

THIS CIRCULAR TO SHAREHOLDERS OF ALCOM GROUP BERHAD (“AGB” OR THE “COMPANY”) (“CIRCULAR”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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alcom

ALCOM GROUP BERHAD

(Registration No. 201701047083 (1261259-V))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED ACQUISITION BY AG AVENUE SDN. BHD., A WHOLLY-OWNED INDIRECT SUBSIDIARY OF AGB, OF 2 PARCELS OF CONTIGUOUS LEASEHOLD VACANT COMMERCIAL LAND HELD UNDER THE LAND TITLE NO. PM 416, LOT 31632 AND PM 417, LOT 31633, BOTH OF WHICH ARE LOCATED IN MUKIM KAPAR, TEMPAT BUKIT RAJA, DAERAH KLANG, NEGERI SELANGOR, FOR A TOTAL CASH CONSIDERATION OF RM56,000,000

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)

The Extraordinary General Meeting (“EGM”) of AGB will be conducted virtually and live-streamed from the Broadcast Venue. The Notice of EGM and the Form of Proxy are enclosed together with this Circular.

The Form of Proxy must be deposited with/received by our Administration and Polling Agent, KPMG Management & Risk Consulting Sdn. Bhd. at Concourse, KPMG Tower, No. 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia. Alternatively, the Form of Proxy may be electronically lodged via ConveneAGM Meeting Platform at <https://conveneagm.my/alcomegm2023>. Please refer to the Administrative Details for the EGM for further information on electronic submission. All Forms of Proxy must be deposited not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending, asking questions and voting remotely at the EGM using remote participation and voting facilities, should you subsequently wish to do so.

Last day, date and time for lodging the Form of Proxy	: Monday, 24 July 2023 at 10.00 a.m.
Day, date and time of the EGM	: Wednesday, 26 July 2023 at 10.00 a.m., or at any adjournment thereof
Broadcast Venue of the EGM	: Board Room, R-05-17 (Level 5) Wisma SCLand, Emporis Kota Damansara Persiaran Surian, 47810 Petaling Jaya Selangor Darul Ehsan, Malaysia

This Circular is dated 11 July 2023

DEFINITIONS

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

“88 Legacy” or “Vendor”	or the	:	88 Legacy Sdn. Bhd. (Registration No. 201401028909 (1104995-A)), a wholly-owned subsidiary of MBSB
“Act”		:	The Companies Act 2016
“AG Avenue” or “Purchaser”	or the	:	AG Avenue Sdn. Bhd. (Registration No. 202201047420 (1493117-V)), a wholly-owned subsidiary of AGB Land, which is in turn a wholly-owned subsidiary of AGB
“AGB” or the “Company”		:	Alcom Group Berhad (Registration No. 201701047083 (1261259-V))
“AGB Group” or the “Group”		:	Collectively, AGB and its subsidiaries
“AGB Land”		:	AGB Land Sdn. Bhd. (formerly known as SCLand Development Sdn. Bhd.) (Registration No. 201701040664 (1254837-T))
“AGB Share(s)” or “Share(s)”		:	Ordinary share(s) in AGB
“Balance Deposit”		:	A deposit of RM2,800,000, constituting 5.0% of the Total Purchase Consideration, which was paid by the Purchaser to the Vendor’s solicitors as stakeholders upon the execution of the SPA
“Balance Purchase Consideration”		:	The balance of RM50,400,000, constituting 90.0% of the Total Purchase Consideration, which is payable by the Purchaser to the Vendor within the Completion Period or the Extended Completion Period
“Board”		:	The Board of Directors of AGB
“Bursa Securities”		:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
“Circular”		:	This circular to shareholders of AGB dated 11 July 2023 in relation to the Proposed Acquisition
“Completion Period”		:	A period within 90 days from the date on which the SPA becomes unconditional, i.e. the date on which the last of the conditions precedent of the SPA is fulfilled
“Deposit Sum”		:	Collectively, the Earnest Sum, Retention Sum and Balance Deposit which constitute an aggregate of 10.0% of the Total Purchase Consideration, amounting an aggregate of RM5,600,000
“Director(s)”		:	Director(s) of AGB and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and Section 2(1) of the Act
“Earnest Sum”		:	An earnest deposit amounting to RM1,120,000, constituting 2.0% of the Total Purchase Consideration, which was paid by the Purchaser to MBSB upon the issuance of the letter of offer by the Purchaser to purchase the Subject Properties
“EGM”		:	Extraordinary general meeting

DEFINITIONS (CONT'D)

“EPS”	:	Earnings per Share
“Extended Completion Period”	:	An extension of 30 days from the day immediately after the last day of the Completion Period
“FPE”	:	Financial period ended/ending, as the case may be
“FYE”	:	Financial year ended/ending, as the case may be
“Independent Valuer” or “Savills”	:	Savills (Malaysia) Sdn. Bhd. (Registration No. 199501004315 (333510-P)), the independent valuer appointed by AGB to carry out a formal valuation on the Subject Properties pursuant to the Proposed Acquisition
“Land 1”	:	A parcel of leasehold vacant commercial land held under title no. PM 416, Lot 31632, located in Mukim Kapar, Tempat Bukit Raja, Daerah Klang, Negeri Selangor, measuring approximately 5.04 acres
“Land 2”	:	A parcel of leasehold vacant commercial land held under title no. PM 417, Lot 31633, located in Mukim Kapar, Tempat Bukit Raja, Daerah Klang, Negeri Selangor, measuring approximately 2.04 acres
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	23 June 2023, being the latest practicable date prior to the date of this Circular
“MBSB”	:	Malaysia Building Society Berhad (Registration No. 197001000172 (9417-K))
“NA”	:	Net assets
“Proposed Acquisition”	:	Proposed acquisition by AG Avenue of the Subject Properties for the Total Purchase Consideration
“Retention Sum”	:	The sum of RM1,680,000, constituting 3.0% of the Total Purchase Consideration, which was paid by the Purchaser to the Purchaser’s solicitors as stakeholders upon the execution of the SPA for the purpose of compliance with the Real Property Gains Tax Act, 1976
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“SPA”	:	Conditional sale and purchase agreement dated 14 April 2023 entered into between AG Avenue and 88 Legacy in relation to the Proposed Acquisition
“Subject Properties”	:	Collectively, Land 1 and Land 2
“Total Purchase Consideration”	:	The total purchase consideration of RM56,000,000 for the Proposed Acquisition
“UOBKH” or “Principal Adviser”	:	UOB Kay Hian Securities (M) Sdn. Bhd. (Registration No. 199001003423 (194990-K))
“Valuation Certificate”	:	The valuation certificate issued by the Independent Valuer dated 9 May 2023 on the Subject Properties
“Valuation Report”	:	The valuation report issued by the Independent Valuer dated 9 May 2023 on the Subject Properties

DEFINITIONS (CONT'D)

Unit of measurement

“sqm” : Square metres

All references to “our Company” and “AGB” in this Circular are to AGB and references to “our Group” or “AGB Group” are to our Company and our subsidiary companies. All references to “we”, “us”, “our” and “ourselves” are to our Company, and where the context requires, our Group or any of our subsidiary companies. All references to “you” or “your” in this Circular are to the shareholders of AGB.

