate of Practical Completion (as the case may be) duly obtained for the Retail Development Component of the Development; and

(iv) In respect of any affordable development component within the Shophouse Development Component, the Highrise Development Component and the Retail Development Component and/ or any other development component within the Development Land (hereinafter called the "**Affordable Development Component**"), the entitlement of the Landowner shall be discussed in good faith between the Landowner and the Developer based on the profit of the Affordable Development Component, payable by way of cash or properties in kind and payable upon completion of the construction of the Affordable Development Component with Certificate of Completion and Compliance or Certificate of Practical Completion (as the case may be) duly obtained for the Affordable Development Component of the Development;

(collectively, "**Landowner's Entitlement**");

For the purpose of the JVA, where:

(1) Where the Landowner agrees to accept payment of Landowner's Entitlement in cash, the properties value is calculated based on launching price of the respective launching phase; and

(2) Where the Landowner agrees to accept payment of Landowner's Entitlement in properties in kind, the type of property allocated to the Landowner is subject to mutual agreement by both Parties as equitable and fair as possible on every type of property.

(b) In the event the Landowner's Entitlement is to be paid with properties in kind in accordance with **Section 9(a)** of this **Appendix I**, the followings shall apply:

(i) With respect to their share of buildings/ units to be allocated to the Landowner, the Landowner shall be allocated on a prorated basis of all types of buildings / units (both Malay/ Bumiputra Lot(s)/ Quota and Non-Malay/ Non-Bumiputra Lot(s)/ Quota). The allocation of their share of buildings/ units shall be based on mutual agreement between the parties or for lots to be drawn or such other methods of allocation that may be agreed upon between the parties in the event that the parties are unable to agree on the allocation of their share of buildings/ units.

(ii) The Landowner is absolutely at liberty to sell or dispose off their share of buildings/ units for which they are entitled at a price or prices not lower than that of the Developer.

(iii) The Developer may sell or otherwise dispose off the buildings/ units and building plots for which the Developer is entitled hereunder to such purchaser or purchasers as the Developer deem fit and to enter into such contract for sale subject to such terms and conditions as the Developer may deem fit and Landowner hereby covenant with the Developer that the Landowner will be a party to such contract for sale, if necessary.

(iv) For the avoidance of doubts, the sharing of the buildings/ units shall be in the following manner:

- The parties hereto acknowledge that different types of buildings/ units (eg: corner units, end units, unit with extra land, units within different storey of the building block, units with specific scenery, penthouse, duplex etc.) command different prices.

- The parties hereto shall share the different types of buildings/ units in accordance with **Section 9(b)(i)** of this **Appendix I** above.

(c) For removal of doubts, the JVA shall be deemed to be completed once the Landowner receive the Landowner's Entitlement in full and upon which event and subject to the JVA, all balance un-develop portion of the Development Land and all unsold buildings (whether completed or pending construction) absolutely shall be belong to the Developer.

(d) The Parties hereby agree that the basement development and/ or carpark in respect of any phase of the Development Land shall belong to the Developer absolutely.

10. Developer's Default

Without prejudice to any other rights and remedies which the Landowner may have in the event that any of the following events shall occur:

(a) the Developer without reasonable cause suspends the carrying out and the completion of the Works for the Development;

(b) if the Developer shall breach or fail to observe or perform any of the material terms and stipulations herein contained on their part to be observed or performed;

(c) if the Developer shall abandon the Development or the Development Land before its completion without reasonable cause and the Developer shall be deemed to have abandoned the Development or the Development Land if the Developer fails to carry out any of the Works for a continuous period of 6 months unless the Developer is able to justify its non carrying out of the construction of the Development in writing to the Landowner;

(d) the Developer is wound-up;

(e) the Developer goes into voluntary liquidation otherwise than for the purpose of reconstruction or amalgamation;

(f) an order of Court is made for the Developer's compulsory liquidation;

(g) a receiving order made against any of the Developer's assets; or

(h) the Developer shall cease to exist as a separate corporate entity;

then the Landowner may give the Developer a written notice specifying the default and requesting the Developer to remedy the default and if the Developer shall fail refuse and/ or neglect to remedy the same within 30 business days from the date of the said notice, the Landowner shall be entitled to terminate the JVA upon giving 30 business days written notice to the Developer and provisions of **Section 11** of this **Appendix I** shall have effect.

11. Remedies for Developer's Default

On the occurrence of any of the events stated under **Section 10** of this **Appendix I**, the following provisions shall apply:

(a) all monies paid by the Developer in respect of the Development Land or pursuant to provisions of the JVA shall be forfeited by the Landowner as liquidated damages;

(b) the JVA shall be terminated and deemed to be null and void;

(c) the Developer shall at its own cost immediately cease all Works and operations on the Development Land, remove their personnel and workmen from the Development Land and deliver vacant possession of the Development Land to the Landowner. All fixtures, fittings, buildings (whether partially or fully constructed) on the Development Land shall belong to the Landowner absolutely;

(d) the Developer shall at its own cost remove or cause to be removed all encumbrances created by the Developer on the Development Land immediately and return of original titles to the Development Land;

(e) the Developer shall at its own cost return or cause to be returned to the Landowner all originals and duplicate copies of documents and plans and the document of title of the Development Land and revoke all powers of attorney created over the Development Land;

(f) the Landowner shall be entitled (but not obligated) to take over the Development Land and complete the Works in respect thereof or enter into a new agreement with another developer to complete the same without account to the Developer or require the Developer to put the Development Land back in such state and condition as nearly as it was delivered to the Developer; and

(g) without prejudice to the rights herein, the Landowner shall be entitled to seek such remedies in law or equity which may be available to the Landowner,

and thereafter the Landowner shall be entitled to deal the Development Land in such manner as the Landowner may in its sole and absolute discretion deem fit and free from any claims by the Developer.

12. Landowner's Default

If the Landowner shall breach or fail to observe or perform any of the material terms and stipulations herein contained on their part to be observed or performed, the Developer shall be entitled for specific performance.

13. Developer's indemnity

Without limiting any right or remedy available to the Landowner at law or in equity (which includes the right to claim damages and to specific performance), upon the termination of the JVA in accordance with **Sections 10, 11, 12** and **13** of this **Appendix I**, the Developer is to indemnify the Landowner for all damages, costs, charges and expenses incurred by it in connection with the negotiation, preparation, breach or non-compliance with the JVA and termination or rescission of the JVA and all matters which are connected therewith.

14. Refund of Deposit

The Deposit shall be refunded free from interest by Landowner to Developer upon receipt by the Landowner of the Landowner's Entitlement as stipulated in **Section 9** of this **Appendix I** above.

BYLAWS OF COMPUGATES HOLDINGS BERHAD'S EMPLOYEE SHARE OPTION SCHEME 2025

1. DEFINITIONS AND INTERPRETATIONS

1.1 Except where the context otherwise requires, the following expression in these Bylaws shall have the following meanings:

Act	:	The Companies Act, 2016, as amended from time to time and all regulations made thereunder and any re-enactment thereof;
Adviser	:	A person who is permitted to carry on the regulated activity of advising corporate finance under the Capital Markets and Services Act 2007, which includes a Principal Adviser as defined in the Securities Commission Malaysia's Licensing Handbook (Chapter 7A);
Authorised Nominee	:	A person who is authorised to act as a nominee as specified in accordance with the schedule prescribed under Part VIII of the Rules of Bursa Depository;
Available Balance	:	The unissued CHB Shares which are available for Offer of Options subject to the maximum limit as set out in Bylaw 4.1 and after deducting all CHB Shares under Options which have been granted;
Board	:	Board of Directors of CHB, as may be constituted from time to time;
Bursa Depository	:	Bursa Malaysia Depository Sdn. Bhd. (Registration No. 198701006854 (165570-W));
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W));
Bylaws	:	The terms and conditions of the Scheme as set out herein, and shall include any amendments or variations made thereto from time to time;
CDS	:	Central Depository System governed under the Central Depositories Act;
CDS Account	:	The account established by Bursa Depository for a Depositor for the recording of deposits of securities and dealings in such securities by the Depositors;
Central Depositories Act	:	The Securities Industry (Central Depositories) Act 1991 including any amendments made thereto from time to time and all regulations made thereunder and any re-enactment thereof;
CHB or Company	:	**COMPUGATES HOLDINGS BERHAD** (Registration No. 200401030779 (669287-H));
CHB Group or Group	:	CHB and its Subsidiaries, collectively, except for dormant Subsidiaries;
CHB Shares	:	Ordinary shares in CHB;

Constitution	:	the constitution of the Company or by such other names so called, as amended from time to time;
Date of Expiry	:	The last day of the duration of this Scheme pursuant to Bylaw 5.1 hereof unless earlier terminated pursuant to Bylaw 5.3. If such date is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day, but excluding those days during that period on which the Record of Depositors and/or the warrants register is or are closed;
Depositor	:	A holder of a CDS Account;
Director	:	A natural person who holds a directorship in an executive or non-executive capacity in any corporation in the CHB Group, and shall have the meaning given in Section 2(1) of the Capital Markets & Services Act 2007;
Effective Date	:	The date for the implementation of the Scheme being the date of full compliance with all relevant requirements of Chapter 6 of the Main Market Listing Requirements including the approvals and/or conditions referred to in Bylaw 5.1 hereof have been obtained and/or complied with;
Eligible Person(s)	:	Employee(s), officer(s) and/or Director(s) of the CHB Group, who meets the criteria of eligibility for participation in the Scheme as set out in Bylaw 7 hereof;
Employee	:	A natural person who is employed by and on the payroll of any corporation in the CHB Group, including Director(s) (holding directorship in an executive capacity) and person(s) recruited under contracts of employment within the CHB Group;
Entitlement Date	:	The date as at the close of business on which the names of the shareholders of CHB must appear on CHB's record of depositors maintained at Bursa Depository in order to participate in any dividends, rights, allotments or other distributions;
ESOS	:	Employee share option scheme;
ESOS Committee	:	The committee, from time to time, duly appointed and authorised by the Board pursuant to Bylaw 18 to administer the Scheme in accordance with these Bylaws;
Exercise Period	:	The specific period or periods within an Option Period during which Options may be exercised by Grantees, as determined by the ESOS Committee subject to Bylaw 11 hereof;
Exercise Price	:	The price at which the Grantee shall be entitled to subscribe for every new CHB Share by exercising his/her Option as determined in accordance with Bylaw 10 hereof;
Government	:	The Government of Malaysia;

Grantee	:	Any Eligible Person who has accepted the Offer by the Company in accordance with the terms and conditions of the Scheme and "Grantees" or "Grantee(s)" refers to any one or more of them;
Main Market Listing Requirements	:	The Main Market Listing Requirements of Bursa Securities;
Market Day(s)	:	Any day(s) from Mondays to Fridays (inclusive of both days) excluding a public holiday or surprise holiday* and on which the stock market of Bursa Securities is open for trading in securities; *A "surprise holiday" refers to a public holiday declared in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the start of the calendar year;
Maximum Allowable Allotment	:	The maximum number of new CHB Shares that can be offered to an Eligible Person falling within a particular category of Eligible Person as stipulated in Bylaw 8 hereof;
Offer(s)	:	An offer made in writing by the ESOS Committee to a selected Eligible Person in the manner indicated in Bylaw 6 hereof;
Offer Date	:	The date of the Offer letter from the ESOS Committee, on which an Offer is made to a selected Eligible Person to participate in the Scheme;
Option	:	The right of a Grantee to subscribe for new CHB Share(s) (whether by way of issuance of new CHB Shares and/or transfer of treasury shares by CHB) pursuant to the contract constituted by the selected Eligible Person's acceptance of an Offer in the manner indicated in Bylaw 8 hereof and "Options" or "Option(s)" refer to any one or more of such right;
Option Period	:	A period commencing from the date an Offer is accepted in accordance with Bylaw 9 and expiring on the Date of Expiry or such other date which the ESOS Committee may in its discretion decide, provided that no Option Period shall extend beyond the Date of Expiry;
Person connected	:	Has the meaning given to "person connected" in Paragraph 1.01 of the Main Market Listing Requirements;
Record of Depositors	:	Means a record provided by Bursa Depository to a listed issuer under Chapter 24.0 of the Rules of Bursa Malaysia Securities Berhad, including any amendment that may be made from time to time;
Registered Office	:	The registered address of CHB pursuant to Section 46 of the Act: No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur;
RM and sen	:	Ringgit Malaysia and sen, respectively, being the lawful currency of Malaysia;

Rules of Bursa Depository	:	The Rules of Bursa Depository as issued pursuant to the Central Depositories Act;
Scheme	:	The ESOS for the grant of Options to selected Eligible Persons to subscribe for new CHB Shares (whether by way of issuance of new CHB Shares and/or transfer of treasury shares by CHB) on the terms and conditions as set out herein;
Senior Management	:	An Employee of the CHB Group deemed to be in a senior position as may be determined by the ESOS Committee from time to time;
Subsidiaries	:	Subsidiary corporations of CHB within the meaning of Section 4 of the Act which are not dormant and shall include subsidiary corporations which are existing as at the Effective Date and those which are incorporated or acquired at any time during the duration of the Scheme but exclude subsidiary corporations which have been divested in the manner provided for in Bylaw 26.2 and which is determined by the ESOS Committee at its absolute discretion from time to time to be a corporation participating under the Scheme in accordance with Bylaw 7.

1.2 In these Bylaws:

(i) Any reference to a statutory provision shall include any subordinate legislation made from time to time under the provision and any listing requirements, policies and/or guidelines of Bursa Securities and/or any other relevant regulatory authority (whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities and/or any other relevant regulatory authority);

(ii) Any reference to a statutory provision shall include that provision as from time to time modified or re-enacted whether before or after the date of these Bylaws so far as such modification or re-enactment applies or is capable of applying to any Option offered and accepted prior to the expiry of the Scheme and shall include also any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly been replaced;

(iii) Words denoting the singular shall include the plural and references to gender shall include both genders and the neuter;

(iv) Any liberty or power which may be exercised or any determination which may be made hereunder by the ESOS Committee or the Board may be exercised at the ESOS Committee's or the Board's unfettered discretion;

(v) The heading in these Bylaws are for convenience only and shall not be taken into account in the interpretation of these Bylaws;

(vi) Unless expressly stated herein, if an event occurs on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day provided always that if such date shall fall beyond the duration of the Scheme, then the stipulated day shall be taken to be the preceding Market Day;

(vii) any reference to the Company and/or other person shall include a reference to the successors-in-title and permitted assigned; and

(viii) unless otherwise stated herein and whenever applicable, the currency adopted for any matter referred to in this Bylaws is RM and sen, being the lawful currency of Malaysia.

2. NAME OF SCHEME

This ESOS will be called the "Compugates Holdings Berhad's Employee Share Option Scheme 2025".

3. THE OBJECTIVES OF THE SCHEME

The establishment of this ESOS is to align the interests of the Eligible Persons to the corporate goals of CHB Group and provide the Eligible Persons with an opportunity to have equity participation in the Company and help achieve the positive objectives as set out below:

(i) to recognise and reward the Eligible Persons by giving recognitions to their contributions and services that are considered vital to the operations, hence motivating employee performance to create sustainable growth and profitability for the Group;

(ii) to retain, motivate and reward the Eligible Persons by allowing them to participate in the Group's profitability and eventually realise any potential capital gains arising from possible appreciation in the value of CHB Shares upon disposal;

(iii) to align the interests of Eligible Persons with that of the shareholders through the achievement of the Group's objectives and plans;

(iv) to attract prospective employees with relevant skills and experience to the Group by making compensation packages offered more competitive; and

(v) to foster and reinforce the Eligible Persons' loyalty and sense of belonging to the Group by enabling them to participate directly in the Company's equity, thereby incentivising the Eligible Persons to contribute more actively to the operations and future growth and success of the Group.

This ESOS is also extended to non-executive directors in CHB Group in recognition of their contributions towards the growth and performance of CHB Group.