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any enactment or guidelines is a reference to that enactment or guidelines as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

For ease of reading, certain figures in this Circular have been rounded. Any discrepancy in the figures included in this Circular between the amounts stated and the totals thereof are due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our plans and objectives will be achieved.

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ALCOM GROUP BERHAD
(Registration No. 201701047083 (1261259-V))
(Incorporated in Malaysia)

Registered Office
No. 3, Persiaran Waja
Bukit Raja Industrial Estate
41050 Klang
Selangor Darul Ehsan

11 July 2023

Board of Directors

Dato' Seri Subahan Bin Kamal	<i>(Chairman / Senior Independent Non-Executive Director)</i>
Heon Chee Shyong	<i>(President cum Chief Executive Officer)</i>
Yeoh Jin Hoe	<i>(Executive Director)</i>
Goh Teck Hong	<i>(Executive Director)</i>
Wong Choon Shein	<i>(Independent Non-Executive Director)</i>
Lam Voon Kean	<i>(Independent Non-Executive Director)</i>
Datin Shelina Binti Razaly Wah	<i>(Independent Non-Executive Director)</i>
Gong Wooi Teik	<i>(Independent Non-Executive Director)</i>
Marc Francis Yeoh Min Chang	<i>(Alternate Director to Yeoh Jin Hoe)</i>

To: The Shareholders of AGB

Dear Sir/Madam,

PROPOSED ACQUISITION

1. INTRODUCTION

On 14 April 2023, on behalf of our Board, UOBKH had announced that AG Avenue had, on even date, entered into the SPA with 88 Legacy in respect of the Proposed Acquisition.

Further details of the Proposed Acquisition 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 PROPOSED ACQUISITION AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF THE FORTHCOMING EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

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

2. DETAILS OF THE PROPOSED ACQUISITION

The Proposed Acquisition entails the acquisition by AG Avenue of the Subject Properties located in Mukim Kapar, Tempat Bukit Raja, Daerah Klang, Negeri Selangor, measuring an aggregate of approximately 7.08 acres⁽¹⁾ (equivalent to approximately 28,651 sqm) from 88 Legacy, for the Total Purchase Consideration. Further details of the Subject Properties are set out in **Section 2.1** below.

The Proposed Acquisition is subject to the terms and conditions of the SPA. The salient terms of the SPA are set out in **Appendix II** of this Circular.

Note:-

- (1) A portion of the Subject Properties has been compulsorily acquired ("**Compulsory Acquisition**") under the Land Acquisition Act 1960 pursuant to Form K (vide Presentation No. 397/2018 and 398/2018 dated 18 May 2018) ("**Compulsorily Acquired Land**") for the purposes of the development of Light Rail Transit Shah Alam Line ("**LRT 3**"), the land details of which are set out below:-

	(A)	(B)	(A) - (B)
	Land area before the Compulsory Acquisition (sqm)	Land area of the Compulsorily Acquired Land (sqm)	Land area after the Compulsory Acquisition (sqm)
Land 1	21,557	1,181	20,376
Land 2	10,554	2,279	8,275
Total	32,111	3,460	28,651

For information purposes, as at the LPD, the Compulsorily Acquired Land is no longer vacant and construction works on the said land for the LRT 3 has commenced.

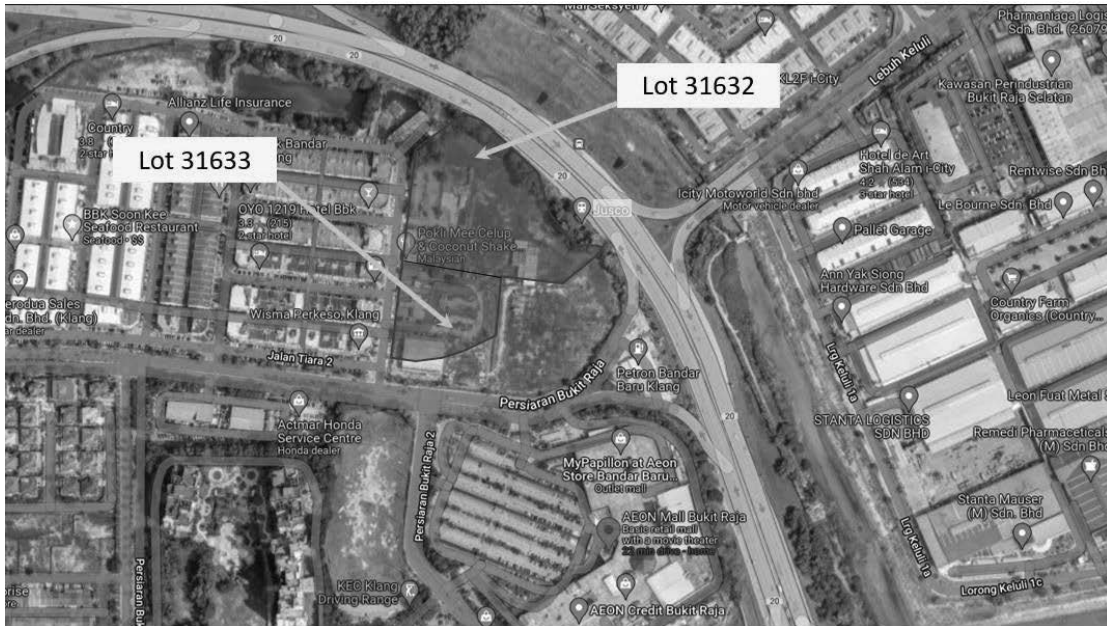
2.1 Information on the Subject Properties

The Subject Properties are adjacent lots, both strategically located in Mukim Kapar, Tempat Bukit Raja, Daerah Klang, Negeri Selangor. The Subject Properties are surrounded by a mixture of commercial and industrial developments such as shop-offices, office buildings, factories, apartments and hotel.

The Subject Properties are situated near the notable landmarks (i.e. Aeon Mall Bukit Raja) and are located within 500 meters away from the upcoming LRT 3 Bandar Baru Klang station. The Subject Properties are accessible from the town centre of Klang and Kuala Lumpur by way of Federal Highway, Persiaran Bukit Raja 1, Persiaran Bukit Raja and thereafter onto Jalan Tiara 1.