4. MAXIMUM NUMBER OF CHB SHARES AVAILABLE UNDER THE SCHEME

4.1 The maximum number of new CHB Shares which may be made available under the Scheme shall not be more than fifteen per centum (15%) of the total number of issued CHB Shares (excluding treasury shares) at any one time as referred to in Bylaw 6 hereof. The ESOS Committee has the discretion in determining whether the total number of new CHB Shares which may be made available under the Scheme and/or allocation thereof shall be in one single Offer or multiple tranches, staggered over the duration of the Scheme or in a single grant and/or whether the Options will be subject to any vesting period or vesting conditions.

4.2 Notwithstanding the provision of Bylaw 4.1 above or any other provisions contained herein, in the event the maximum number of new CHB Shares comprised in the Option granted under the Scheme exceeds the aggregate of fifteen per centum (15%) of the total number of issued CHB Shares (excluding treasury shares) as a result of CHB purchasing its own shares or CHB undertaking any other corporate proposal, no further Options shall be offered until the total number of new CHB Shares to be issued under the Scheme falls below fifteen per centum (15%) of the

Company's total number of issued CHB Shares (excluding treasury shares). Any Option granted prior to the adjustment of the issued CHB Shares shall remain valid and exercisable in accordance with the provisions of this Scheme.

4.3 Notwithstanding the above, CHB may implement more than one (1) ESOS during the duration of this Scheme provided that the aggregate CHB Shares available under all the share issuance schemes implemented by CHB is not more than fifteen per centum (15%) of the total number of issued CHB Shares (excluding treasury shares) at any one time or such lower or higher limit in accordance with any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time.

5. DURATION AND TERMINATION OF THE SCHEME

5.1 The Effective Date for the implementation of the Scheme shall be the date of full compliance with all relevant requirements of Chapter 6 of the Main Market Listing Requirements including the following approvals and/or conditions having been fully obtained and/or complied with:

(a) the submission to Bursa Securities of the final copy of the Bylaws together with a letter of compliance pursuant to Paragraphs 2.12 and 6.42 of the Main Market Listing Requirements and a checklist showing compliance with Appendix 6E of the Main Market Listing Requirements;

(b) the approval-in-principle from Bursa Securities for the listing of and quotation for the new CHB Shares to be issued pursuant to the exercise of the Options granted under the Scheme;

(c) the shareholders' approval for the Scheme at an extraordinary general meeting;

(d) the approval of any other relevant authorities for the Scheme (where applicable); and

(e) the fulfilment of all conditions attached to the above approvals, if any.

Unless otherwise terminated in accordance with Bylaw 5.3 herein and subject to the compliance of the terms and conditions herein contained, the Scheme shall come in force on the Effective Date for a period of two (2) years commencing from the Effective Date **PROVIDED ALWAYS THAT** on or before the expiry thereof, the Board shall have the discretion, upon the recommendation of the ESOS Committee, whether or not, to extend in writing the duration of the Scheme for another two (2) years or such shorter period immediately from the expiry of the first two (2) years commencing from the Effective Date **PROVIDED FURTHER THAT** the total duration of the Scheme shall not be more than four (4) years from the Effective Date or such longer period as may be allowed by the relevant authorities. In the event that the Scheme is extended in accordance with the terms and conditions herein, the ESOS Committee shall inform the extended duration of the Scheme to the relevant Grantees in such manner of communication as the ESOS Committee deems fit. Unless otherwise required by the relevant authorities, no further sanctions, approvals and/or authorisations shall be required for the extension of the Scheme provided that the Company shall serve appropriate notices to Grantees and make any announcements to Bursa Securities (if required) within thirty (30) days prior to the expiry of the original Scheme.

5.2 Offers can only be made during the duration of the Scheme before the Date of Expiry.

5.3 The Company may at any time during the duration of the Scheme through a resolution by the Board and upon the recommendation of the ESOS Committee, terminate the Scheme without further sanctions, approvals and/or authorisations (unless otherwise required by the relevant authorities or Listing Requirements) and shall immediately announce to Bursa Securities the:

(i) effective date of termination of the Scheme;

(ii) number of Options exercised; and

(iii) reasons for termination of the Scheme.

5.4 Notwithstanding anything to the contrary, all unaccepted Offers and unvested and/or unexercised Options shall lapse and be deemed cancelled and be null and void on the Date of Expiry or earlier termination of the ESOS pursuant to Bylaw 5.3.

5.5 The Company shall through its Adviser submit no later than five (5) Market Days after the Effective Date of the implementation of these Bylaws, a confirmation to Bursa Securities of the full compliance of Bylaw 5.1(a) above stating the effective date of implementation of the Scheme, together with a certified true copy of the relevant resolutions passed by the shareholders of the Company in the general meeting approving the Scheme.

6. OFFER

6.1 The ESOS Committee may, at any time during the duration of the Scheme as defined in Bylaw 5 hereof, make Offer(s) in writing to any Eligible Person (based on the criteria of allocation as set out in Bylaw 8 herein) selected by the ESOS Committee which selection shall be at the absolute discretion of the ESOS Committee and make the requisite announcements in respect thereof to Bursa Securities.

6.2 The actual number of new CHB Shares which may be offered to an Eligible Person shall be at the sole and absolute discretion of the ESOS Committee and, subject to any adjustments that may be made under Bylaw 15 hereof, shall not be less than one hundred (100) CHB Shares but not more than the Maximum Allowable Allotment and shall always be in multiples of one hundred (100) CHB Shares.

6.3 The ESOS Committee shall state the following particulars in the letter of Offer:

(a) The Offer Date;

(b) The total number of CHB Shares which the Eligible Person shall be entitled to subscribe for upon the exercise of the entire Option being offered;

(c) The Option Period;

(d) The Exercise Period (if any);

(e) The Exercise Price;

(f) The Acceptance Period as defined in Bylaw 9.1;

(g) Vesting period, vesting conditions and performance targets (if any); and

(h) Any other information deemed necessary by the ESOS Committee.

6.4 Without prejudice to Bylaw 19, in the event of an error on the part of the Company in stating any of the particulars referred to in Bylaw 6.3, the following provisions shall apply:

(a) Within one (1) month after discovery of the error, the Company shall issue a supplemental letter of Offer, stating the correct particulars referred to in Bylaw 6.3;

(b) In the event that the error relates to particulars other than the Exercise Price, the Exercise Price applicable in the supplemental letter of Offer shall remain as the Exercise Price as per the original letter of Offer; and

(c) In the event that the error relates to the Exercise Price, the Exercise Price applicable in the supplemental letter of Offer shall be the Exercise Price applicable as at the date of the original letter of Offer, save and except with respect to any Option which have already been exercised as at the date of issue of the supplemental letter of Offer.

6.5 Subject to Bylaw 4 hereof, nothing herein shall prevent the ESOS Committee from making more than one (1) Offer to any Eligible Person **PROVIDED ALWAYS THAT** the total aggregate number of CHB Shares which may be offered to any Eligible Person (inclusive of CHB Shares previously offered under the Scheme, if any) shall not exceed the Maximum Allowable Allotment of that Eligible Person as set out in Bylaw 8 hereof.

6.6 The ESOS Committee has the discretion not to make further additional Offers regardless of the amount of Available Balance.

6.7 The Offer shall automatically lapse and be null and void in the event of the death of the Eligible Person or the Eligible Person ceasing to be employed by the CHB Group for any reason whatsoever prior to the acceptance of the Offer by the Eligible Person in the manner set out in Bylaw 9 hereof.

6.8 An Offer may be made upon such terms and conditions as the ESOS Committee may decide from time to time. Each Offer shall be made in writing and is personal to the Eligible Person and is non-assignable and non-transferable. The ESOS Committee may, by giving notice in writing to the Eligible Person, vary or waive the terms of any vesting condition, performance targets, vesting period, service period or other conditions.

6.9 After each adjustment following an alteration of the Company's share capital as stipulated in Bylaws 15.1 and 15.2 and the Company informing the Grantee of such adjustment pursuant to Bylaw 15.6, upon the return by a Grantee of the original letter of Offer to the Company, that letter of Offer shall be amended or a new letter of Offer shall be issued within one (1) month from the date of return of the original letter, to reflect the adjustment made to the number of CHB Shares available for subscription under the Option granted to the Grantee and/or the Exercise Price.

6.10 The Company shall keep and maintain at its own expense a register of Grantees and shall enter the name, address(es) and the number of the identity card issued under the National Registration Act 1959, or the passport number or other identification number, and the nationality of each Grantee, the Maximum Allowable Allotment, the number of CHB Shares under the Option(s) offered to each Grantee, the number of CHB Shares under the Option(s) exercised by each Grantee, the Date of Offer and the Exercise Price and other particulars as may be prescribed under Section 129 of the Act.

6.11 For the avoidance of doubt, there shall be no legal, equitable or other obligation whatsoever on the part of the ESOS Committee to consider making, or to make, any Offer to any or all of the Eligible Persons.

7. ELIGIBILITY

7.1 Subject to Bylaws 7.2, 7.4 and 7.5 below, any Director or Employee of the CHB Group shall be eligible to be considered for the offer of Option(s) under the Scheme.

7.2 In the case of an Eligible Person, he/ she will be eligible if at the date of the Offer, the following eligibility criteria is fulfilled:

(a) in respect of an Employee, the Employee must fulfil the following criteria as at the Offer Date:

(i) he/she has attained the age of at least eighteen (18) years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

(ii) he/she is in full time employment within the CHB Group and has been in the employment of CHB or CHB Group for such period as may be determined by the ESOS Committee prior and up to the Offer Date and has not served a notice to resign nor received a notice of termination;

(iii) his/her employment has been confirmed in writing and is not under any probationary period;

(iv) he/she is serving in a specific designation under the employment contract for a fixed duration excluding those who are employed for a specific project or on short-term contract or any other employees under contract as may be determined by the ESOS Committee;

(v) he/she is not a participant of any other share issuance scheme for employees implemented by any company in CHB Group which is in force for the time being; and/or

(vi) is under such categories and/or criteria that the ESOS Committee may from time to time decide and/or determined at its absolute discretion,

(b) in respect of a Director, the Director must fulfill the following criteria as at the Offer Date:

(i) he/she has attained the age of at least eighteen (18 years) and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

(ii) has been appointed as a Director of the Company or any corporation in the CHB Group (including executive or non-executive and/or independent or non-independent Directors of CHB Group but shall not include alternate and/or similar substitute Directors or any Director of any other company within CHB Group which is dormant) for such period as may be determined by the ESOS Committee prior and up to the Offer Date and has not served a notice to resign nor received a notice of termination; and/or

(iii) is under such categories and/or criteria that the ESOS Committee may from time to time decide and/or determined at its absolute discretion,

PROVIDED ALWAYS THAT the selection of any Director or Employee for participation in the Scheme and the determination of the number of Option(s) shall be at the discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding. In determining the eligibility of an Eligible Person to participate in the ESOS, the ESOS Committee may take into account amongst other factors, the performance, contribution, employment grade, seniority and/or length of service to the relevant corporation within CHB Group, and/or such other factors that the ESOS Committee may in its sole and absolute discretion deem fit. The ESOS Committee may, in its absolute discretion, waive any of the conditions of eligibility as set out above.

7.3 No Offers, allocation of Options under the Scheme and the related allotment of CHB Shares shall be made to the following persons unless the shareholders of CHB in a general meeting shall have approved the specific allocation and allotment to such persons:

(a) any person who is a director, major shareholder or chief executive of CHB or holding company of CHB ("**Interested Director**", "**Interested Major Shareholder**" and "**Interested Chief Executive**"); or

(b) a person connected with an Interested Director, Interested Major Shareholder or Interested Chief Executive ("**Interested Person Connected with a Director, Major shareholder or Chief Executive**").

In a meeting to obtain shareholder approval in respect of the above allocation and allotment:

(a) the Interested Director, Interested Major Shareholder, Interested Chief Executive or Interested Person Connected with a Director, Major Shareholder or Chief Executive; and

(b) where the allocation and allotment is in favour of an Interested Person Connected with a Director, Major Shareholder or Chief Executive, such Interested Director, Interested Major Shareholder or Interested Chief Executive,

such Interested Director, Interested Major Shareholder or Interested Chief Executive must not vote on the resolution approving the said allocation and allotment. An Interested Director, Interested Major Shareholder or Interested Chief Executive must ensure that such persons connected with him/her abstain from voting on the resolution approving the said allocation and allotment.

7.4 For the avoidance of doubt, the following persons are not Eligible Persons and do not qualify for participation in the Scheme:

(a) subject to Bylaw 26 below, employees of a corporation which has ceased to be a subsidiary of CHB;

(b) a director or employee of a corporation within the Group which is dormant; and

(c) employees that are on probation.

7.5 A Grantee under the Scheme shall not be entitled to participate in any other share issuance scheme for employees which may be implemented by any other corporation in the CHB Group during the duration of the Scheme unless otherwise approved by the Board and in accordance with the relevant laws and the Main Market Listing Requirements.

7.6 Eligibility under the Scheme does not confer on an Eligible Person a claim or right to participate in or any rights whatsoever under the Scheme and an Eligible Person does not acquire or have any rights over or in connection with the Options or the CHB Shares comprised herein unless an Offer has been made by the ESOS Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the terms and conditions of the Offer and the Scheme.

7.7 Subject to Bylaws 4.1 and 8.1, in the event that the ESOS Committee has determined that certain Eligible Persons are entitled to be offered additional Options and the Available Balance and/or treasury shares held by CHB is insufficient to grant their full additional entitlements, the Available Balance may be distributed on such basis as the ESOS Committee may determine.

7.8 The ESOS Committee has the discretion not to make further Offers regardless of the amount of Available Balance.

7.9 Where an Offer to an Eligible Person who is a member of the ESOS Committee, such grant of Option shall be decided and carried out by the ESOS Committee PROVIDED ALWAYS that such Eligible Person and persons connected to him/her who are also members of the ESOS Committee shall abstain from all deliberations and voting in respect of the Offer proposed Option(s) to be granted to him/ her or persons connected to him/ her at the relevant ESOS Committee meetings.

8. MAXIMUM ALLOWABLE ALLOTMENT AND BASIS OF ALLOCATION

8.1 Subject to any adjustments which may be made under these Bylaws and the maximum allowable allocation limit on the total number of CHB Shares (including CHB Shares already issued under the Scheme) under Options pursuant to Bylaw 4, the aggregate number of new CHB Shares that may be offered and allotted to any of the Eligible Persons of the CHB Group who are entitled to participate in the Scheme shall be on the basis set out in Bylaw 8.2 subject always to the following main parameters:

(i) the Directors and senior management do not participate in the deliberation or discussion of their own allocation as well as allocation of Options to persons connected with them, if any;

(ii) the number of CHB Shares allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds twenty per centum (20%) or more of the total number of issued CHB Shares (excluding treasury shares), shall not exceed ten per centum (10%) of the total number of CHB Shares to be issued under the Scheme; and

(iii) not more than seventy per centum (70%) of the new CHB Shares available under the Scheme shall be allocated in aggregate to the Directors and senior management of CHB Group on the basis that they are crucial to the performance of CHB Group as determined by the ESOS Committee at their sole and absolute discretion,

provided always that it is in accordance with any prevailing guidelines issued by Bursa Securities, the Main Market Listing Requirements or any other relevant authorities as amended from time to time.

8.2 The basis for determining the aggregate number of new CHB Shares that may be offered under the Scheme and/or to an Eligible Person shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration, inter alia, the performance, contribution, employment grade, seniority and/or length of service to the Group by the Eligible Person and/or such other matters which the ESOS Committee may in its sole and absolute discretion deem fit and the maximum allowable allocation limit on the total number of CHB Shares (including CHB Shares already issued under the Scheme) under Option to be offered to an Eligible Person shall be based on the category and/or group of Employees as decided by the ESOS Committee.