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The summary of the details of the Subject Properties is set out as follows:-



	Land 1	Land 2
Title description	PM 416, Lot 31632, Mukim Kapar, Tempat Bukit Raja, Daerah Klang, Negeri Selangor	PM 417, Lot 31633, Mukim Kapar, Tempat Bukit Raja, Daerah Klang, Negeri Selangor
Land area	5.04 acres / 20,376 sqm	2.04 acres / 8,275 sqm
Postal address	PT 21438, Persiaran Bukit Raja, Bandar Baru Klang, 41050 Klang, Selangor	PT 31634, Persiaran Bukit Raja, Bandar Baru Klang Null, 41050 Klang, Selangor
Tenure	Leasehold for a period of 99 years expiring on 8 May 2093	
Category of land use	Bangunan	
Registered owner	88 Legacy	
Express conditions	Bangunan Perniagaan	
Encumbrances	Nil	
Endorsement	Part of the land measuring approximately 1,181 sqm has been acquired via Form K vide Presentation No. 397/2018 dated 18 May 2018	Part of the land measuring approximately 2,279 sqm has been acquired via Form K vide Presentation No. 398/2018 dated 18 May 2018
Existing use	Vacant commercial land ⁽¹⁾	
Proposed use ⁽²⁾	Proposed mixed development project (indicatively comprising commercial units, office, small office home office (SOHO) and service apartments)	
Restriction-in-interest	Tanah yang diberi milik ini tidak boleh dipindah milik, digadai atau dipajak melainkan dengan kebenaran Pihak Berkuasa Negeri	
Date of inspection	20 April 2023	
Audited net book value (as at 31 December 2022) ⁽³⁾	RM50,516,250	
Independent valuer	Savills (Malaysia) Sdn. Bhd.	
Method of valuation	Comparison Approach	
Market value ⁽⁴⁾	RM58,000,000	

Notes:-

- (1) For information purposes, as at the LPD, the temporary structures of simple steel construction built on the Subject Properties are presently used by restaurants, and part of the Subject Properties is also currently being utilised as an open space car parking area ("**Temporary Onsite Structures**"). It is hence pertinent to note that the Temporary Onsite Structures will be fully demolished and removed from site as the Vendor is required to deliver vacant possession to the Purchaser pursuant to the SPA, whereby the Subject Properties are to be free from, amongst others, all squatters, occupants, tenants, invitees or licensees ("**Vacant Possession**").
- (2) As at the LPD, no development plan has been submitted by AG Avenue to the relevant authorities for development order approval.
- (3) Based on the latest information provided by the Vendor based on the latest audited financial statements of 88 Legacy for the FYE 31 December 2022.
- (4) As appraised by the Independent Valuer vide its Valuation Report. For avoidance of doubt, the Independent Valuer has valued the Subject Properties as vacant parcels of commercial land in view that the Temporary Onsite Structures will be demolished and removed as per the Vacant Possession requirement under the SPA.

The Independent Valuer had only adopted the comparison approach of valuation in appraising the market value of the Subject Properties as other alternative methods are not applicable in view that the Subject Properties are parcels of vacant commercial land without any development approval or approved layout plan obtained and do not generate any income as at the LPD.

Under the comparison approach, the Subject Properties' market values are determined by comparing them with recent sales and/or listing of similar properties in the vicinity for the past 3 years preceding the valuation date (i.e. 20 April 2023), or if not available, within similar localities. "Market value" is defined as the estimated amount for which an asset or liability should exchange on the date of valuation 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.

2.2 Information on the Purchaser

AG Avenue was incorporated on 28 December 2022 as a private limited company in Malaysia under the Act and having its registered address at No. 3, Persiaran Waja, Bukit Raja Industrial Estate, 41050 Klang, Selangor. AG Avenue's principal activity is property development. AG Avenue has an issued share capital of RM1.00 comprising 1 ordinary share as at the LPD. AG Avenue is a wholly-owned subsidiary of AGB Land, which is in turn a wholly-owned subsidiary of AGB.

The directors of AG Avenue and their respective shareholdings in AG Avenue as at the LPD are as follows:-

	Nationality	Shareholdings as at the LPD			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
Ang Loo Leong	Malaysian	-	-	-	-
Yeoh Jin Hoe	Malaysian	-	-	-	-
Shaun Patrick Yeoh Min Jin	Malaysian	-	-	-	-

2.3 Information on the Vendor

88 Legacy was incorporated on 15 August 2014 as a private limited company in Malaysia under the Companies Act 1965 and having its registered address at Level 25, Menara MBSB Bank, PJ Sentral, Lot 12, Persiaran Barat, Seksyen 52, 46200 Petaling Jaya, Selangor. 88 Legacy's principal activities are property investment and dealing in property. 88 Legacy has an issued share capital of RM2.00 comprising 2 ordinary shares as at the LPD. 88 Legacy is a wholly-owned subsidiary of MBSB, a company listed on the Main Market of Bursa Securities.

The directors of 88 Legacy and their respective shareholdings in 88 Legacy as at the LPD are as follows:-

	Nationality	Shareholdings as at the LPD			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
Hazim Bin Yahya	Malaysian	-	-	-	-
Jesleigh Bin Johari	Malaysian	-	-	-	-

2.4 Basis and justification of determining the Total Purchase Consideration

The Total Purchase Consideration was arrived at on a 'willing-buyer willing-seller' basis, after taking into consideration the following:-

- (i) the aggregate market value of the Subject Properties amounting to RM58,000,000 as appraised by the Independent Valuer based on the comparison approach of valuation. The Total Purchase Consideration represents a marginal discount of approximately RM2,000,000 or 3.45% against the appraised market value of the Subject Properties. The Vendor had accepted the Total Purchase Consideration proposed by AG Avenue during the land acquisition process, after taking into consideration, amongst others, the Total Purchase Consideration proposed by AG Avenue as compared to the other indicative purchase prices proposed by interested buyers in respect of the Subject Properties;
- (ii) the rationale of the Proposed Acquisition as set out in **Section 3** of this Circular; and
- (iii) the prospects of the Subject Properties as set out in **Section 4.4** of this Circular.

2.5 Mode of settlement

Pursuant to the terms of the SPA, the Total Purchase Consideration is to be satisfied entirely in cash, in the following manner:-

Payment Term	Timing of settlement	Purchase Consideration (RM)
2.0% of the Total Purchase Consideration as Earnest Sum	The sum of RM1,060,000 and RM60,000 totalling the Earnest Sum were paid by the Purchaser to MBSB, being the holding company of the Vendor on 16 November 2022 and 1 December 2022 respectively	1,120,000
3.0% of the Total Purchase Consideration as Retention Sum	The Retention Sum was paid by the Purchaser to the Purchaser's solicitors as stakeholders upon execution of the SPA	1,680,000
5.0% of the Total Purchase Consideration as Balance Deposit	The Balance Deposit was paid by the Purchaser to the Vendor's solicitors as stakeholders upon execution of the SPA	2,800,000
90.0% of the Total Purchase Consideration as Balance Purchase Consideration	Within the Completion Period or the Extended Completion Period	50,400,000
		56,000,000

2.6 Source of funding

The Proposed Acquisition will be satisfied via a combination of bank borrowings and/or internally generated funds, the exact proportion of which will be determined at a later date.

Notwithstanding the above, in determining the funding requirements, our Board will take into consideration, amongst others, our Group's gearing level, interest costs and cash reserves.

2.7 Liabilities to be assumed

Save for the obligations and liabilities in and arising from, pursuant to or in connection with the SPA, there are no other liabilities, including contingent liabilities and guarantees to be assumed by our Group pursuant to the Proposed Acquisition.

2.8 Additional financial commitments

Save for the Total Purchase Consideration, there is no additional financial commitments required by our Group pursuant to the Proposed Acquisition.

Notwithstanding thereof, our Group will incur financial commitments upon developing the Subject Properties into a proposed mixed development project, comprising commercial units, office, SOHO and service apartments. However, it is still preliminary at this juncture to affirm the details of the said development including amongst others, the total development costs, expected timeline of completion and funding requirements as our management is still currently in the midst of deliberating the detailed development plans for the said development.

3. RATIONALE AND JUSTIFICATION FOR THE PROPOSED ACQUISITION

The Proposed Acquisition forms part of our Group's on-going efforts to grow our property development business by acquiring viable landbanks for future development.

In 2018, our Group diversified our business to include property development activities via our first industrial project, which is also our maiden property project, namely EMHub, a 6-storey Ramp-Up Commerce Hub ("**EMHub**"). EMHub is built on a 9.4-acre leasehold industrial land in Kota Damansara ("**Kota Damansara Land**"), which was acquired from Seleksi Megah Sdn. Bhd. in January 2018. EMHub was developed over 2 phases, in which:-

- (a) phase 1, which consists of 251 units stratified factories, was launched in October 2018 and completed on 1 March 2023; and
- (b) phase 2, which consists of 217 units stratified factories, was launched in April 2021 and the construction of the development is expected to be completed by third quarter of 2023. As at the LPD, the overall construction works on site for phase 2 is close to full completion and our project consultants are in the midst of submitting the application for the Certificate of Completion and Compliance (CCC) for the development to the authority.

The total development value of EMHub is estimated to be approximately RM687 million, whilst its total gross development cost is approximately RM550 million.

Given that the construction phases of EMHub are close to completion, and the Kota Damansara Land is the only landbank owned under our Group's property development segment, we would benefit from acquiring the Subject Properties and new landbanks, if suitable properties are identified and such opportunity arises, to further bolster the property development business of our Group as well as expand our property development footprint in Klang Valley. As detailed in **Section 2.1** of this Circular, Land 1 and Land 2 are adjacent parcels of leasehold land, measuring approximately 5.04 acres and 2.04 acres respectively. Thus, the Proposed Acquisition will enable our Group to scale up our property investment and development business as a result of the strategic additions of landbanks of our Group.

The management of our Group intends to develop the Subject Properties into a proposed mixed development project, comprising commercial units, office, SOHO and service apartments. It should be noted that our management is still currently in the midst of deliberating the detailed development plans for the Subject Properties and it is hence too preliminary to affirm the details of the said development at this juncture which include amongst others, the total development costs, the expected timeline of completion, the funding requirements and the estimated profits to be derived from the said development.

Feasibility studies will be conducted to assess the risk-reward profile for the potential development, which is highly dependent on approvals obtained from relevant authorities and the demands of end purchasers.

Nonetheless, our Board is optimistic that the Proposed Acquisition represents an opportunity for our Group to own the entire interest of the Subject Properties in a strategic location with strong growth potential, which is expected to provide greater sustainability for our Group's future earnings.

4. INDUSTRY OVERVIEW AND PROSPECTS

4.1 Overview and outlook of the Malaysian economy

The global GDP growth in 2022 moderated to 3.4% reflecting the economic slowdown in advanced economies as well as emerging market and developing economies (EMDEs). Despite the softened global growth, Malaysia's economy recorded a strong growth of 8.7% in 2022, exceeding the initial projection of 6.5%-7%, whereby real output value reached above the pre-pandemic level. The commendable performance was driven by domestic demand and improved labour market in line with the transition to the endemic phase. These resulted from an increase in economic activities which include household spending, investment and tourism. Subsequently, encouraging expansion in all economic sectors primarily the services and manufacturing have also provided continuous impetus to the significant economic growth in 2022. Furthermore, the growth was attributed to robust external demand, especially among Malaysia's major trading partners.

Notwithstanding the growth, the economy in 2022 experienced several challenges with escalating inflationary pressures due to high commodity and food prices as well as softened global economic growth and trade. Therefore, the Government has taken various holistic and comprehensive measures to help the rakyat and businesses in dealing with inflationary pressures and higher cost of living.

In 2023, global growth is expected to further soften at 2.9% on the back of persistent pressures such as inflation, tightening global financial conditions and economic deceleration among major economies. Meanwhile, Malaysia's economic growth is projected to moderate amid the signs of weakness in the global growth momentum. The growth will be mainly supported by steady domestic demand primarily private expenditure as well as initiatives under the Budget 2023 and development expenditure under the Twelfth Malaysia Plan, 2021 – 2025 (12MP). However, a slowdown in external demand is expected to moderate exports growth, particularly in the electrical and electronic products and major commodities.

On the supply side, all economic sectors are expected to remain in the positive growth trajectory in 2023, driven by the services and manufacturing sectors. Other sectors, namely agriculture, mining and construction are also expected to grow further in line with the improvement in economic activities. However, downside risks such as prolonged geopolitical conflict, climate-related disasters and persistently high inflation are expected to further hampering the global economic growth, hence, affecting Malaysia's performance. Overall, the nation's GDP is forecast to grow approximately 4.5% in 2023.

(Source: Economic & Fiscal Outlook and Federal Government Revenue Estimates 2023, Ministry of Finance Malaysia)

4.2 Overview of the property industry in Malaysia

Overall, Malaysia's economy performance boosted to 8.7% in 2022 as compared to 3.1% in 2021 which is the highest annual growth recorded within the period of 22 years (2000: 8.9%).