8.3 Subject to Bylaw 19, the ESOS Committee may at its sole and absolute discretion and pursuant to Bylaw 18, amend or vary and/or include or preclude any basis or criteria which is applied in considering Offers to Eligible Persons including details of the category of Employees and/or thresholds of Maximum Allowable Allotment for which it shall deem necessary to introduce during the duration of the Scheme provided that these additional categories and/or basis are in compliance with the relevant Main Market Listing Requirements and applicable laws.

8.4 Subject to Bylaw 8.1, any Eligible Person who holds more than one (1) position within the CHB Group (including a Director who is an Employee of the CHB Group and who sits on the board(s) of directors of any one (1) or more corporations within the CHB Group), and is therefore an Eligible Person in more than one category or capacity, shall be entitled to the Maximum Allowable Allotment of only one (1) category to be determined by the ESOS Committee at its sole and absolute discretion.

8.5 In the event that an Eligible Person is promoted to a higher category, he/she shall be entitled to continue to hold and to exercise all unexercised Option(s) held by him/her as at the effective date of promotion and his/her Maximum Allowable Allotment shall be increased in accordance with

his/her new category as provided in Bylaw 8.2 effective from such date, subject to the maximum number of CHB Shares available under the Scheme as stipulated in Bylaw 4.1.

8.6 In the event that an Eligible Person is demoted to a lower category, he/she shall be entitled to continue to hold and to exercise all unexercised Option(s) held by him/her as at the effective date of demotion and his/her Maximum Allowable Allotment shall be reduced in accordance with his/her new category as provided in Bylaw 8.2 effective from such date, unless otherwise determined by the ESOS Committee. In the event the total number of CHB Shares in respect of Option(s) which have been accepted by such demoted Eligible Person up to the effective date of his/her demotion is higher that the Maximum Allowable Allotment for his/her new category pursuant to such demotion, he/she shall not be entitled to be offered any further Option(s) unless and until he/she is subsequently promoted to a higher category or in such event where the Maximum Allowable Allotment is amended as provided in Bylaw 8.3 or revised by the ESOS Committee resulting in his/her Maximum Allowable Allotment being increased to an amount greater than the total number of CHB Shares in respect of Option(s) which have already been accepted by him/her.

8.7 The ESOS Committee shall not be obliged in any way to offer to an Eligible Person all of the specified Maximum Allowable Allotment. The decision of the ESOS Committee shall be final and binding.

8.8 The allocation of Options pursuant to the Scheme shall be verified by the Company's Audit Committee, as being in compliance with the criteria set out in these Bylaws (where relevant) at the end of each financial year of the Company.

9. ACCEPTANCE OF THE OFFER

9.1 An Offer shall be valid for a period of thirty (30) calendar days from the Offer Date or up to the date immediately before the Date of Expiry (whichever is the earlier) or such longer period as the ESOS Committee at its discretion, determines on a case to case basis (**"Acceptance Period"**). Acceptance of the Offer by an Eligible Person shall be made by way of a written notice from the Eligible Person to the ESOS Committee in the form prescribed by the ESOS Committee and accompanied by the payment of Ringgit Malaysia One (RM1.00) only as non-refundable consideration for the acceptance of each Offer (regardless of the number of shares comprised therein).

9.2 In the event that the Eligible Person fails to accept the Offer or pay the acceptance consideration as set out in Bylaw 9.1 hereof within the Acceptance Period and in the manner aforesaid, the Offer shall be deemed to have lapsed.

10. EXERCISE PRICE

10.1 The Exercise Price of each Share comprised in any Option shall be the five (5) day volume weighted average market price of the CHB Shares as quoted on Bursa Securities at the time of the Offer Date, with a discount of not more than ten per centum (10%) therefrom or such other percentage of discount as may be permitted by Bursa Securities and/or any other relevant authorities from time to time, as determined by the Board upon recommendation of the ESOS Committee which shall be binding and conclusive on the Grantees.

10.2 The Exercise Price shall be stipulated on each certificate of Option.

10.3 The Exercise Price shall be subject to any adjustments provided under Bylaw 15 herein.

11. EXERCISE OF OPTION

11.1 Subject to Bylaws 11.2 and 11.7 hereof, an Option can be exercised by the Grantee by notice in the prescribed form to the Company on the first day of every month during the Exercise Period in respect of all or any part of the CHB Shares comprised in the Option, such part being in multiples of one hundred (100) CHB Shares. For the avoidance of doubt, if the first day of any month shall fall on a day which is not a Market Day, then the notice in writing by the Grantee to the Company shall be submitted on the Market Day immediately following the first of the said month provided such dates are within the Exercise Period. Any partial exercise of an Option shall not preclude the Grantee from exercising the Option in respect of the balance of the CHB Shares comprised in the Option.

11.2 Subject to Bylaws 15 and 19 hereof, the ESOS Committee may, at any time and from time to time, before and after an Option is granted, limit the exercise of the Option to a maximum number of new CHB Shares and/or such percentage of the total new CHB Shares comprised in the Option during such periods within the Option Period, subject the exercise of the Option to any vesting condition determined by the ESOS Committee at its sole and absolute discretion including but not limited to service objectives, performance targets (as may be measured by qualitative and/or quantitative key performance indicators) being achieved before an Option(s) can be exercised and/or impose any other terms and/or conditions (including the time period to exercise the Options) as the ESOS Committee may, in its sole discretion deem appropriate including amending or varying any terms and conditions imposed earlier.

11.3 Every such notice to exercise the Option referred to in Bylaw 11.1 hereof shall be accompanied by a remittance in RM in the form of a bankers' draft or cashiers' order drawn and payable in Malaysia or any other form acceptable to the ESOS Committee for the full amount of subscription/exercise monies (calculated in accordance with the provisions of Bylaw 10 hereof) in relation to the number of new CHB Shares in respect of which the written notice is given.

11.4 The Company shall allot and issue such new CHB Shares and/or transfer from its treasury shares to the Grantee in accordance with the provisions of the Company's Constitution, the Central Depositories Act and the Rules of Bursa Depository, despatch the notice of allotment to the Grantee and make an application for the listing of and quotation for the new CHB Shares (as the case may be) within eight (8) Market Days from the receipt by the Company of the aforesaid notice and remittance from the Grantee or such other period as may be prescribed or allowed by Bursa Securities.

11.5 The ESOS Committee, the Board, and the Company shall not under any circumstances whatsoever be liable for any costs, losses, expenses, charges, liabilities and damages whatsoever and howsoever arising whether directly or indirectly from any delay on the part of the Company in allotting and issuing the new CHB Shares and/or transferring from it treasury shares or in procuring the relevant authorities to list and quote the new CHB Shares for which the Grantee is entitled to subscribe, transfer or otherwise or any delay in receipt or non-receipt by the Company of the notice to exercise the Option(s) or for any errors in any Offers or any other matters or dealings which are outside the control of the Company, the Board and/or the ESOS Committee.

11.6 The Grantee who exercises his/her Option shall provide the ESOS Committee with his/her CDS Account number or the CDS Account number of his/her Authorised Nominee, as the case may be, in the notice referred to in Bylaw 11.1 hereof. The new CHB Shares to be issued and/or transferred pursuant to the exercise of an Option will be credited directly into the CDS Account of the Grantee or his/her Authorised Nominee, as the case may be and a notice of allotment stating the number of shares credited into such CDS Account will be issued to the Grantee within eight (8) Market Days from the receipt by the Company of the written notice of exercise of the Option together with the requisite remittance of subscription/ exercise monies or such other period as may be prescribed or allowed by Bursa Securities and no physical share certificate will be issued.

11.7 In the event that a Grantee is subject to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service) the ESOS Committee shall have the right, to suspend the Grantee's Option pending the outcome of such disciplinary proceedings. The ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate having regard to the nature of the charges made or brought against the Grantee **PROVIDED ALWAYS THAT:**

(a) in the event that such Grantee shall subsequently be found not guilty of the charges which give rise to such disciplinary proceedings, the ESOS Committee shall reinstate the rights of such Grantee to exercise his/her Option;

(b) in the event the disciplinary proceedings result in a recommendation for the dismissal or termination of service of such Grantee, the Option shall immediately cease without notice and be null and void and of no further force and effect upon pronouncement of the dismissal or termination of service of such Grantee notwithstanding that such recommendation may be subsequently challenged by the Grantee in any other forum; and

(c) in the event such Grantee is found guilty but not dismissed or termination of service is not recommended, the ESOS Committee shall have the right to determine at its discretion whether or not the Grantee may continue to exercise his/her Option and if so, to impose such limits, terms and conditions as it deems appropriate, on such exercise.

The Board may, after a warning /caution letter has been issued to a Grantee by the relevant corporation within the CHB Group, recommend to the ESOS Committee to suspend the Grantee's Option. The ESOS Committee shall, upon receipt of such recommendation by the Board, suspend the Grantee's Option until such time as the Board determines at its discretion whether or not the Grantee may continue to exercise his/her Option and if so, whether to impose such limits, terms and conditions as the Board deems appropriate, on such exercise.

For the purpose of this Bylaws, a Grantee shall be deemed to be subject to "disciplinary proceedings" if:

(i) he/ she is suspended from work pending investigation into his/ her conduct;

(ii) he/ she is issued with a letter requiring him/ her to attend an internal domestic inquiry; or

(iii) such other instances as the Board may deem as being subject to disciplinary proceedings.

11.8 All Options to the extent unexercised on the expiry of the Option Period applicable thereto shall lapse.

11.9 Any failure to comply with the procedures specified by the ESOS Committee or to provide information as required by the Company in the notice to exercise or inaccuracy in the CDS Account number provided shall result in the notice to exercise being rejected at the discretion of the ESOS Committee. The ESOS Committee shall inform the Grantee of the rejection of the notice of exercise within ten (10) Market Days from the date of rejection and the Grantee shall not have deemed to have exercised his/her Option.

11.10 Every Option shall be subjected to the condition that no new CHB Shares shall be issued and/or transferred via treasury shares pursuant to the exercise of an Option if such issue would be contrary to any law, enactment, rule and/or regulation of any legislative or non-legislative body which may be in force during the Option Period or such period as may be extended.

11.11 In implementing this Scheme but subject to the Act, Main Market Listing Requirements, Constitution, the ESOS Committee and the applicable laws may at its absolute discretion decide that the Options be satisfied by the following methods:

(a) issuance of new CHB Shares;

(b) transfer of CHB's treasury shares (if any) or any other methods as may be permitted by the Act; or

(c) a combination of any of the above.

12. RIGHTS ATTACHING TO OPTIONS AND THE NEW CHB SHARES

12.1 The Options shall not carry any right to vote at any general meeting of the Company.

12.2 A Grantee shall not be entitled to any dividends, rights or other entitlements on his/her unexercised and/or unvested Option(s) in relation to the CHB Shares yet to be issued.

12.3 The new CHB Shares to be issued and/or transferred via treasury shares upon the exercise of the Options (as the case may be) shall upon allotment, issuance or transfer (as the case may be) and full payment, rank equally in all respects with the then existing CHB Shares save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distributions declared, made or paid to ordinary shareholders, the Entitlement Date precedes the date of issuance and/or transfer (as the case may be) of the said new CHB Shares and are subject to the provisions of the Constitution of the Company and the Main Market Listing Requirements, if any.

12.4 The new CHB Shares (including such CHB's treasury share(s) transferred upon exercise of an Option) will be subject to all provisions of the Constitution of the Company.

13. NON-TRANSFERABILITY

13.1 An Option is personal to the Grantee and subject to the provisions of Bylaws 14.1, 14.2, 14.3 and 14.4, it is exercisable only by the Grantee personally during his/her lifetime whilst he/she is in the employment in any corporation in the CHB Group.

13.2 An Option so granted shall not be transferred, assigned, disposed of or subject to any encumbrances by the Grantee save and except in the event of the death of the Grantee as provided under Bylaw 14.4. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the Option.

14. TERMINATION / LAPSING OF THE OPTION

14.1 In the event a Grantee ceases to be in the employment of the CHB Group for whatever reason prior to the full exercise of an Option, such Option or the balance thereof, as the case may be, shall forthwith cease to be valid without any claim against the Company **PROVIDED ALWAYS THAT** the ESOS Committee may, at its absolute discretion, by notice in writing, permit such Option to remain exercisable during the Option Period if such cessation occurs by reason of:

(i) retirement on attaining the retirement age under CHB Group's retirement policy; or

(ii) retirement before attaining the normal retirement age but with the consent of the ESOS Committee; or

(iii) transfer to any corporation outside the CHB Group at the direction of the Company; or

(iv) redundancy; or

(v) death, ill-health, injury, physical or mental disability or insanity; or

(vi) the bankruptcy of the Grantee; or

(vii) any other circumstances which are acceptable to the ESOS Committee subject to the approval and/or ratification by the Board.

Upon the Options ceasing and lapsing pursuant to the above, the Grantee shall have no right to compensation or damages or any claim against the Company for any loss of any right or benefit under the Scheme which he/she might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from his/her ceasing to hold office or employment or from the suspension of his/her right to exercise his/her Option(s) or his/her Option(s) ceasing to be valid.

14.2 Unless otherwise agreed in writing by the ESOS Committee at its absolute discretion, upon the resignation of the Grantee from his/her employment or directorship with the CHB Group (as the case may be), an Option shall lapse forthwith on the date the Grantee tenders his/her resignation. Any Option which lapses upon the resignation of the Grantee from his/her employment or directorship with CHB Group (as the case may be), at the discretion of the ESOS Committee, shall be offered to other Eligible Persons.

14.3 In the event of the liquidation of the Company, all unexercised or partially exercised Options shall lapse.

14.4 Where a Grantee dies before the expiry of the Option Period and the ESOS Committee permits such Grantee's unexercised Option(s) to remain exercisable, the whole or any part of the Option held by the Grantee that is unexercised may be exercised by the legal representatives of the Grantee in accordance with the terms and/or conditions as set out by the ESOS Committee **PROVIDED ALWAYS THAT** no Option shall be exercised after the expiry of the Option Period.

15. ALTERATION OF SHARE CAPITAL DURING THE OPTION PERIOD

15.1 Notwithstanding anything contained in these By-laws and subject to any applicable laws and the Main Market Listing Requirements, in the event of any alteration in the capital structure of the Company during the Option Period, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of CHB Shares or reduction of capital or any other variation of capital, the Company shall cause such adjustment to be made to:

(a) the number of CHB Shares which a Grantee shall be entitled to subscribe for upon the exercise of each Option; and/or

(b) the Exercise Price for the unexercised Options.

Any adjustment in the Exercise Price and/or number of CHB Shares which a Grantee shall be entitled to subscribe upon exercise of his/her Options shall comply with the requirements of any applicable statutes, rules, regulations and/or conditions issued by the relevant authorities (including the Listing Requirements) and shall subject to Bylaws 15.2 to 15.7, where appropriate and to the extent possible in the event of an adjustment only to the number of CHB Shares which Grantees shall be entitled to subscribe upon exercise of their Options, endeavour to give each Grantee the same proportion of the CHB Shares as that to which he/she was previously entitled prior to such adjustment.

15.2 The following provisions shall apply in relation to an adjustment which is made pursuant to Bylaw 15.1:

(a) any adjustment to the Exercise Price shall be rounded up to the nearest one (1) sen; and

(b) in determining a Grantee's entitlement to subscribe for CHB Shares, any fractional entitlements will be disregarded.

15.3 Bylaw 15.1 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:

(a) an issue of new CHB Shares or other securities convertible into CHB Shares or rights to acquire or subscribe for CHB Shares in consideration or part consideration for an acquisition of any other securities, assets or business by the Company and/or its related corporation;

(b) a special issue of new CHB Shares to Bumiputera investors nominated by the Ministry of International Trade and Industry, Malaysia and/or other government authority to comply with the Government policy on Bumiputera capital participation;

(c) a private placement/restricted issue of new CHB Shares by the Company;

(d) an issue of new CHB Shares arising from the exercise of any conversion rights attached to securities convertible to CHB Shares or upon exercise of any other rights including warrants and/or convertible loan stocks (if any) issued by the Company;

(e) an issue of new CHB Shares upon the exercise of Options pursuant to the Scheme;

(f) any issue of CHB Shares pursuant to a dividend reinvestment scheme or share dividend in accordance with the Main Market Listing Requirements so long as it is not a Capital Distribution (as defined below) or bonus issue;

(g) a share buy-back arrangement by the Company, pursuant to Section 127 of the Act;

(h) an issue of further Options to Eligible Persons under these Bylaws; and

(i) any other proposals which will not result in an adjustment to the reference price of the CHB Shares and as amended from time to time by the relevant authorities such as Bursa Securities and Securities Commission Malaysia.