Correspondingly, the property market recorded an increase in 2022 supported by a better performance in all sectors compared to the previous year. In 2022, total transactions volume and value increased by 29.5% and 23.6%, respectively to 389,107 transactions and RM179.07 billion (2021: 300,497 transactions; RM144.87 billion). Total transactions volume in 2022 is the highest volume recorded within the period of 10 years (2012: 427,520 transactions) whilst total transactions value is higher than the previous record high in 2014 (162.97 billion).

The property market recorded a total of 389,107 transactions worth RM179.07 billion for 2022. This indicated an increase of 29.5% in volume and 23.6% in value compared to 2021. Of the total transactions recorded in the review year, 20.7% (80,373) and 76.5% (297,700) were transfers dated 2021 and 2022 respectively while the remaining percentage share was for prior years' transfer. Primary market formed 13.8% (53,698 transactions) of the total transactions (purchase from developers) while secondary market took up the remaining 86.2% (335,409 transactions).

Volume of transactions across the sub-sectors showed upward movements. Residential, commercial and industrial, agriculture and development land sub-sectors recorded year-on-year growths of 22.3%, 46.3%, 44.5%, 44.6% and 35.7% respectively.

Value of transactions moved in tandem with residential, commercial, industrial, agriculture and development land sub-sectors recorded an increase of 22.6%, 16.7%, 24.8%, 50.5% and 16.6% respectively.

The residential sub-sector led the overall property market, with 62.5% contribution in volume. This was followed by agriculture (21.1%), commercial (8.4%), development land and others (5.9%) and industrial (2.1%). In terms of value, residential led with 52.6% share, followed by commercial (18.2%), industrial (11.8%), agriculture (10.0%) and development land and others (7.4%).

(Source: Property Market Report 2022, Ministry of Finance Malaysia)

4.3 Overview and outlook of the property industry in the Central Region of Peninsular Malaysia (Putrajaya, Kuala Lumpur and Selangor)

The Central Region property market performance improved in H1 2022, indicated by the increase in market activities. The region registered 44,889 transactions worth RM37.88 billion, increased by 24.4% and 32.6% in volume and value respectively as compared to H1 2021. Combined, these three states formed 23.9% and 44.9% of the national volume and value of transactions. In terms of transaction volume, Putrajaya, Kuala Lumpur and Selangor increased by 93.9%, 35.9% and 21.7% respectively. In term of transaction value, all states also showed an upward trend. Putrajaya increased by 471.3%, followed by Kuala Lumpur (33.2%) and Selangor (30.3%). By state, Selangor dominated the region's overall property transactions with 80.3% in volume (36,026 transactions) and 71.4% in value (RM27.06 billion) of the total transactions.

Shop sub-sector recorded 1,903 transactions worth RM2.81 billion in H1 2022, accounting for 30.5% in volume and 33.9% in value of commercial property transactions in the region. Selangor continued to drive the sub-sector with 1,549 transaction worth RM1.96 billion, accounting for 81.4% and 69.7% respectively of the shop transactions volume and value. Kuala Lumpur took up 18.3% market share in transactions volume and 29.7% in term of the transactions value of shop. Followed by Putrajaya with market share 0.3% in transactions volume and 0.6% in term of the transactions value of shop.

The shop overhang situation improved in Selangor and Putrajaya, except for Kuala Lumpur, which increased marginally. Selangor (419 units) increase by 26.0% (H2 2021: 566 units) and Putrajaya stagnated at 17 units, meanwhile Kuala Lumpur (85 units) increased 28.8% (H2 2021: 66 units). In term of value, Selangor decreased by 8.4% (H2 2021: RM554.0 million), meanwhile Kuala Lumpur increase 24.7% (H2 2021: RM41.6 million) and Putrajaya stagnated at RM60.7 million. Similarly, unsold under construction units, Kuala Lumpur decreased by 6.7% meanwhile Selangor increase 29.8% compared to H2 2021 respectively (H2 2021: 45 and 446 units). While Putrajaya remained as nil since 2021. Kuala Lumpur and Putrajaya were unencumbered with any unsold not constructed, meanwhile Selangor recorded 6 units in H1 2022.

Serviced apartment/ SOHO in the Central Region recorded 2,577 transactions worth RM1,700 million, formed 41.3% of the region commercial property transactions volume and 20.5% of the total value. Region's market performance recorded an increase of 54.5% in volume (H1 2021: 1,668 transactions) and 60.0% in value (H1 2021: RM1,063 million). By state, Kuala Lumpur contributed higher market volume to the region total with 51.5% (1,328 transactions) market share.

The serviced apartment/ SOHO overhang and unsold under construction situation improved in Central Region. Kuala Lumpur and Selangor recorded lower overhang at 5,108 units and 3,386 units, while Putrajaya remained as nil since H1 2021. Similarly, unsold under construction in Central Region decrease by 6.7% to 32,135 units (H2 2021: 34,455 units) while unsold not constructed increased by 16.1% to 8,654 units (H2 2021: 7,457 units).

(Source: Central Region Property Market Report First Half of 2022, Ministry of Finance Malaysia)

4.4 Prospects of the Subject Properties

The management of our Group intends to develop the Subject Properties into a proposed mixed development project, comprising commercial units, office, SOHO and service apartments ("**Proposed Development**"). Given that the Subject Properties are located in a strategic location surrounded by a mixture of commercial and industrial developments (such as shop-offices, office buildings, factories, apartments and hotel) and is located within 500 meters away from the upcoming LRT 3 Bandar Baru Klang station, our Board is of the view that the potential development of the Subject Properties will further expand and strengthen the property development footprint of our Group and potentially provide greater sustainability for our Group's future earnings. For information purposes, barring any unforeseen circumstances and subject to completion of the SPA, our Group intends to submit the development plans for the Subject Properties to the authorities for approval in the first half of 2024 and to commence construction in the first half of 2025. We expect the construction of the Proposed Development to be tentatively completed in 2029.

Notwithstanding the above, our Group will also continue to actively seek further opportunities to expand our land banks for potential development in strategic locations with the aim to strengthen our market presence in the property development sector in Klang Valley.

Our Board also intends to remain focused on improving the performance of other existing businesses particularly, coated fin stock segment and roofing segment by continuing to seek out and penetrate other new geographical areas for market expansion, in particular, to expand our presence into southern Europe and the United States of America markets.

Premised on the above plans and prospects, our Board is of the view that the Proposed Acquisition along with expansion of our other existing businesses will contribute positively to the financial and operational growth of our Group in the future.