15.4 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Division 7 of Part III of the Act, Bylaw 15.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company, save that Bylaw 15.3 shall be applicable in respect of such part(s) of the Scheme which involve(s) any alteration(s) in the capital structure of the Company which falls within Bylaw 15.3.

15.5 In the event the Court sanctions a compromise or arrangements between the Company and its members proposed for the purposes of, or in connection with, a scheme for arrangement or reconstruction of the Company under the Act or its amalgamation with any other company or companies under the Act, any Option should remain exercisable by the Grantee at any time and from time to time in the period commencing with the date upon which the compromise or arrangements is sanction by the court and ending with the date upon which it becomes effective or within the Option Period, whichever expires first. Upon the compromise or arrangement becoming effective, all Options, to the extent unexercised shall automatically lapse and shall become null and void.

15.6 Upon any adjustment being made, the ESOS Committee shall within twenty one (21) Market Days of the effective date of such adjustment or such other time period as may be prescribed by Bursa Securities or such other relevant authorities from time to time give notice in writing to the Grantee, or his/her legal or personal representative where the Grantee is deceased, to inform him/her of the adjustment and the event giving rise thereto.

15.7 Save for any alteration in the capital structure of the Company during the Option Period arising from bonus issues, subdivision or consolidation of shares, all adjustments must be confirmed in writing either by an approved company auditor or CHB's Adviser, acting as an expert and not as an arbitrator, to be in his/her opinion fair and reasonable. In addition, the Company shall, at the request of any Grantee, furnish such Grantee with a certificate from an approved company auditor or CHB's Adviser (as the case may be) to the effect that in the opinion of such approved company auditor or CHB's Adviser (as the case may be), acting as an expert and not as an arbitrator, an adjustment is fair and reasonable either generally or as regards such Grantee, and such certification shall be final and binding on all parties. For the purposes of this Bylaw, an "approved company auditor" shall have the meaning given in Section 2 of the Act and shall be the external auditors for the time being of the Company or such other external auditors as may be nominated by the Board.

15.8 The Company shall be guided by the adjustment as provided in Bylaw 15.9 in determining the adjustments to be made pursuant to this Bylaw 15.

15.9 In addition to Bylaw 15.1 and not in derogation thereof, the Exercise Price and the number of new CHB Shares relating to the Option so far unexercised shall from time to time be adjusted in accordance with the following relevant provisions in consultation with an Adviser and/or an approved company auditor:

(a) If and whenever a CHB Share by reason of any consolidation or subdivision (including if so permitted by the relevant authorities, a subdivision by way of a bonus issue by the Company of CHB Shares without capitalisation of profits or reserves) or conversion occurs, the Exercise Price shall be adjusted and the adjusted number of CHB Shares relating to the Option to be issued shall be calculated in accordance with the following formula:

(i) $$\text{New Exercise Price} = \frac{S \times L}{M}$$

(ii) $$\text{Adjusted number of CHB Shares} = \frac{T \times M}{L}$$

Where:

L = the aggregate number of CHB Shares in issue and fully paid-up immediately prior to the consolidation or subdivision or conversion;

M = the aggregate number of CHB Shares in issue and fully paid-up immediately after such consolidation or subdivision or conversion;

S = existing Exercise Price; and

T = existing number of CHB Shares relating to the Option that remains unexercised.

Each such adjustment will be effective from the day on which the consolidation or subdivision or conversion becomes effective.

(b) If whenever the Company shall make any issue of CHB Shares to ordinary shareholders for which no consideration is payable or which are credited as fully paid, by way of capitalisation of profits or reserves (other than an issue of CHB Shares to its members who had an option to take cash or other dividend in lieu of the relevant CHB Shares), the Exercise Price shall be adjusted as follows:

$$\text{New Exercise Price} = S \times \frac{A}{(A + B)}$$

and the adjusted number of CHB Shares relating to the Option shall be calculated as follows:

$$\text{Adjusted number of CHB Shares} = \frac{T \times (A + B)}{A}$$

Where:

A = the aggregate number of issued and fully paid-up CHB Shares on the Entitlement Date immediately before such capitalisation;

B = the aggregate number of CHB Shares to be issued pursuant to any allotment to ordinary shareholders credited as fully paid by way of capitalisation of profits or reserves (other than an issue of CHB Shares to its members who had an option to take cash or other dividend in lieu of the relevant CHB Shares);

S = as above; and

T = as above.

Each such adjustment will be effective (if appropriate retroactively) from the commencement of the next day immediately following the Entitlement Date for such issue.

(c) If and whenever the Company shall make:

(i) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (save and except any capital reduction involving the cancellation of capital which is lost or unrepresented by available assets or involving any purchase by the Company of its own ordinary Shares in accordance with the Act and all other applicable laws and regulations); or

(ii) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for CHB Shares by way of rights; or

(iii) any offer or invitation to its ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into CHB Shares or securities with rights to acquire or subscribe for CHB Shares,

then and in respect of each such case, the Exercise Price shall be adjusted as follows:

$$\text{New Exercise Price} = S \times \frac{C - D}{C}$$

and in respect of the case referred to in Bylaw 15.9(c)(ii) hereof, the adjusted number of CHB Shares comprised in the Option to be issued shall be calculated as follows:

$$\text{Adjusted Number of CHB Shares} = T \times \left[\frac{C}{C-D^*} \right]$$

Where:

T = as above;

S = as above;

C = the current market price of each CHB Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the announcement of the Entitlement Date of the Capital Distribution or, as the case may be, of the offer or invitation; and

D = (i) in the case of an offer or invitation to acquire or subscribe for CHB Shares by way of rights under Bylaw 15.9(c)(ii) above or for securities convertible into CHB Shares or securities with rights to acquire or subscribe for CHB Shares under Bylaw 15.9(c)(iii) above, the value of rights attributable to one (1) CHB Share (as defined below); or

(ii) in the case of any other transaction falling within Bylaw 15.9(c) hereof, the fair market value, as determined by the Adviser and/or an approved company auditor, of that portion of the Capital Distribution attributable to one (1) CHB Share.

For the purpose of definition (i) of D above, the "value of the rights attributable to one (1) CHB Share" shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

Where:

C = as C above;

E = the consideration for one (1) additional CHB Share under the terms of such of offer or invitation or subscription price for one (1) additional CHB Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) CHB Share under the offer or invitation;

F = the number of CHB Shares which it is necessary for a CHB shareholder to hold in order to be offered or invited to acquire or subscribe for one (1) additional CHB Share or security convertible into rights to acquire or subscribe for one (1) additional CHB Share; and

D* = the value of rights attributable to one (1) CHB Share (as defined below).

For the purpose of definition D* above, the "value of rights attributable to one (1) CHB Share" shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

Where:

C = as C above;

E* = the acquisition/ subscription price for one (1) additional CHB Share under the terms of such offer or invitation; and

F* = the number of CHB Shares which it is necessary for a CHB shareholder to hold in order to be offered or invited to acquire or subscribe for one (1) additional CHB Share.

For the purpose of Bylaw 15.9(c) hereof, "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividends) or by way of issue of CHB Shares (not falling under Clause (b) hereof) or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves (but excluding an issue of CHB Shares to its members who had an option to take cash or other dividend in lieu of the relevant CHB Shares).

Any distribution out of profits or reserves made (whenever paid) shall be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated profit and loss accounts of the Company.

Such adjustments will be effective (if appropriate retroactively) from the commencement of the next day immediately following the Entitlement Date for the above transactions.

(d) If and whenever the Company makes an allotment to its ordinary shareholders as provided in Bylaw 15.9(b) above and also makes an offer or invitation to its ordinary shareholders as provided in Bylaw 15.9 (c)(ii) or (iii) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price shall be adjusted as follows:

$$\text{New Exercise Price} = S \times \frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$$

and where the Company makes an allotment to its ordinary shareholders as provided in Bylaw 15.9(b) above and also makes an offer or invitation to its ordinary shareholders as provided in Bylaw 15.9(c)(ii) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the adjusted number of CHB Shares relating to the Option to be issued shall be calculated as follows:

$$\text{Adjusted Number of CHB Shares} = T \times \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)}$$

Where:

B = as B above;

C = as C above;

G = the aggregate number of issue and fully paid-up CHB Shares on the Entitlement Date;

H = the aggregate number of new CHB Shares under an offer or invitation to acquire or subscribe for CHB Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into CHB Shares or rights to acquire or subscribe for CHB Shares, as the case may be;

H* = the aggregate number of new CHB Shares under an offer or invitation to acquire or subscribe for CHB Shares by way of rights;

I = the acquisition/ subscription price of one (1) additional CHB Share under the offer or invitation to acquire or subscribe for CHB Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional CHB Share, as the case may be;

I* = the acquisition/ subscription price of one (1) additional CHB Share under the offer or invitation to acquire or subscribe for CHB Shares; and

T = as T above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

(e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for CHB Shares as provided in Bylaw 15.9(c)(ii) above together with an offer or invitation to acquire or subscribe for securities convertible into or rights to acquire or subscribe for ordinary shareholders as provided in Bylaw 15.9(c)(iii) above, the Exercise Price shall be adjusted as follows:

$$\text{New Exercise Price} = S \times \frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the adjusted number of CHB Shares relating to the Option to be issued shall be calculated as follows:

$$\text{Adjusted Number of CHB Shares} = \frac{T \times (G + H^*) \times C}{(G \times C) + (H^* \times I^*)}$$

Where:

C = as C above;

G = as G above;

H = as H above;

H* = as H* above;

I = as I above;

I* = as I* above;

J = the aggregate number of CHB Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for CHB Shares by the ordinary shareholders;

K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional CHB Share, as provided in Bylaw 15.9(c)(iii) above; and

T = as T above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for the above transactions.

(f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in Bylaw 15.9(b) above and also makes an offer or invitation to acquire or subscribe for CHB Shares to its ordinary shareholders as provided in Bylaw 15.9(c)(ii) above, together with rights to acquire or subscribe for CHB Shares as provided in Bylaw 15.9(c)(iii) above, and the Entitlement Date for the purpose of allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price shall be adjusted as follows:

$$\text{New Exercise Price} = S \times \frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}$$

and the adjusted number of CHB Shares relating to the Option to be issued shall be calculated as follows:

$$\text{Adjusted Number of CHB Shares} = T \times \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)}$$

Where:

B = as B above;
C = as C above;
G = as G above;
H = as H above;
H* = as H* above;
I = as I above;
I* = as I* above;
J = as J above;
K = as K above; and
T = as T above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for the above transaction.

(g) For the purpose of Bylaw 15.9:

"Current Market Price" means in relation to each CHB Share for any relevant day the five (5) day volume weighted average market price for each CHB Share on Bursa Securities for the five (5) consecutive Market Days before such date for one or more board lots of CHB Shares on Bursa Securities or in such other manner as may from time to time be stipulated in any guidelines prescribed by any competent authorities, if any.

15.10 Notwithstanding the other provisions referred to in Bylaw 15.9, in any circumstances where the ESOS Committee considers that adjustments to the Exercise Price and/or any additional new CHB Shares relating to Options to be issued as provided for under the provisions hereof should not be made or should be calculated on a different basis or different date or that an adjustment to the Exercise Price and/or the issuance/ transfer of additional new CHB Shares relating to Options should be made notwithstanding that no adjustment or further issuance is required under the provisions hereof, the Company may appoint an Adviser and/or an approved company auditor to consider whether for any reasons whatever the adjustment calculation or determination to be made (or the absence of an adjustment calculation or determination) is appropriate or inappropriate as the case may be. If such Adviser and/or approved company auditor shall consider the adjustment calculation or determination to be inappropriate, the adjustments shall be modified or nullified (or an adjustment calculation or determination made even though not required to be made) in such manner as may be considered by such Adviser and/or approved company auditor to be in their opinion appropriate.

16. QUOTATION OF NEW CHB SHARES

16.1 If at the time of allotment of the new CHB Shares pursuant to the exercise of an Option, the existing issued ordinary shares of the Company are quoted on Bursa Securities, the Company shall make an application to Bursa Securities for the listing of and quotation for the new CHB Shares so allotted in accordance with Bylaw 11.4.

16.2 The Company and the ESOS Committee shall not be liable for any losses, costs and damages relating to the delay on the part of the Company in allotting and issuing the CHB Shares under any circumstances.

17. RETENTION PERIOD

17.1 The ESOS Committee shall be entitled to prescribe or impose, in relation to any Offer, any condition relating to any retention period or restriction on transfer of the CHB Shares as it deems fit. However, the Grantees are encouraged to hold the new CHB Shares as an investment rather than for any speculative purposes and/or to realise immediate gains from disposal.

17.2 Notwithstanding By-Law 17.1 above, an Eligible Person who is a non-executive director must not sell, transfer or assign CHB Shares obtained through the exercise of ESOS Options within one (1) year from the Offer Date pursuant to Paragraph 8.20 of the Listing Requirements.

18. ADMINISTRATION

18.1 This Scheme shall be administered by the ESOS Committee comprising such persons as shall be appointed from time to time by the Board of CHB. The Board of CHB shall have the discretion as it deems fit to approve, rescind and/or revoke the appointment of any person in the ESOS Committee. The ESOS Committee shall be vested with such powers and duties as are conferred upon it by the Board of CHB to administer the Scheme in such manner it shall in its discretion deem fit, in accordance with the provisions set out in these Bylaws. The ESOS Committee may, for the purpose of administering the Scheme, do all acts and things and enter into any transactions, agreements, deeds, documents or arrangements, and make rules, regulations or impose terms and conditions or delegate part of its power relating to the Scheme which the ESOS Committee may in its discretion consider to be necessary or desirable for giving full effect to the Scheme.

18.2 Any decision or determination of the ESOS Committee made pursuant to the provisions of the Scheme (other than a matter to be certified and/or approved by the approved company auditor or the Advisers) shall be final, binding and conclusive (including for the avoidance of doubt, any

decision pertaining to any dispute as to the interpretation of the Scheme or any rule, regulation or procedure hereunder or as to any rights under the Scheme). The ESOS Committee shall not be required to furnish any reason for any decision or determination made by it except as may be required by the relevant authorities.

18.3 If in consequence of an error or omission, the ESOS Committee discovers or determines that:

(a) an Eligible Person has not been given the opportunity to participate in the Scheme on any occasion; or

(b) the number of CHB Share(s) comprised in any Option is found to be incorrect;

the ESOS Committee may subject to Bylaw 6.11 do all such acts and things to rectify such error or omission and ensure that the Eligible Person is given the opportunity to participate in the Scheme and/or the number of CHB Share(s) under Option(s) is corrected.

19. AMENDMENT AND/OR MODIFICATION TO THE SCHEME

19.1 Subject to the compliance with the requirements of Bursa Securities and any other relevant authorities and their approvals being obtained (if required under the Main Market Listing Requirements and applicable laws and regulations), the ESOS Committee may at any time and from time to time recommend to the Board any additions or amendments to or deletions of these Bylaws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these Bylaws upon such recommendation **PROVIDED ALWAYS THAT** no additions or amendments to or deletions of these Bylaws shall be made which will:

(a) Prejudice any rights then accrued to any Grantee without the prior consent or sanction of that Grantee;

(b) Prejudice any rights of the shareholders of the Company without the prior approval of the Company's shareholders in a general meeting; or

(c) Alter to the advantage of any Eligible Person in respect of any matters which are required to be contained in the Bylaws by virtue of Appendix 6E of the Main Market Listing Requirements, without the prior approval of the Company's shareholders in a general meeting unless allowed otherwise by the provisions of the Main Market Listing Requirements.

19.2 Any amendments/modifications to the Bylaws shall not contravene any of the provisions of the guidelines on employee share issuance schemes as stipulated under the Main Market Listing Requirements and/or any other relevant regulatory authority in relation to ESOS.

19.3 Upon amending and/or modifying all or any of the provisions of the Scheme, the Company shall within five (5) Market Days after the effective date of the amendments submit to Bursa Securities the amended Bylaws and a confirmation letter in the form required under the Main Market Listing Requirements that the said amendment and/or modification complies and does not contravene any of the provisions of the Main Market Listing Requirements and the Rules of Bursa Depository.

19.4 The Grantees shall be given written notices in the term and conditions prescribed by the ESOS Committee from time to time if any conditions, amendments to and/or modifications of these Bylaws within five (5) Market Days of any of the foregoing taking effect.

20. DISPUTES

In the event of any dispute or difference arising between the ESOS Committee and an Eligible Person or a Grantee, as to any matter or thing of any nature arising hereunder, the ESOS Committee shall determine such dispute or difference by a written decision (without the obligation to give any reason thereof) to the Eligible Person or the Grantee, as the case may be **PROVIDED THAT** where the dispute or difference is raised by a member of the ESOS Committee, the said member shall abstain from voting in respect of the decision of the ESOS Committee in that instance. The said decision shall be final and binding on the parties in all respects.

21. SCHEME NOT A TERM OF EMPLOYMENT

This Scheme shall not form part of or constitute or in any way be construed as a term or condition of employment of any employee. This Scheme shall not confer or be construed to confer on an Eligible Person any special rights or privileges over the Eligible Person's terms and conditions of employment in the CHB Group under which the Eligible Person is employed or any rights additional to any compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment.

22. COSTS AND EXPENSES

All fees, costs and expenses incurred in relation to the administration and management of the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of the new CHB Shares and/or transfer from treasury shares pursuant to the exercise of any Option shall be borne by the Company. Notwithstanding this, the Grantee shall bear any fees, costs and expenses incurred in relation to his/her acceptance and exercise and/or loss of the Option, loss of Option certificate(s), opening and maintaining of his/ her respective CDS Account and sale of CHB Shares in the market.

23. CONSTITUTION

Notwithstanding the terms and conditions contained in these Bylaws, if a situation of conflict should arise between these Bylaws and the Constitution of the Company, the provisions of the Constitution of the Company shall prevail at all times save and except where such provisions of the Bylaws are included pursuant to the Main Market Listing Requirements in which event such provisions of the Bylaws shall prevail.

24. INSPECTION OF AUDITED ACCOUNTS

All Grantees are entitled to inspect the latest audited accounts of the Company during the normal office hours on any working day at the Registered Office of the Company.

25. TRANSFER FROM OTHER CORPORATIONS TO THE CHB GROUP

In the event that:

(i) a Director or an Employee who was employed in a corporation which is not within the CHB Group and is subsequently transferred from such corporation to any corporation within the CHB Group; and

(ii) a Director or an Employee who was in the employment of a corporation which subsequently becomes a member of the CHB Group as a result of a restructuring exercise or otherwise involving CHB and/or any corporation within the CHB Group with any of the first mentioned company stated in (i) above;

(the first mentioned corporation in (i) and (ii) above are hereinafter referred to as the "**Previous Company**"), such a Director or an Employee of the Previous Company ("the **Affected Director/Employee**"), subject to Bylaw 7 hereof, will:

(i) be entitled to continue to exercise all such unexercised Option(s) which were granted to him/her under the Previous Company's ESOS in accordance with the bylaws of such Previous Company's ESOS but he/she shall not, upon such transfer or restructuring or divestment as the case may be, be eligible to participate for further options of such Previous Company's ESOS; and/or

(ii) be eligible to participate in the Scheme only for the remaining duration of the Scheme, subject to the ESOS Committee's approval; and/or

(iii) if the Affected Director/Employee had participated in the Previous Company's ESOS, the number of new CHB Shares to be offered to such Affected Director/Employee under the Scheme shall be subject to the discretion of the ESOS Committee.

26. DIVESTMENT FROM THE CHB GROUP

26.1 If a Grantee who was in the employment of a corporation in the CHB Group, which was subsequently divested wholly, or in part, from the CHB Group, then such Grantee:

(i) may at the discretion of the ESOS Committee, be entitled to continue to exercise all such unexercised Option(s) which were granted to him/her under the Scheme within a period of six (6) months from the date of completion of such divestment and within the Option Period, failing which the right of such Grantee to subscribe for that number of the new CHB Shares or any part thereof granted under such unexercised Option(s) shall automatically lapse upon the expiration of the said six (6)-month period and be null and void and of no further force and effect; and

(ii) shall not be eligible to participate for further Option(s) under the Scheme. For the avoidance of doubt, where the Grantee was in the employment of a corporation in the CHB Group and that Company was subsequently partially divested from the CHB Group, which resulted in a subsequent holding of fifty percent (50%) or more by the CHB Group, then such Grantee shall be entitled to all his/ her rights in relation to the unexercised Option(s) and he/ she shall be eligible for further participation of the Option(s) under the Scheme.

26.2 For the purpose of Bylaw 26.1, a corporation shall be deemed to be divested from the CHB Group in the event that such corporation would no longer be a subsidiary of CHB pursuant to Section 4 of the Act.

27. TAKEOVER

Notwithstanding Bylaw 11 hereof and subject to the provisions of any applicable statutes, rules, regulations and/or conditions issued by the relevant regulatory authorities, in the event of:

(i) a take-over offer being made for the Company, under the Rules on Take-Overs, Mergers and Compulsory Acquisitions, to acquire the whole of the issued ordinary share capital of the Company (or such part thereof not at the time held by the person making the take-over

offer ("**Offeror**") or any persons acting in concert with the Offeror), any unexercised Options shall remain in force and be exercisable until the expiry of the Option Period applicable thereto unless otherwise determined by the ESOS Committee at its absolute discretion; and

(ii) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of new CHB Shares under the provisions of the Capital Markets and Services Act 2007 and gives notice to the Company that it intends to exercise such right on a specific date, a Grantee will be entitled to exercise all or any part of his/her Option from the date of service of the said notice to the Company until and inclusive of the date on which the right of compulsory acquisition is exercised **PROVIDED ALWAYS THAT** any Options to the extent unexercised after the date on which the right of compulsory acquisition is exercised shall lapse and immediately cease to have any effect.

28. SCHEME OF ARRANGEMENT, AMALGAMATION AND RECONSTRUCTION

Notwithstanding Bylaw 11 hereof and subject to the discretion of the ESOS Committee, in the event of the court sanctioning a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and reconstruction of the Company under the Act or its amalgamation with any other company or companies under the Act, any Option shall remain exercisable by the Grantee at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending on the date upon which it becomes effective or such other date as the ESOS Committee may deem fit. Upon such date, all Options, to the extent unexercised shall automatically lapse and shall become null and void.

29. SUBSEQUENT EMPLOYEE SHARE ISSUANCE SCHEMES

Without derogating the right of the Company to implement more than one (1) ESOS during the duration of this Scheme as set out in Bylaw 4.3, the Company may establish a new ESOS after the Date of Expiry subject to the approval of the relevant authorities and/or the shareholders of the Company.

30. NO COMPENSATION

30.1 A Grantee who ceases to hold office or employment shall not be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the Scheme which he/she might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal or other breach of contract or by way of compensation for loss of office.

30.2 No Eligible Person or Grantee or legal personal representatives shall bring any claim, action or proceeding against the Company or the Board of CHB or the ESOS Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his/her rights to exercise his/her Option or his/her Option ceasing to be valid pursuant to the provisions of these Bylaws, as may be amended from time to time in accordance with Bylaw 18 hereof.

31. TAXES

All taxes (including income tax), if any, arising from the exercise of any Option under the Scheme (including, without limitation, brokerage commissions and stamp duty) shall be borne by the

Grantee for his/her own account and the Company shall not be liable for any one or more of such costs, fees, levies, charges and/or taxes.

32. WINDING UP

All outstanding Options shall be automatically terminated in the event that a resolution is passed or a court order is made for the winding up of the Company.

33. SEVERABILITY

Any term, condition, stipulation or provision in these Bylaws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remaining provisions hereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation and provision herein contained.

34. GOVERNING LAW AND JURISDICTION

34.1 These Bylaws shall be governed and construed in accordance with the laws of Malaysia and the Grantee shall submit to the exclusive jurisdiction of the Courts of Malaysia in all matters connected with the obligations and liabilities of the parties hereto under or arising out of these Bylaws.

34.2 Any proceeding or action shall be instituted or taken in Malaysia and the Grantee irrevocably and unconditionally waives any objection on the ground of venue or forum non-convenience or any other grounds.

34.3 Any Offer made to Eligible Persons pursuant to the Scheme is strictly made in Malaysia only and shall not be deemed to be made or offered in any country or jurisdiction other than Malaysia unless specifically mentioned otherwise by the ESOS Committee in the Offer.

34.4 In order to facilitate the making of an Offer under the Scheme, the Board may provide for such special terms and conditions to apply to such Offers to Eligible Persons who are employed by a corporation within the CHB Group in a particular jurisdiction or who are nationals of any particular jurisdiction that is outside Malaysia, as the Board may consider necessary or appropriate to accommodate differences in applicable law, tax policy or custom. Moreover, the Board may approve such supplements to or amendments or restatements of the Scheme as it may consider necessary or appropriate for such purposes, without thereby affecting the terms and conditions of the Scheme as they are in effect, and the secretary of the Company or any other appropriate officer of the Company may certify any such document as having or any other appropriate officer of the Company may certify such document as having been approved and adopted in the same manner as this Scheme. No such special terms, supplements or amendments however shall include any provision that is inconsistent with the terms and/or conditions of this Scheme as then in effect unless this Scheme could have been amended to eliminate such inconsistency.

35. NOTICE

35.1 Any notice or request which the Company is required to give, or may desire to give, to any Eligible Person or the Grantee pursuant to the Scheme shall be in writing and shall be deemed to be sufficiently given:

(a) if it is sent by ordinary post by the Company to the Eligible Person or the Grantee at the last address known to the Company as being his/her address, such notice shall be deemed to have been received three (3) Market Days after posting;

(b) if it is given by hand to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received on the date of delivery;

(c) if it is sent by electronic media, including but not limited to electronic mail, to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received upon confirmation or notification received after the sending of notice or request by the Company.

Any change of address of the Eligible Person or the Grantee shall be communicated in writing to the Company and the ESOS Committee.

35.2 Any certificate, notification or other notice required to be given to the Company or the ESOS Committee shall be properly given if sent by registered post or delivered by hand to the Company at its business address at No. 3, Jalan PJU 1/41, Block C1 Dataran Prima, 47301 Petaling Jaya, Selangor Malaysia or any other business address which may be notified in writing by the ESOS Committee from time to time.

35.3 Notwithstanding Bylaw 35.1, where any notice is required to be given by the Company or the ESOS Committee under these Bylaws in relation to matters which may affect all Grantees or Eligible Persons, as the case may be, the Company or the ESOS Committee may give notice through an announcement to all Grantees, Eligible Persons and/or employees of the CHB Group to be made in such manner deemed appropriate by the ESOS Committee. Upon the making of such an announcement, the notice to be made under Bylaw 35.1 shall be deemed to be sufficiently given, served or made to all affected Grantee or Eligible Person, as the case may be.

36. DECISION OF ESOS COMMITTEE

36.1 Any decision made by the ESOS Committee under the Bylaws shall, save for any manifest or error, be final and binding.

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Alliance Member of CUSHMAN & WAKEFIELD

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Our Ref : V/24/12211/CHB/PKL/LWJ
Date : 3 February 2025

Compugates Holdings Berhad
No. 3, Jalan PJU 1/41
Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan

Dear Sir/Madam,

VALUATION CERTIFICATE OF A PARCEL OF COMMERCIAL LAND IDENTIFIED AS HS(D) 13828, PT 26800, MUKIM OF DENGKIL, DISTRICT OF SEPANG, SELANGOR DARUL EHSAN

This valuation certificate has been prepared for the purposes of submission to Bursa Malaysia Securities Berhad (hereinafter referred to as "Bursa Malaysia") and for the inclusion in the circular to the shareholders of Compugates Holdings Berhad (hereinafter referred to as "CHB") in relation to the proposed Joint Venture Agreement between Compugates Development and Mining Sdn Bhd (hereinafter referred to as "CDMSB" or "Landowner"), a 70%-owned sub-subsidiary of CHB and CPG Puncak Sdn Bhd (hereinafter referred to as "CPG" or "Developer") to jointly develop a parcel of commercial land identified as HS(D) 13828, PT 26800, Mukim of Dengkil, District of Sepang, Selangor Darul Ehsan.

Accordingly, we have inspected the subject property on 31 December 2024 and gathered other relevant information necessary to arrive at our opinion of value. We are pleased to certify that we have conducted valuation on the legal interest of the subject property as at the material date of valuation on 31 December 2024.

The subject property is valued on As Is Where Is basis i.e. a parcel of commercial land.

As per a copy of the JVA dated 31 January 2025 entered into between CDMSB and CPG Puncak Sdn Bhd (hereinafter referred to as "CPG"), the parties intend to jointly develop the subject property into a multiple phased mixed-use development consisting of shophouses, service apartments, retail outlets, and affordable development units ("Development") on the basis that CDMSB as the Landowner, will contribute the subject property whereby CPG as the developer, will undertake the Development. Pursuant to the JVA, CDMSB shall be entitled to a minimum landowner's entitlement of RM234.00 million ("Minimum Landowner's Entitlement") for contributing the subject property. CDMSB shall grant their irrevocable consent to CPG, as the developer for the Development, to undertake the planning, construction, project management and sale of the entire Development at CPG's own costs and expenses, subject to the terms and conditions as stated in the JVA. A copy of Joint Venture Agreement is attached as Appendix 'E'.

As the Landowner of the subject property, CDMSB shall be entitled to a landowner's entitlement, being a share of the Development's estimated gross development value ("GDV") in the proportion as follows:-

Type of development	**Landowner's entitlement from the GDV (%)**
Shophouse development	22.00
Service apartments and/ or highrise commercial space	18.00
Retail outlet and space below highrise	20.00
Affordable development	TBC[*1]

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Note:-
**1. In respect of any affordable development component within the shophouse development, service apartments and/ or high-rise commercial space, or retail outlet and space below high-rise, the landowner's entitlement is to be mutually agreed upon between CDMSB and CPG at a later date based on the amount of profits generated from the affordable development.*

The JVA is subject to the following conditions precedents:-

a) CHB appointing an independent adviser in accordance with the Listing Requirements of Bursa Securities and such independent adviser forming an opinion that the joint venture under the JVA is fair and reasonable; and

b) CHB obtaining all the necessary approvals from the relevant authorities, non-interested shareholders and non-interested Directors of CHB for the joint venture of the JVA.

Developer's covenants

Without prejudice to the terms and conditions in the JVA, during the term of the JVA, inter alia:

a) the Developer shall at its own costs and expenses submit application for examination of title, survey and subdivision of the subject property in accordance with the layout plan prepared by the Developer in accordance with the JVA;

b) the Developer shall at its own cost undertake and complete the Development and in the course of planning, erection and completion of the buildings within the Development do all acts and things required and perform the works in conformity in all respects with the provisions of any statutes, applicable thereto and with all relevant by-laws and regulations and in accordance with the conditions of all planning consents and permission and to pay and keep the Landowner indemnified at all times hereafter against all claims for the fees charges fine penalties and other payments whatsoever which during the progress of the works may become payable to or be demanded by any appropriate authority in respect of the works or of anything done under the authority herein contained;

c) the Developer shall be liable for and shall indemnify the Landowner against any expense liability loss claims or proceedings arising:

   i) under any statute or at common law in respect of personal injury to or deaths arising out of or in the course of or caused by the carrying out of the Development by the Developer;

   ii) due to any breach of statutory duty omission or default of the Developer of any appropriate authority or in connection with the Development or any part thereof;

   iii) due to any person, company and/ or authorities that may arise as a result of any act default or omission on the part of the Developer;

   iv) due to any action proceeding suit arising as a result of the Development;

d) the Developer covenants that the gross development value:

   i) for plot 1, plot 2, plot 3 and 4 of the JVA collectively shall not be less than RM550,000,000.00; and

   ii) plot 5, plot 6, plot 7 and plot 8 of the JVA collectively shall not be less than RM750,000,000.00.