5. RISK FACTORS

Our Board does not anticipate that the Proposed Acquisition will result in a material change to the risk profile of AGB, save for the inherent risk factors associated with the property development industry, of which our Group is already involved in, and will be addressed as part of our Group's ordinary course of business.

5.1 Completion risk

The completion of the Proposed Acquisition is subject to the terms and conditions set out in the SPA, some of which may be beyond our Group's control as they are dependent on the approval/consent by the relevant authorities and our shareholders. There can be no assurance that such conditions will be obtained/fulfilled and/or waived (as the case may be) by the relevant cut-off dates as stipulated in the SPA. Hence, any delay in fulfilling these conditions may materially affect the Proposed Acquisition from being completed within the stipulated timeframe.

Further, any delay in the completion of the Proposed Acquisition will potentially delay or preclude our Group from deriving any revenue or profit from the Proposed Development to be undertaken on the Subject Properties. To mitigate such risks, our Board and management will constantly monitor the fulfilment of these conditions as well as ensure that all the other relevant terms and conditions of the SPA, which are within our Group's control, are obtained/fulfilled within the prescribed timeframe.

5.2 Acquisition risk

Although the Proposed Acquisition is expected to contribute positively to the future earnings of our Group, there is no assurance that such anticipated benefits will be realised or that the Subject Properties will be able to generate sufficient returns to our Group in relation to our further investments or development undertaken in the Subject Properties, if any. In addition, any decline in economic conditions may affect the potential benefits to be derived from the Proposed Acquisition. As such, the duration required for our Group to recoup our investment could also be longer than anticipated.

Nevertheless, our Board will monitor closely and continuously assess prevailing economic and market conditions as well as the progress of the anticipated recovery of the property development industry. Our Board, after having considered the potential risks and benefits associated with the Proposed Acquisition, is still optimistic of the potential benefits to be derived from it.

5.3 Risk of property overhang

Our Group may face risk of property overhang, commonly caused by over-supply and low demand for properties and other factors such as economic downturns and unfavourable financial conditions. There may be possibility of occurrence of property overhang at the time of completion of the development of the Subject Properties in the future, of which is inevitable. This will affect the sale of our Group's properties and in turn affect our financial performance.

As such, our Group will closely monitor the developments in the property market as well as careful management planning prior to finalisation and/or launches of the development of the Subject Properties. Nevertheless, our Board, after having considered the cost and benefit associated with the Proposed Acquisition, is still optimistic of the potential benefits to be derived from it, including amongst others, the expansion of our Group's property development footprint and property development track record as well as our first venture into the mixed development segment, which will provide us with the strategic leverage to embark on similar property developments in the future.

5.4 Competition risk

Our Group faces competition from existing and established property developers as well as new market entrants to the property development industry. We compete with our competitors to secure strategically located and reasonably priced land bank, the supply of labour and raw materials. In addition, we also face competition with other property development projects within the vicinity of the Subject Properties. Although the Subject Property is strategically located within 500 meters away from the upcoming LRT 3 Bandar Baru Klang station, the demand for our property units will also depend on various factors, which include but is not limited to pricing, design and quality of properties as well as the facilities and supporting infrastructure of the properties. Further, the property market is highly competitive and any oversupply of properties and/or low take-up rate of new property launches due to a mismatch in supply and demand, economic downturn and unfavourable market conditions, will intensify the level of competition which may, amongst others, affect pricing of the properties.

While we seek to remain competitive in terms of pricing, design, quality and strategic marketing, there is no assurance that our proactive measures can effectively mitigate the potential adverse effects of competition on our future financial performance and position. Nevertheless, we will continue to monitor the property market conditions and will constantly review our development and marketing strategies with the aim to position our Group to meet the needs of our target markets.

5.5 Development risks

The development of the Subject Properties will be subject to a number of risks which include, amongst others, shortages of materials, equipment and skilled labour, escalation in construction costs, adverse weather conditions, natural disasters, accidents, failure or delay in obtaining the approval from relevant authorities as well as any delays caused by unforeseen circumstances. Such adverse events may lead to interruptions or delays in the completion of the development, which may consequently result in cost overruns that would affect our Group's profitability and cash flow.

Our Board seeks to limit such risks through efficient operating procedures, prudent financial management, such as careful planning and close monitoring on the development progress, working closely with all suppliers, contractors and relevant authorities to ensure that the risks in completing the development of the Subject Properties are reduced.

5.6 Financing and interest rate risks

Our Group intends to finance the Proposed Acquisition via a combination of internally generated funds and/or bank borrowings. For illustration purposes, assuming that the Proposed Acquisition will be fully funded via bank borrowings, our Group's borrowings will increase from approximately RM153.48 million as at the FYE 31 December 2022 to RM209.48 million upon completion of the Proposed Acquisition as set out in **Section 6.2** of this Circular. Correspondingly, the gearing level of our Group will also increase from 0.67 times to 0.92 times.

In view that the interest charged on bank borrowings is dependent on prevailing interest rates, future fluctuation of interest rates could have an effect on our Group's cash flow and profitability. In mitigating such risks, our Group will actively review our debt portfolio taking into consideration the level and nature of borrowings and seek to adopt appropriate cost effective financing options. In addition, our management shall take into consideration the gearing level, interest costs as well as internal cash requirements for our Group in determining the optimal combination of internally generated funds and bank borrowings for the future development of the Subject Properties.

6. EFFECTS OF THE PROPOSED ACQUISITION

The proforma effects of the Proposed Acquisition on our issued share capital, substantial shareholders' shareholdings, consolidated NA, NA per Share, gearing as well as consolidated earnings and EPS are set out below:-

6.1 Issued share capital and substantial shareholders' shareholdings

The Proposed Acquisition will not have any effect on our issued share capital and substantial shareholders' shareholdings in AGB as the Proposed Acquisition does not involve any issuance of new AGB Shares.

6.2 NA per Share and gearing

For illustration purposes only, based on the latest audited consolidated financial statements of our Group as at 31 December 2022 and on the assumption that the Proposed Acquisition has been completed as at that date, the proforma effects of the Proposed Acquisition on the audited consolidated NA per Share and gearing of our Group are set out below:-

	Audited as at 31 December 2022 (RM'000)	Proforma I After the Proposed Acquisition (RM'000)
Share capital	104,778	104,778
Retained earnings	125,290	⁽¹⁾ 122,290
Shareholders' equity / NA	230,068	227,068
No. of Shares in issue ('000)	134,330	134,330
NA per Share (RM)	1.71	1.69
Total borrowings (RM'000)	153,479	⁽²⁾ 209,479
Gearing (times)	0.67	0.92

Notes:-

(1) After deducting estimated expenses of approximately RM3.0 million in relation to the Proposed Acquisition.