The Development shall be developed in phases. In the event of any amendment to any plot or phase of the Development (which mutually agreed by parties), the parties hereby agree that the gross development value of the respective Plot estimated in the JVA may be adjusted based on the mutual consent of parties provided that the total gross development value of the whole land shall not be less than RM1,300,000,000.00 and that the Landowner shall be entitled to no lower than the Minimum Landowner's Entitlement.

e) the Developer covenants that it has obtained all necessary approval from and is empowered by its members and board of Directors to enter into the JVA and do all things provided under the JVA.

Landowner's covenants

Without prejudice to the terms and conditions in the JVA, during the term of the JVA, inter alia:

a) the Landowner shall at the cost of the Developer render every reasonable assistance to the Developer to secure the necessary approvals from the appropriate authority in respect of the works of the Development;

b) subject to (d) below, the Landowner shall not sell assign or otherwise howsoever dispose off the subject property so as to prejudicially affect the rights of the Developer contained in the JVA;

c) the Landowner shall not do in or near the subject property any act or thing by reason of which, the Landowner or the Developer may under any statute incur, have imposed on or become liable to any penalty, damage compensation, costs, charges or expenses except as otherwise provided under the JVA;

d) the Landowner shall whenever legally required joins as a party to any agreement for the transfer of the units in the subject property to end-purchasers and shall at the Developer's request execute all such agreements with end-purchasers, if necessary provided that the Developer shall hold the Landowner harmless of any liability under such agreements insofar as such liability is not caused by the Landowner;

e) the Landowner shall use its best endeavours to obtain and procure from all the previous consultants and/ or contractors engaged by the Landowner in connection with the Development, if any, their respective release and letters confirming that they have no claims whatsoever against the Landowner and/ or the Development Land; and

f) the Landowner hereby agrees to be bound by the Rules 5(5)(a),10 and 11 of the Housing Development (Control and Licensing) Regulations 1989 or any amendment thereto and other regulations from time to time.

Submission of plan for approval

The Developer agrees and covenants with the Landowner inter alia as follows:

a) to submit before the expiry of 1 month of the unconditional date of the JVA at its own costs and expenses all necessary application for the rezoning (if applicable) and subdivision (which may include surrender and re-alienation) of the subject property into building plots in accordance with the lay-out plan as prepared by the Developer and at the Developer's absolute discretion and as approved by the relevant authority and to obtain the issuance of qualified titles for each subdivided lot (individual or stratified, as the case may be) and also to pay all the necessary fees for subdivision to the authorities.

b) Notwithstanding any default by the Developer, in the event that the Developer fails to obtain the necessary approval from the appropriate authority for the rezoning (if applicable) and/ or subdivision (which may include surrender and re-alienation) of the subject property and approval of layout plan by the appropriate authority within Thirty Six (36) months from the date of the JVA or such further extension to be mutually agreed upon from time to time between parties, the Landowner shall be entitled to terminate the JVA and the Deposit shall be refunded by the Landowner to the Developer free from interest and the Developer shall undertake all actions and execute all matters to reverse any works undertaken in respect of the subject property (the cost of which to be borne by the Developer).

c) Upon the approval of the rezoning (if applicable) and/ or subdivision (which may include surrender and re-alienation) as well as the approval of the Kebenaran Merancang in respect of the relevant phase of the Development Plan of the subject property, the Developer shall within twelve (12) months from the date of the approval of the respective phase or such other longer duration as may be agreed upon by the parties hereto from time to time, submit at its own costs and expenses all necessary building plan, road

plans, engineering plans and sewage plans to the appropriate authority for approval in respect of any phase of the Development at the discretion of the Developer. In the event that the Developer fails to obtain the necessary approval from the appropriate authority, the Landowner shall be entitled to terminate the JVA whereupon the remedies for Developer's default shall apply.

The valuation certificate has been prepared in compliance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia.

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

In this valuation exercise, we have valued the subject property on the basis of a parcel of commercial land, in its existing condition and on the basis that the title is free from all encumbrances, restrictive conditions, endorsements, statutory notices and all outgoings, as well as marketable, registrable and with vacant possession.

This valuation certificate is to be read in conjunction with the aforementioned Report and Valuation.

Brief description of the subject property is shown overleaf.

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IDENTIFICATION OF SUBJECT PROPERTY

Property Type / Interest Valued	A parcel of commercial land
Legal Description of Title	HS(D) 13828, PT 26800, Mukim of Dengkil, District of Sepang, Selangor Darul Ehsan
Tenure	99 years leasehold interest expiring on 21 May 2103
Category of Land Use	Building
Express Condition	"Bangunan Perniagaan"
Surveyed Land Area	14.50 hectares (145,000 square metres/1,560,766 square feet) *Note:* *As per Certified Plan No. PA254476 prepared by the Jabatan Ukur Dan Pemetaan Selangor Darul Ehsan, we noted that the subject site has been surveyed and ascribed a new surveyed Lot 128757, having a surveyed land area of 14.50 hectares as a result of partial land acquisition.* ***For the purpose of this valuation, we have adopted the aforesaid surveyed land area, i.e, 14.50 hectares (145,000 square metres/1,560,766 square feet).***
Registered Owner	Compugates Development and Mining Sdn Bhd – 1/1 share
Restriction-in-Interest	"Tanah yang diberi milik ini tidak boleh dipindah milik, dipajak atau digadai melainkan dengan kebenaran Pihak Berkuasa Negeri."
Endorsement	Part of the land measuring about 9,892 square metres has been acquired, vide Presentation No. 001N144/2019, registered on 12 January 2019
Encumbrances	Nil
Caveats	(i). A private caveat was entered by Main Uptown Sdn Bhd vide Presentation No. 001B54272/2015, registered on 22 October 2015 ***Note:*** *The aforementioned private caveat was removed pursuant Presentation No. 001B52851/2022 dated 7 November 2022 pursuant to an Order issued by the High Court Shah Alam on 19 October 2022*
Date of Valuation	31 December 2024
Location of Property	The subject property is situated in an area known as Cybersouth, Dengkil, Selangor Darul Ehsan, which is sited off the eastern (right) side of the North-South Expressway Central Link (ELITE Expressway), traveling from Bandar Baru Salak Tinggi towards Bandar Saujana Putra Locality. The immediate surrounding consists of mainly undeveloped vacant lands, terrace houses, apartments, condominiums and shops/offices. Commercial area located nearby include amongst others Taman Mutiara Dengkil and Dengkil town, which are both located due south-east of the subject property.

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Notable landmarks located nearby include amongst others UiTM Dengkil Campus and Royal Malaysia Custom Dengkil. Kuala Lumpur International Airport (KLIA & KLIA 2) is located about 25 kilometers south of the subject property.

There are few ongoing developments in the vicinity amongst others include Cybersouth, Gamuda Cove, Serenia City and Sunsuria City. Xiamen University Malaysia Campus (located within Sunsuria City) is located about 15 kilometers south-east of the subject property.

BRIEF DESCRIPTION OF THE SUBJECT PROPERTY

The subject property is a parcel of commercial land use legally identified as PT 26800, Mukim of Dengkil, District of Sepang, Selangor Darul Ehsan.

The land area of the subject property is as below:

Lot No.	PT 26800			New Lot 128757		
	Hectares	Square Metres	Square Feet	Hectares	Square Metres	Square Feet
Land Area	15.50	154,990	1,668,297	-	-	-
Land Acquisition	0.9892	9,892	106,476	-	-	-
Net Land Area	14.5098	145,098	1,561,820	14.50	145,000	1,560,766

As per Certified Plan No. PA254476 prepared by the Jabatan Ukur Dan Pemetaan Selangor Darul Ehsan, we noted that the subject site has been surveyed and ascribed a new surveyed Lot 128757, having a surveyed land area of 14.50 hectares as a result of partial land acquisition. **For the purpose of this valuation, we have adopted the aforesaid surveyed land area, i.e, 14.50 hectares (145,000 square metres/1,560,766 square feet).**

The site is generally flat in terrain and lies slightly lower than its frontage road. The subject site is near trapezoidal in shape and the site boundaries are not demarcated by any forms of fencing.

As noted during the time of inspection, the subject property mainly has overgrown thick bushes and trees around the area. We also noted that part of southern boundary of the subject site is covered by swamp and pond. Based on the Topographical Survey Plan prepared by Perunding Ukur Teknn, the affected area is about 11,195.22 square metres (120,504 square feet). A copy of the Topographical Survey Plan provided by the client, bearing Reference No. PUT/B3958/19/TD/P1, is attached as Appendix 'E'.

We also noted that there is one concrete building currently used as a sales gallery, which is occupied by CHB, while the rest of the buildings consist of six vacant units of single to double storey concrete buildings, a pump house and a guard house, which are currently all in poor condition. We were given to understand that the abovementioned buildings will be demolished prior to the Development. Notwithstanding the above, for purpose of this valuation, as instructed, we have excluded the aforesaid buildings in our valuation and value the subject property as a parcel of commercial land.

PLANNING PROVISION

The subject property is designated for commercial use as noted in the title deed.

Based on the local plan Rancangan Tempatan Majlis Perbandaran Sepang (MPS) (Pengubahan 4) 2025, the subject property is zoned for commercial use.

Our further enquires at the Planning Department of Majlis Perbandaran Sepang (MPS) revealed that the subject property is located within an area zoned for commercial use with plot ratio of 1:4.

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METHOD OF VALUATION

The subject property is valued using the Comparison Method as the sole method of valuation.

We are unable to provide an alternative method of valuation, such as the Residual Method, because there is no approved layout plan for the subject property as of the date of valuation. We have solely adopted the Comparison Approach to determine the Market Value, using it as the only method of valuation due to the subject property being a parcel of commercial land without any approved development details or granted development approvals.

The **Comparison Method** of valuation entails critical analysis of recent evidence of values of comparable properties in the neighborhood and making adjustments for differences. In valuing the subject property, we have taken into consideration all relevant factors, which include the neighbourhood of the property and its market condition, land size, tenure, plot ratio of the subject property, to name a few.

VALUE CONSIDERATION (COMPARISON METHOD)

In the Comparison Method, we have considered the following transactions of commercial lands within the surrounding localities as comparables for the valuation:-

Description	Comparable 1	Comparable 2	Comparable 3
Property Type	A parcel of commercial land	A parcel of commercial land	A parcel of commercial land
Title/Lot No.	HS(D) 52600, PT 65618, Bandar Cyberjaya, District of Sepang, Selangor Darul Ehsan	Geran 150651 Lot 13992, Mukim of Dengkil, District of Sepang, Selangor Darul Ehsan	Geran 333413, Lot 119239, Mukim of Dengkil, District of Sepang, Selangor Darul Ehsan
Location	Persiaran Sepang, Cyberjaya	Off Jalan Puchong, Puchong	Off Jalan Dengkil-Bangi, Kota Warisan
Tenure	Freehold	Freehold	Freehold
Land Area	About 4.6659 hectares (11.53 acres/46,659 square metre/502,233 square feet)	About 11.2396 hectares (27.77 acres/112,396 square metres/1,209,819 square feet)	About 9.082 hectares (22.44 acres/90,820 square metres /977,577 square feet)
Consideration	RM50,223,329.60/-	RM127,000,000/-	RM66,500,000/-
Date of Transaction	8 February 2021	27 November 2019	23 August 2019
Vendor	SMD Real Estate Sdn Bhd	Prestige Ceramics Sdn Bhd	Horizon KLPO Sdn Bhd
Purchaser	Boon Koon Capital Sdn Bhd, a wholly owned subsidiary of Chin Hin Group Property Berhad	Aspect Potential Sdn Bhd	Benefit Properties Sdn Bhd
Source	Bursa Malaysia	Valuation and Property Services Department	Valuation and Property Services Department

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Description	Comparable 1	Comparable 2	Comparable 3
Analysis	RM100 per square foot	RM104.97 per square foot	RM68.03 per square foot
Adjustments	Adjustment made on market condition, general location, size, tenure and plot ratio		
Adjusted Value	RM92.96 per square foot	RM88.13 per square foot	RM72.75 per square foot

Based on the above, we have arrived at the adjusted values ranging between RM72.75 per square foot to RM92.96 per square foot.

Therefore, we have adopted Comparable 2 as the best comparable as in term of size and plot ratio. We have adopted a rounded sum of RM88 per square foot in our valuation.

As noted during our site inspection and details as per the topographical survey plan provided by the client bearing Reference No. PUT/B3958/19/TD/P1, we noted that part of the southern boundary of the subject site is covered by swamp and pond. We have thereafter taken into consideration of the land filling cost to arrive at the market value of the subject property. However, we have not taken time factor into consideration as only a small portion of the land is affected. The costs associated with filling the land are typically considered as a development cost. As such, we have not taken the contingency costs into consideration in our valuation.

In arriving at the market value of the subject property, a parcel of commercial land with part of southern boundary of the subject site is covered by swamp and pond, we have further deducted the earthwork cost to fill the land, provided by the client from the abovementioned adjusted value of RM88 per square foot. Based on the quotation of cost estimation for earthwork provided by Perunding Rekamaju Sdn Bhd, the cost of the land fill is fair and reasonable and is in line with the market.

We have made reference to the copy of quotation of cost estimation for earthwork, in arriving the market value of the subject property.

Hence, the Market Value for the subject property is derived at RM134,647,364/-, say RM134,600,000/-.

OPINION OF VALUE

Having regards to all the relevant information, our opinion of Market Value of the subject property, i.e a parcel of commercial land held under HS(D) 13828, PT 26800, Mukim of Dengkil, District of Sepang, Selangor Darul Ehsan, in theirs existing condition, free from all encumbrances, with the titles held under leasehold interest and being good, marketable and registrable as well as with vacant possession, as at the date of valuation, is at **RM134,600,000/- (Ringgit Malaysia: One Hundred Thirty Four Million and Six Hundred Thousand Only).**

For and on behalf of
IVPS PROPERTY CONSULTANT SDN BHD

PUA KOK LIANG, MRISM
REGISTERED VALUER, V-1150

Reference: V/J/24/12231/(310/190 /3 /R)
Date of Valuation: 31 December 2024

COMPUGATES HOLDINGS BERHAD
(Company No.: 200401030779 (669287-H))
(Incorporated in Malaysia)

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

Grant Thornton

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REPORTING ACCOUNTANTS' LETTER ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024
(Prepared for inclusion in the Circular to Shareholders)

Date: 8 May 2025

The Board of Directors
Compugates Holdings Berhad
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur

Dear Sirs,

COMPUGATES HOLDINGS BERHAD (THE "COMPANY")

REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION INCLUDED IN A CIRCULAR TO SHAREHOLDERS

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statements of financial position of the Company and its subsidiaries (collectively known as the "Group") as at 31 December 2024, together with the notes and assumptions thereto (as set out in Appendix A for which we have stamped for the purpose of identification), prepared by the Directors of the Company for inclusion in the Circular to Shareholders of the Company ("Circular to Shareholders") in connection with the proposed joint venture between Compugates Development and Mining Sdn Bhd ("CDMSB" or the "Landowner"), a 70%-owned subsidiary of the Company and CPG Puncak Sdn Bhd ("CPG" or the "Developer") for the development of a parcel of leasehold land measuring 14.50 hectares (35.83 acres) identified as H.S.(D) 13828, PT 26800, Mukim of Dengkil, District of Sepang, State of Selangor ("Development Land") (collectively known as "Proposed Joint Venture").

The applicable criteria on the basis of which the Directors has compiled the pro forma consolidated statements of financial position are described in the notes to the pro forma consolidated statements of financial position.

The pro forma consolidated statements of financial position as at 31 December 2024 have been compiled by the Directors of the Company to illustrate the effects of the Proposed Joint Venture as if the Proposed Joint Venture has been implemented and completed on 31 December 2024. As part of this process, information about the Group's financial position as at 31 December 2024 have been extracted by the Directors of the Company from the Group's audited consolidated statements of financial position as at 31 December 2024, on which was reported by us to the members of the Company on 22 April 2025 without any modification.

Directors' responsibilities for the Pro forma consolidated statement of financial Position

The Directors of the Company are responsible for compiling the pro forma consolidated statements of financial position as at 31 December 2024 on the basis set out in the notes to the pro forma consolidated statements of financial position and in accordance with the Malaysian Institute of Accountants'("MIA") Guidance Note for Issuers of Pro Forma Financial Information.

Chartered Accountants
Grant Thornton Malaysia PLT [201906003682 [LLP0022494-LCA] & AF 0737] is a Limited Liability Partnership and is a member firm of Grant Thornton International Ltd (GTIL), a private company limited by guarantee incorporated in England and Wales.

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Reporting Accountants' Independence and Quality Control

We are independent in accordance with By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board of Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our firm applies International Standard on Quality Control ("ISQC") 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, about whether the pro forma consolidated statements of financial position have been complied, in all material respects, by the Directors of the Company on the basis set out in the notes to the pro forma consolidated statements of financial position and in accordance with the MIA's Guidance Note for Issuers of Pro Forma Financial Information.

We conducted our engagement in accordance with *International Standard on Assurance Engagements ("ISAE") 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma consolidated statements of financial position on the basis set out in the notes to the pro forma consolidated statements of financial position and in accordance with the MIA's Guidance Note for Issuers of Pro Forma Financial Information.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position.

The purpose of the pro forma consolidated statements of financial position included in the Circular to Shareholders is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at that date would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position have been compiled, in all material aspects, on basis of the applicable criteria, involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma consolidated statements of financial position provides a reasonable basis for presenting the significant effects directly attributable to the events or transactions enumerated in the notes thereto, and to obtain sufficient appropriate evidence about whether:-

- The related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma consolidated statements of financial position reflect the proper application of those adjustments to the Company's audited consolidated statements of financial position as at 31 December 2024.

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Reporting Accountants' Responsibilities (cont'd)

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma consolidated statements of financial position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma consolidated statements of financial position of the Group have been properly compiled, in all material respects, on the basis as set out in the notes to the pro forma consolidated statements of financial position and in accordance with the MIA's Guidance Note for Issuers of Pro Forma Financial Information.

Other Matter

This report has been prepared solely for the purpose of inclusion in the Circular to Shareholders in connection with the Proposed Joint Venture. As such, this letter should not be used or relied upon for any other purpose without the prior written consent from us. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

COMPUGATES HOLDINGS BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

The pro forma consolidated statements of financial position as at 31 December 2024 has been compiled for illustrative purposes only to show the effects on the audited consolidated statements of financial position of the Company as at 31 December 2024 had the Proposed Joint Venture as set out in Note 2 been effected on 31 December 2024, and should be read in conjunction with the notes accompanying the pro forma consolidated statements of financial position.

	Note	Audited as at 31 December 2024 RM'000	Effect of Proposed Joint Venture RM'000	Pro forma I RM'000
ASSETS				
Non-current assets				
Property, plant and equipment		16,478		16,478
Inventories	3.1	93,629	(93,629)	-
Plantation expenditure		2,528		2,528
Total non-current assets		112,635		19,006
Current assets				
Inventories	3.1	51,179	(2,274)	48,905
Trade receivables		930		930
Other receivables		222		222
Tax recoverable		3		3
Fixed deposits with licensed banks		5,900		5,900
Cash and bank balances	3.2	753	178,987	179,740
Total current assets		58,987		235,700
Total assets		171,622		254,706
EQUITY AND LIABILITIES				
Equity				
Equity attributable to owners of the Company:				
Share capital		96,245		96,245
Revaluation reserve		32,671		32,671
Other reserve		(2,100)		(2,100)
(Accumulated losses)/ retained earnings	3.3	(21,595)	58,159	36,564
		105,221		163,380
Non-controlling interests	3.4	33,617	24,925	58,542
Total equity		138,838		221,922

Stamped for the purpose of identification on
08 MAY 2025
GRANT THORNTON MALAYSIA PLT

COMPUGATES HOLDINGS BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

The pro forma consolidated statements of financial position as at 31 December 2024 has been compiled for illustrative purposes only to show the effects on the audited consolidated statements of financial position of the Company as at 31 December 2024 had the Proposed Joint Venture as set out in Note 2 been effected on 31 December 2024, and should be read in conjunction with the notes accompanying the pro forma consolidated statements of financial position (cont'd).

	Note	Audited as at 31 December 2024 RM'000	Effect of Proposed Joint Venture RM'000	Pro forma I RM'000
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities		13,835		13,835
Other payables		1,381		1,381
Total non-current liabilities		15,216		15,216
Current liabilities				
Trade payables		748		748
Other payables		16,820		16,820
Total current liabilities		17,568		17,568
Total liabilities		32,784		32,784
Total equity and liabilities		171,622		254,706
Issued & paid-up share capital (Unit'000)		6,050,407		6,050,407
Net assets per share (RM)		0.02		0.03

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08 MAY 2025
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COMPUGATES HOLDINGS BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

1. BASIS OF PREPARATION

The pro forma consolidated statements of financial position of Compugates Holdings Berhad (the "Company") and its subsidiaries (the "Group") as at 31 December 2024 together with the notes to the pro forma consolidated statements of financial position, for which the Directors are solely responsible, has been compiled for illustrative purpose only, in connection with the conditional joint venture agreement ("JVA") entered between the Company's 70%-owned subsidiary, Compugates Development and Mining Sdn Bhd ("CDMSB" or the "Landowner") and CPG Puncak Sdn Bhd ("CPG" or the "Developer") on 31 January 2025, for the development of a parcel of leasehold land measuring 14.50 hectares (35.83 acres) identified as H.S.(D) 13828, PT 26800, Mukim of Dengkil, District of Sepang, State of Selangor ("Development Land") (collectively known as "Proposed Joint Venture").

The pro forma consolidated statements of financial position as at 31 December 2024 and the notes thereon have been compiled based on the assumptions that the Proposed Joint Venture as set out in Note 2 had been effected on 31 December 2024.

Applicable criteria

The pro forma consolidated statements of financial position as at 31 December 2024 have been compiled by the Directors in accordance with the Malaysian Institute of Accountants' Guidance Note for Issuers of Pro Forma Financial Information for illustrative purposes only to show the effects of the Proposed Joint Venture as set out in Note 2 on the audited consolidated statements of financial position of the Group as at 31 December 2024, and should be read in conjunction with the notes in this section.

The pro forma consolidated statements of financial position are not necessarily indicative of the financial position that would have been attained had the events and transactions actually occurred at the respective dates. Such information, because of its hypothetical nature, may not give a true picture of the actual financial position of the Group. Furthermore, such information does not purport to predict the Group's future financial position.

The pro forma consolidated statements of financial position as at 31 December 2024 have been compiled based on the audited consolidated statements of financial position of the Group as at 31 December 2024, which have been prepared in accordance with Malaysian Financial Reporting Standards and IFRS Accounting Standards, and in a manner consistent with the format of the consolidated statements of financial position and the accounting policies adopted by the Group.

The auditors' report of the audited consolidated statements of financial position of the Group as at 31 December 2024 was not subject to any qualification, modification or disclaimer of opinion.

The historical financial information of the Group is presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. All financial information has been rounded to nearest RM'000, unless otherwise stated.

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GRANT THORNTON MALAYSIA PLT

COMPUGATES HOLDINGS BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

2. PRO FORMA ADJUSTMENT

2.1 Proposed Joint Venture

Pursuant to the Proposed Joint Venture, CDMSB as the Landowner, will contribute the Development Land and CPG as the Developer, will undertake the Development. CDMSB shall grant their irrevocable consent to CPG, as the developer for the Development, to undertake the planning, construction, project management and sale of the entire Development at CPG's own costs and expenses, subject to the terms and conditions as stated in the JVA.

A summary of the Development to be undertaken by the Developer on the Development Land is out as follows:-

Proposed type of development	:	Multiple phased mixed-use development consisting of shophouses, service apartments, retail outlets and affordable housing over 8-9 development phases
Estimated commencement date of construction	:	The Development is expected to commence in the first half of 2026, subject to CDMSB and CPG obtaining the necessary approvals stipulated in the JVA
Estimated completion date	:	The final phases of the Development are expected to be completed by the second half of 2039
Estimated gross development value ("GDV")	:	RM1.36 billion[*1]
Estimated gross development cost ("GDC")	:	RM741.68 million[*1]
Minimum Landowner's Entitlement	:	RM234.00 million

Note:-

*[*1] The estimated GDV and GDC is based on feasibility studies undertaken by CPG and CDMSB. The estimated GDV takes into consideration the types of development units, average selling price per square foot and comparable residential and commercial developments within the vicinity of the Development Land. The estimated GDC includes the construction costs comprising piling works, building works, mechanical and electrical works, structural and architectural works as well as external works and development costs comprising mainly project management fees, authority and utilities fees.*

At this juncture, the name of the Development has not yet been determined. For the avoidance of doubt, there will be no joint venture company to be incorporated for the purposes of the Proposed Joint Venture.

Additionally, CDMSB as the Landowner of the Development Land is not expected to incur any financial commitment, and is not required to finance nor contribute to the development cost of the Development. CPG as the Developer shall bear the development cost in relation to undertaking the Development.

The development plan for the Development has not been finalised by CPG at this juncture, and the number of units proposed under the Development has not been confirmed.

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COMPUGATES HOLDINGS BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

2 **PRO FORMA ADJUSTMENT (CONT'D)**

2.1 **Proposed Joint Venture (cont'd)**

The expected profit generated from the Proposed Joint Venture over an estimated period of 13 years, which expected to be recognised following the completion of each respective phase of the Development are as follows:

Description	Note	RM'000
Minimum Landowner's Entitlement	(a)	234,000
Less: Net carrying amount of inventories as at 31 December 2024	(b)	(95,903)
Less: Estimated income tax	(c)	(54,613)
Less: Estimated expenses for the Proposed Joint Venture to be incurred by the Company		(400)
Profit from Proposed Joint Venture		83,084
Profit generated from the Proposed Joint Venture (after tax) attributed to:		
Owners of the Company		58,159
Non-controlling interests		24,925
		83,084

(a) The Minimum Landowner's Entitlement of RM234 million as stipulated in the JVA only represents the minimum amount that CDMSB may receive pursuant to the Proposed Joint Venture. Pursuant to the terms of the JVA, the Landowner's Entitlement will be fully satisfied via cash or properties.

For the pro forma presentation purpose, the Directors have assumed the full entitlement will be settled in cash.

(b) The net carrying amount of inventories consists of land cost (fair value at the date of change in use), professional fees, stamp duties, conversion fees, other relevant levies and direct development cost incurred in preparing the land for development:

Description	RM'000
Original land cost	4,171
Fair value gain recognised prior to classify as inventories	89,458
Net carrying amount of land cost	93,629
Other direct costs	2,274
Net carrying amount of inventories as at 31 December 2024	95,903

(c) Based on the Minimum Landowner's Entitlement of RM234.00 million arising from the Proposed Joint Venture over an estimated period of 13 years, and after deducting the original land cost and other direct costs amounting to RM6.45 million, the estimated assessable profit is RM227.55 million. The assessable profit is expected to be subject to income tax progressively, as and when the entitlement is ascertained under each phase, at the prevailing Malaysian corporate income tax rate of 24%. The actual income tax payable will be subject to the final assessment by a tax consultant to be appointed by CDMSB.

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COMPUGATES HOLDINGS BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

2. **PRO FORMA ADJUSTMENT (CONT'D)**

2.1 **Proposed Joint Venture (cont'd)**

Utilisation of proceeds

The landowner's entitlement to CDMSB can only be recognised progressively throughout13 years, and is to be paid within 1 month from the date of completion of the respective phases of the Development. Subject to the progress of the Development, the first tranche of landowner's entitlement is estimated to be received by the first half of 2029 upon completion of the first phase of the Development.

Purely for illustration purposes, given that CDMSB is a 70%-owned subsidiary of the Group, the Group has illustrated the utilisation of proceeds below based on 70% of the Minimum Landowners Entitlement (i.e. RM163.80 million). The future proceeds arising from the landowner's entitlement, illustrated through using 70% of the Minimum Landowner's Entitlement, are intended to be utilised by the Group in the following manners:-

Details of utilisation	Time frame for utilisation	RM'000	%
Expansion of the Group's property development segment (including working capital arising from the Proposed Joint Venture)	Within 24 months from the collection date of the landowner's entitlement of each respective phase of the Development	147,420	90.00
Working capital requirements of the Group's trading and services segments	Within 24 months from the collection date of the landowner's entitlement of each respective phase of the Development	16,380	10.00
		163,800	100.00

As at the Latest Practicable Date, the Group has yet to enter into any contractual binding agreements. Accordingly, the use of proceeds earmarked for expansion plans and/or working capital requirements (except for estimated income tax and estimated expenses for the Proposed Joint Venture) are not reflected in the Pro Forma Statements of Financial Position. As such, it will be remained in the cash and bank balances.

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08 MAY 2025
GRANT THORNTON MALAYSIA PLT

COMPUGATES HOLDINGS BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

3. EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

3.1 INVENTORIES

The movements of the inventories (current and non-current) are as follows:

	Non-current RM'000	Current RM'000	Total RM'000
Audited as at 31 December 2024	93,629	51,179	144,808
Proposed Joint Venture	(93,629)	(2,274)	(95,903)
Pro Forma I	-	48,905	48,905

3.2 CASH AND BANK BALANCES

The movements of the cash and bank balances are as follows:

	RM'000
Audited as at 31 December 2024	753
Minimum Landowner's Entitlement	234,000
Estimated tax impact in relation to the Proposed Joint Venture	(54,613)
Estimated expenses for the Proposed Joint Venture	(400)
Pro Forma I	179,740

3.3 (ACCUMULATED LOSSES)/RETAINED EARNINGS

The movements of (accumulated losses)/retained earnings are as follows:

	RM'000
Audited as at 31 December 2024	(21,595)
Profit generated from the Proposed Joint Venture (after tax) attributed to owners of the Company	58,159
Pro Forma I	36,564

3.4 NON-CONTROLLING INTERESTS

The movements of non-controlling interests are as follows:

	RM'000
Audited as at 31 December 2024	33,617
Profit generated from the Proposed Joint Venture (after tax) attributed to non-controlling interests	24,925
Pro Forma I	58,542

Stamped for the purpose of identification on:
08 MAY 2025
GRANT THORNTON MALAYSIA PLT

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board, and the Directors collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. CONSENT

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

MainStreet, being the Independent Adviser for the Proposed Joint Venture, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

IVPS, being the Valuer to CHB in relation to the valuation of the Development Land, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, Valuation Certificate and all references thereto in the form and context in which they appear in this Circular.

Grant Thornton Malaysia PLT, being the Reporting Accountant for the Proposed Joint Venture, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the pro forma consolidated financial statements of financial position of CHB Group as at 31 December 2024, and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTEREST

UOBKH have given their written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Adviser to CHB for the Proposals.

MainStreet have given their written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Independent Adviser to CHB for the Proposed Joint Venture.

IVPS have given their written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Valuer to CHB in relation to the valuation of the Development Land.

Grant Thornton Malaysia PLT have given their written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Reporting Accountants to CHB for the Proposed Joint Venture.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As a the LPD, the Board is not aware of any material litigation, claims or arbitration, proceedings pending, or of any facts likely to give rise to any proceedings involving the Development Land.