(2) Assuming that the Proposed Acquisition is fully funded via bank borrowings.

6.3 Earnings and EPS

The Proposed Acquisition is not expected to have any immediate material impact on our Group's earnings and EPS for the FYE 31 December 2023. Nevertheless, barring any unforeseen circumstances, the future development of the Subject Properties is expected to contribute positively to the future earnings and EPS of our Group.

For illustration purposes, based on the audited consolidated financial statements of AGB Group for the FYE 31 December 2022 and assuming that the Proposed Acquisition had been effected on 1 January 2022, being the beginning of the FYE 31 December 2022, the proforma effects of the Proposed Acquisition on the consolidated earnings and EPS of AGB Group are as follows:-

	FYE 31 December 2022	Proforma I After the Proposed Acquisition
Profit after taxation attributable to owners of our Company (RM'000)	77,509	⁽²⁾ 74,509
Total number of AGB Shares in issue ('000)	134,330	134,330
EPS (sen) ⁽¹⁾	57.70	55.47

Notes:-

- (1) *Computed based on the profit for the financial year attributable to the owners of our Company divided by the number of AGB Shares in issue (excluding treasury shares, if any).*
- (2) *After adjusting the estimated expenses of approximately RM3.0 million in relation to the Proposed Acquisition.*

The slight decrease in the EPS above is based on the assumption that costs are incurred to secure and complete the Proposed Acquisition without any revenue and profit to be generated from development of the Subject Properties within the proforma period. Notwithstanding the slight decrease in the EPS, it is pertinent to note that the Proposed Acquisition and the future development of the Subject Properties are expected to contribute positively to the future earnings of our Group.

6.4 Convertible securities

As at the LPD, we do not have any outstanding convertible securities.

7. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Acquisition is subject to the following being obtained:-

- (i) the approval of our shareholders at the forthcoming EGM;
- (ii) the consent and/or approval from the relevant state authority for the Proposed Acquisition; and
- (iii) the approval of any other relevant authorities/parties, if required.

The Proposed Acquisition is not conditional upon any other corporate exercise undertaken or to be undertaken by our Company.

8. PERCENTAGE RATIOS UNDER THE LISTING REQUIREMENTS

The highest percentage ratio applicable to the Proposed Acquisition (pursuant to Paragraph 10.02(g) of the Listing Requirements of Bursa Securities) on the date of the signing of the SPA and announcement of the Proposed Acquisition (i.e 14 April 2023) is 35.92%, which was calculated based on the latest audited consolidated financial statements of AGB for the FYE 31 December 2021.

9. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of our Directors, major shareholders, chief executive and/or any person connected with them have any interest, direct or indirect, in the Proposed Acquisition.

10. DIRECTORS' STATEMENT

After taking into consideration all aspects of the Proposed Acquisition (including but not limited to the rationale, basis of arriving at the Total Purchase Consideration, the market value of the Subject Properties, the terms of the SPA, prospects and risk factors, and the financial effects of the Proposed Acquisition), our Board is of the opinion that the Proposed Acquisition is in the best interest of our Company.

Accordingly, our Board recommends that you vote in favour of the relevant resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

11. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Acquisition which is the subject matter of this Circular, our Board confirms that there are no other outstanding corporate exercises announced by our Company but not yet completed as at the date of this Circular.

12. ESTIMATED TIMEFRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR IMPLEMENTATION

Barring any unforeseen circumstances and subject to all the requisite approvals being obtained, the Proposed Acquisition is expected to be completed by the 2nd quarter of 2024.

The tentative timetable for the implementation of the Proposed Acquisition is set out below:-

Tentative timing	Key events
26 July 2023	Convening the EGM for the Proposed Acquisition
1 st quarter of 2024	Fulfilment of the conditions precedent in respect of the SPA
2 nd quarter of 2024	Completion of the Proposed Acquisition

13. EGM

The EGM, the notice of which is enclosed with this Circular, will be conducted virtually and live-streamed from the Broadcast Venue at the Board Room, R-05-17 (Level 5), Wisma SCland, Emporis Kota Damansara, Persiaran Surian, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia, on Wednesday, 26 July 2023 at 10.00 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolution set out in the Notice of EGM to approve and give effect to the Proposed Acquisition.

If you are unable to attend the EGM, you are requested to complete and return the Form of Proxy in accordance with the instructions thereon as soon as possible and in any event so as to arrive at the office of our Administration and Polling Agent, KPMG Management & Risk Consulting Sdn. Bhd. at Concourse, KPMG Tower, No. 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia. Alternatively, the Form of Proxy may be electronically lodged via ConveneAGM Meeting Platform at <https://conveneagm.my/alcomegm2023>. Please refer to the Administrative Details for the EGM for further information on electronic submission. All Forms of Proxy must be deposited not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.

14. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board of
ALCOM GROUP BERHAD

DATO' SERI SUBAHAN BIN KAMAL
Chairman / Senior Independent Non-Executive Director

VALUATION CERTIFICATE IN RESPECT OF THE SUBJECT PROPERTIES



Savills (Malaysia) Sdn Bhd

Level 9 Menara Milenium
 Jalan Damanlela
 Bukit Damansara
 50490 Kuala Lumpur
 Malaysia

Our Ref.: V/1/23/CCY/C104-CV

9 May 2023

Alcom Group Berhad
 No. 3, Persiaran Waja
 Bukit Raja Industrial Estate
 41050 Klang
 Selangor Darul Ehsan

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Attention: Mr. Goh Teck Hong

Dear Sirs/Madam,

RE: VALUATION OF TWO (2) CONTIGUOUS PARCELS OF COMMERCIAL LAND (7.08 ACRES) LOCATED ALONG PERSIARAN BUKIT RAJA AND LEBUHRAYA GRAND SEPADU WITHIN BANDAR BARU KLANG [HELD UNDER PM 416/LOT 31632 & PM 417/LOT 31633, BOTH WITHIN LOCALITY OF BUKIT RAJA, MUKIM OF KAPAR, DISTRICT OF KLANG, SELANGOR DARUL EHSAN]

We, Savills (Malaysia) Sdn Bhd are pleased to certify that we have carried out a valuation, in accordance with the instructions from Alcom Group Berhad, of the abovementioned property (herein referred to as the "Subject Property") vide our Valuation Report bearing reference no. V/1/23/CCY/C104 dated 9 May 2023 for purposes of submission to Bursa Malaysia Securities Berhad/Securities Commission Malaysia in relation to the Proposed Acquisition and for the inclusion in the circular to the shareholders of Alcom Group Berhad.

The Valuation Report has been prepared based on the latest "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 with the necessary professional responsibility and due diligence.