Furthermore, save as disclosed below, as at the LPD, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and does not have any knowledge of any proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of the Group:-

(i) High Court of Shah Alam Originating Summons No. BA-24NCVC-1150-07/2022 between CDMSB and Main Uptown Sdn Bhd ("**MUSB**") for assessment of damages in relation to an interlocutory injunction granted to MUSB on 14 December 2022.

This legal proceeding is in relation to an order obtained at the Court of Appeal by CDMSB wherein the Court of Appeal via order dated 4 September 2023 allowed CDMSB's appeal to set aside the injunction obtained by MUSB on 14 December 2022 and further ordered that the case to be remitted back to High Court of Shah Alam ("**High Court**") for inquiry as to damages suffered if any, by CDMSB between the period of 14 December 2022 to 4 September 2023 (the period of injunction).

The application for assessment of damages against the injunction was then filed by CDMSB. The full trial commenced on 12 July 2024 and was completed on 21 October 2024. On 25 February 2025, the High Court assessed the damages suffered by CDMSB during the relevant period of the injunction to be RM750,584.00 ("**Damages**") with costs of RM5,000.00 ("**Costs**") to be paid by MUSB to CDMSB subject to allocator ("**High Court Decision**").

On 25 March 2025, MUSB filed an appeal to the Court of Appeal against the High Court Decision and on the same day, CDMSB also filed an appeal to the Court of Appeal against the High Court Decision for the other heads of damages claimed but not awarded by the High Court.

MUSB has since paid the Damages and Costs to CDMSB on 24 April 2025.

5. MATERIAL COMMITMENTS

As at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by the Group that has not been provided for which, upon becoming enforceable, may have a material impact on the Group's financial results/ position.

6. CONTINGENT LIABILITIES

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

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's Registered Office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia during the normal business hours from Monday to Friday (except public holidays) from the date hereof up to the time stipulated for the holding of the EGM:-

(i) Constitution of CHB;

(ii) the audited consolidated financial statements of CHB for the past 2 financial years up to the FYE 31 December 2024;

(iii) the letter of consent and declaration of conflict of interests referred to in **Sections 2** and **3** of **Appendix V** hereinabove, respectively;

(iv) the Valuation Certificate and Valuation Report for the Development Land prepared by IVPS;

(v) the JVA dated 31 January 2025;

(vi) Pro forma consolidated statements of financial position of CHB Group as at 31 December 2024, as set out in **Appendix IV** of this Circular;

(vii) the draft Bylaws, as set out in **Appendix II** of this Circular; and

(viii) Cause papers referred to in **Section 4** of **Appendix V** hereinabove.

COMPUGATES®

COMPUGATES HOLDINGS BERHAD
Registration No. 200401030779 (669287-H)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Compugates Holdings Berhad ("**CHB**" or the "**Company**") ("**EGM**" or "**Meeting**") will be held at Greens III Sports Wing, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 28 May 2025 at 10:45 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Twentieth Annual General Meeting of the Company which will be held at the same venue on the same day at 10:00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:-

ORDINARY RESOLUTION 1

PROPOSED JOINT VENTURE BETWEEN COMPUGATES DEVELOPMENT AND MINING SDN BHD ("CDMSB"), A 70%-OWNED SUBSIDIARY OF COMPUGATES HOLDINGS BERHAD ("CHB") AND CPG PUNCAK SDN BHD ("CPG") FOR THE DEVELOPMENT OF A PARCEL OF LEASEHOLD LAND IN SEPANG, SELANGOR ("DEVELOPMENT LAND") ("PROPOSED JOINT VENTURE")

"**THAT** subject to the approvals being obtained from the relevant authorities and/ or parties as set out in the joint venture agreement dated 31 January 2025 entered into between CDMSB, a 70%-owned subsidiary of CHB and CPG ("**JVA**"), approval be and is hereby given for CDMSB to undertake a multiple phased mixed-use development in accordance with the terms and conditions stipulated in the JVA.

AND THAT the Board of Directors of CHB, 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 the Proposed Joint Venture 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 in any manner as it may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Joint Venture."

ORDINARY RESOLUTION 2

PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES IN CHB (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME OVER THE DURATION OF THE ESOS ("PROPOSED ESOS")

"**THAT**, subject to the approvals of all relevant regulatory authorities being obtained, where required, approval be and is hereby given to the Board of Directors of CHB ("**Board**") for the listing of and quotation for such number of new CHB Shares, representing 15% of the total number of issued shares in CHB (excluding treasury shares, if any) ("**CHB Share(s)**") to be issued arising from the exercise of the options granted under the Proposed ESOS ("**ESOS Option(s)**"), approval be and is hereby given for the Board to:-

i. establish, implement and administer the Proposed ESOS during the duration of the ESOS for the eligible Directors and employees of CHB and its subsidiaries (the "**Group**") (excluding subsidiaries which are dormant, if any) who fulfil the eligibility criteria ("**Eligible Persons**") in accordance with the provisions of the by-laws governing the rules, terms and conditions of the Proposed ESOS ("**Bylaws**"), a draft of which is set out in Appendix II of the circular to the shareholders of CHB dated 9 May 2025 in relation to the Proposed ESOS ("**Circular**");

ii. determine the exercise price of the ESOS Options based on the terms and conditions set out in the Bylaws and allot and issue such number of new CHB Shares to the Eligible Persons from time to time as may be arising from the exercise of the ESOS Options, provided that the total number of new CHB Shares, which may be made available under the Proposed ESOS, shall not in aggregate exceed 15% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time over the duration of the Proposed ESOS;

iii. make the necessary applications and do all things necessary at the appropriate time or times to Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for the new CHB Shares, which may from time to time be allotted and issued arising from the exercise of the ESOS Options and that the new CHB Shares to be allotted and issued upon the exercise of the ESOS Options will, upon allotment and issuance, rank equally in all respects with the existing CHB Shares, save and except that such CHB Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distributions declared, made or paid to shareholders where the entitlement date of such distributions precedes the relevant date of allotment and issuance of such CHB Shares. The new CHB Shares allotted will be subject to all provisions in the Constitution of the Company and Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**"), if any;

iv. add, amend, modify and/ or delete all or any part of the terms and conditions as set out in the Bylaws governing the Proposed ESOS from time to time provided that such addition, amendment, modification and/ or deletion are effected in accordance with the provisions of the Bylaws, and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Proposed ESOS;

v. extend the duration of the Proposed ESOS for a period of up to another two (2) years, provided always that such extension of the Proposed ESOS made in accordance with the provisions of the Bylaws shall not in aggregate exceed a duration of four (4) years from the date the Proposed ESOS takes effect or such other period determined by the relevant authorities;

vi. do all things necessary and make the necessary applications to Bursa Securities for the listing of and quotation for new CHB Shares that may, hereafter from time to time, be allotted and issued under the Proposed ESOS; and

vii. to appoint and authorise a committee by the Board ("**ESOS Committee**"), which the Proposed ESOS will be administered in accordance with the Bylaws by the said ESOS Committee, who will be responsible for implementing and administering the Proposed ESOS. The members of the ESOS Committee shall comprise such number of Directors and/ or senior management personnel of the Group to be identified from time to time.

THAT the Board be and is hereby authorised to give effect to the Proposed ESOS with full power to assent to any conditions, modifications, variations and/ or amendments in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things as they may consider necessary and/ or expedient to implement, finalise and give full effect to the Proposed ESOS;

THAT pursuant to Section 85 of the Companies Act 2016 ("**Act**") read together with Clause 65 of the Constitution of the Company, the shareholders of the Company do hereby waive their pre-emptive rights to be offered new CHB Shares ranking equally to the existing issued CHB Shares arising from any issuance of new CHB Shares to the Eligible Persons pursuant to the Proposed ESOS;

AND THAT the draft Bylaws as set out in Appendix II of the Circular and which is in compliance with the Listing Requirements, be and is hereby approved and adopted."

ORDINARY RESOLUTIONS 3 TO 10

PROPOSED ALLOCATION OF ESOS OPTIONS TO THE ELIGIBLE DIRECTORS, MAJOR SHAREHOLDERS OF CHB AND PERSON CONNECTED TO THEM UNDER PROPOSED ESOS ("PROPOSED ALLOCATION")

"THAT, subject to the passing of the Ordinary Resolution 2 and the approval of the relevant authorities being obtained for the Proposed ESOS, including the approval from Bursa Securities for the listing and quotation for the new CHB Shares to be issued arising from the exercise of the ESOS Options, having been obtained, approval be and is hereby given to the Board to authorise the ESOS Committee, at any time from time to time throughout the duration of the Proposed ESOS, to offer and grant to the following Directors of CHB, ESOS Options to subscribe for new CHB Shares under the Proposed ESOS:-

No.	Name	Ordinary Resolutions
i.	Goh Kheng Peow (Substantial shareholder/ Chief Executive Officer)	Resolution 3
ii.	See Thoo Chan (Substantial shareholder/ Executive Director)	Resolution 4
iii.	Tan Sri Datuk Asmat Bin Kamaludin (Non-Independent Non-Executive Chairman)	Resolution 5
iv.	Mohamed Fauzi bin Omar (Non-Independent Non-Executive Director)	Resolution 6
v.	Goh Tai Wai (Non-Independent Non-Executive Director)	Resolution 7
vi.	Low Geok Eng (Independent Non-Executive Director)	Resolution 8
vii.	Tan Siew Li (Independent Non-Executive Director)	Resolution 9
viii.	Keane Goh Yan Han[*1]	Resolution 10

Note:

*[*1] Keane Goh Yan Han is the son of Goh Kheng Peow and See Thoo Chan, and the Group General Manager of CHB.*

Provided always that:-

i. he/ she must not participate in the deliberation or discussion of his/ her own respective allocation of ESOS Options as well as allocation to persons connected to him/ her;

ii. not more than 15% of the new CHB Shares which may be made available under the Proposed ESOS shall be allocated to him/ her, if he/ she, either singly or collectively through persons connected to him/ her, holds 20% or more of the total number of issued shares of CHB (excluding treasury shares, if any);

iii. not more than 70% of the total number of new CHB Shares which may be made available under the Proposed ESOS, in aggregate, to the Directors and Senior Management of the Company who are eligible Employees; and

iv. subject always to such terms and conditions and/ or any adjustments which may be made in accordance with the provisions of the Bylaws, the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authority, as amended from time to time;

THAT pursuant to Section 85 of the Act read together with Clause 65 of the Constitution of the Company, the shareholders of the Company do hereby waive their pre-emptive rights to be offered new CHB Shares ranking equally to the existing issued CHB Shares arising from any issuance of new CHB Shares to the above Directors of CHB Group pursuant to the Proposed ESOS;

THAT the Board be and is hereby authorised to allot and issue the corresponding number of new CHB Shares arising from the exercise of the ESOS Options that may be granted to any of the abovementioned interested Directors and employees of the Company under the Proposed ESOS;

AND THAT the Board be further authorised to do all such acts and things (including executing such documents as may be required) in the said connection and to delegate all or any of the powers herein vested in them to any Director(s) or any officer(s) of the Company to give effect to the Proposed Allocation with full power to assent to and to adopt and implement any condition, variation, modification and/ or amendment as may be necessary or expedient and/ or imposed by and/or agreed with the relevant authorities."

Explanatory Note to Ordinary Resolutions 2 to 9:-

Section 85(1) of the Act provides that:-

"Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders".

Clause 65 of the Company's Constitution states as follows:-

"Subject to any direction to the contrary that may be given by the Company in general meeting, any new shares or other convertible securities shall before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or other convertible securities to which they are entitled. The offer shall be made by notice specifying the number of shares or other convertible securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or other convertible securities offered, the Directors may dispose of those shares or other convertible securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares or other convertible securities which (by reason of the ratio which the new shares or other convertible securities bear to shares or other convertible securities held by persons entitled to an offer of new shares or other convertible securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution."

Pursuant to Section 85(1) of the Act read together with Clause 65 of the Constitution of the Company, the existing shareholders of the Company have pre-emptive rights to be offered new Shares in our Company in proportion to their shareholdings in the Company. By approving the resolution in relation to the Proposed ESOS which entails the allotment and issuance of new CHB Shares arising from the exercise of the ESOS Options in the Company which will rank equally with the existing issued Shares in the Company, the shareholders of the Company are deemed to have waived their pre-emptive rights pursuant to Section 85(1) of the Act and Clause 65 of the Constitution of the Company to be first offered the CHB Shares which will result in a dilution to their shareholding percentage in the Company.

By Order of the Board,

CHANG NGEE CHUANG (MAICSA 7077854)
(SSM PC NO. 201908001421)
JEREMY TAI YUNG WEI (MAICSA 7065447)
(SSM PC NO. 202308000580)

Company Secretaries
Kuala Lumpur
9 May 2025

Notes:-

A. Appointment of Proxy(ies)

(i) A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.

(ii) A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.

(iii) A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.

(iv) Where a member is an Authorised Nominee as defined under The Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

(v) The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the proxy form must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, Tricor Drop-in Box located at Unit G-2, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. In the case of electronic appointment, the proxy form must be deposited via TIIH Online at https://tiih.online. Please refer to the Annexure to the Form of Proxy for further information on electronic submission. All proxy form submitted must be received by the Company not less than 48 hours before the time set for holding the Meeting or any adjournment thereof or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

(vi) An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.

(vii) In respect of deposited securities, only members whose names appear on the Record of Depositors on 22 May 2025, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

(viii) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out in this Notice will be put to vote by way of poll.

Personal data privacy:-

By submitting form(s) of proxy appointing proxy(ies) or corporate representative(s) or attorney(s) to attend, participate (including to pose questions to the Board of Directors of the Company) and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxy(ies) or corporate representative(s) or attorney(s) appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) or corporate representative(s) or attorney(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) or corporate representative(s) or attorney(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) or corporate representative(s) or attorney(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

COMPUGATES®

COMPUGATES HOLDINGS BERHAD
Registration No. 200401030779 (669287-H)
(Incorporated in Malaysia)

FORM OF PROXY

No. of Shares Held	CDS Account No.

(To be completed in block letters)

*I/We .....
(Full name in Block Letters)

NRIC/Passport/Company No. ..... of .....

.....
(Full Address)

(Contact No./Email:.....) being a member of Compugates Holdings Berhad (Registration No. 200401030779 (669287-H)), hereby appoint:

Full Name of Proxy (in Block Letters)	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Contact No.	Email Address		

and *(if more than one (1) proxy)*

Full Name of Proxy (in Block Letters)	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Contact No.	Email Address		

or failing him/her, THE CHAIRMAN OF THE MEETING as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the Extraordinary General Meeting("**EGM**" or "**Meeting**") of the Company to be held at Greens III Sports Wing, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 28 May 2025 at 10.45 a.m. or at any adjournment thereof.

ORDINARY RESOLUTIONS		**For**	**Against**
1.	Proposed Joint Venture		
2.	Proposed ESOS		
3.	Proposed Allocation of ESOS Options to Goh Kheng Peow		
4.	Proposed Allocation of ESOS Options to See Thoo Chan		
5.	Proposed Allocation of ESOS Options to Tan Sri Datuk Asmat bin Kamaludin		
6.	Proposed Allocation of ESOS Options to Mohamed Fauzi bin Omar		
7.	Proposed Allocation of ESOS Options to Goh Tai Wai		
8.	Proposed Allocation of ESOS Options to Low Geok Eng		
9.	Proposed Allocation of ESOS Options to Tan Siew Li		
10.	Proposed Allocation of ESOS Options to Keane Goh Yan Han		

Please indicate with an "X" in the space above on how you wish to cast your vote. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit, or at his/her discretion, abstain from voting.

*Delete if not applicable.

Dated this .....day of.....2025

_____
Signature(s)/ Common Seal of member

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Fold this flap for sealing

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AFFIX
STAMP

THE SHARE REGISTRAR OF
COMPUGATES HOLDINGS BERHAD
TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Registration No. 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
Malaysia

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