The **Market Value** as defined in the **Malaysian Valuation Standards** is as follows:-

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

We have inspected the Subject Property on 20 April 2023 and investigated all available data relevant to the matter. The date of inspection of the Subject Property i.e. 20 April 2023 is taken to be the material date of valuation.

VALUATION CERTIFICATE IN RESPECT OF THE SUBJECT PROPERTIES (CONT'D)



Details as summarised from our Valuation Report bearing reference no. V/1/23/CCY/C104 dated 9 May 2023 as laid out as follows:-

Property Description

The Subject Property is two (2) contiguous parcels of commercial land (7.08 acres) located along Persiaran Bukit Raja and Lebuhraya Grand Sepadu within Bandar Baru Klang, Selangor Darul Ehsan.

The site is fairly regular in shape. It is generally flat in terrain and lies about level with the frontage roads i.e. Persiaran Bukit Raja, Lebuhraya Grand Sepadu and Jalan Tiara 1.

During the course of inspection, we note that there are several temporary structures of simple steel construction currently used as restaurants and part of the site is currently used for an open space car parking area.

For the present exercise, we have valued the Subject Property on a “Vacant Possession” Basis as per the terms of the Sale and Purchase Agreement (Clause 16.1) as follows:-

- (a) Free from all squatters, occupants, tenants, invitees or licenses; and
- (b) Free from all encroachment, structures and place of worship.

Location

The Subject Property is located at the northern, south-western and eastern sides of Persiaran Bukit Raja, Lebuhraya Grand Sepadu and Jalan Tiara 1 respectively within Bandar Baru Klang. It lies approximately 6 kilometres north-east and 36 kilometres south-west of Town Centre of Klang and City Centre of Kuala Lumpur respectively.

The present approach to the Subject Property from Town Centre of Klang and Kuala Lumpur is by way of Federal Highway, Persiaran Bukit Raja 1, Persiaran Bukit Raja and thereafter onto Jalan Tiara 1. Alternatively, the Subject Property is also accessible from Lebuhraya Grand Sepadu via Persiaran Bukit Raja and thereafter onto Jalan Tiara 1.

Title Particulars

Brief particulars extracted from searches of the registered documents of title at the Klang District Land Office on 8 May 2023 are as follows:-

No.	Title No.	Lot No.	Title Land Area (square metre)	Annual Rent (RM)
1.	PM 416	Lot 31632	21,557	44,410
2.	PM 417	Lot 31633	10,554	21,743

Locality: Bukit Raja

Mukim: Kapar

V/1/23/CCY/C104-CV: VALUATION OF TWO (2) CONTIGUOUS PARCELS OF COMMERCIAL LAND (7.08 ACRES) LOCATED ALONG PERSIARAN BUKIT RAJA AND LEBUHRAYA GRAND SEPADU WITHIN BANDAR BARU KLANG, SELANGOR DARUL EHSAN.

VALUATION CERTIFICATE IN RESPECT OF THE SUBJECT PROPERTIES (CONT'D)



District: Klang
 State: Selangor Darul Ehsan
 Tenure: 99-year leasehold interest, expiring on 8 May 2093
 Category of Land Use: Bangunan
 Express Condition: Bangunan Perniagaan
 Restrictions-in-Interest: Tanah yang diberi milik ini tidak boleh dipindah milik, digadai atau dipajak melainkan dengan kebenaran Pihak Berkuasa Negeri.
 Registered Owner: **88 Legacy Sdn Bhd**
 Encumbrances: Nil
 Endorsements: Lot 31632

Part of the land measuring approximately 1,181 square metres has been acquired via Form K vide Presentation No. 397/2018 dated 18 May 2018.

Lot 31633

Part of the land measuring approximately 2,279 square metres has been acquired via Form K vide Presentation No. 398/2018 dated 18 May 2018.

Note:-

	Lot 31632	Lot 31633	Total
Title Land Area	21,557 sqm	10,554 sqm	32,111 sqm
Land Acquisition for LRT 3	1,181 sqm	2,279 sqm	3,460 sqm
Nett Land Area	20,376 sqm <i>(Approx. 219,325 sqft or 5.04 acres)</i>	8,275 sqm <i>(Approx. 89,071 sqft or 2.04 acres)</i>	28,651 sqm <i>(Approx. 308,396 sqft or 7.08 acres)</i>

For the present exercise, we have adopted the total Nett Land Area of 28,651 sqm (approx. 308,396 sqft or 7.08 acres) after the land acquisition for LRT 3.

Town Planning

Our recent verbal enquiries at the Planning Department of Majlis Perbandaran Klang (with En. Mohamad Zaliff Haikal) revealed that the Subject Property is presently zoned Commercial with a Plot Ratio of 1:4.

He also highlighted that the Subject Property potentially has an allowable Plot Ratio of 1:5 due to the Transit Oriented Development (TOD) status i.e. lying within 1 kilometre radius from the Bandar Baru Klang LRT Station. However this additional plot ratio is still subject to application and approval from the State EXCO.

We have relied on the information provided and have assumed the above to be correct and accurate.

As at the material date of valuation, we have not been made aware of any application or existing Kebenaran Merancang (KM) issued in respect of the Subject Property.

From our enquiries, we have not been informed of any material breach of regulations, rules and requirements from the Town Planning authority nor via our title searches in relation to the Subject Property.

V/1/23/CCY/C104-CV:

VALUATION OF TWO (2) CONTIGUOUS PARCELS OF COMMERCIAL LAND (7.08 ACRES) LOCATED ALONG PERSIARAN BUKIT RAJA AND LEBUHRAYA GRAND SEPADU WITHIN BANDAR BARU KLANG, SELANGOR DARUL EHSAN.



VALUATION CERTIFICATE IN RESPECT OF THE SUBJECT PROPERTIES (CONT'D)


Sale and Purchase Agreement

Some of the pertinent proposed terms and conditions extracted from the Sale and Purchase Agreement dated 14 April 2023 between 88 Legacy Sdn Bhd (Vendor) & AG Avenue Sdn Bhd are as follows:-

1. Purchase Price: **RM56,000,000**
2. The Vendor shall deliver vacant possession to the Purchaser on the date of full payment by the Purchaser of the purchase price subject to the following conditions:-
 - Free from all squatters, occupants, tenants, invitees or licensees; and
 - Free from all encroachment, structures and places of worship.

Valuation Methodology

The Subject Property is essentially valued by only adopting the **Comparison Approach**.

1) Comparison Approach:-

The Subject Property is valued by using Comparison Approach which entails comparing the Subject Property with comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, market conditions, size, shape and terrain of land, tenure and restriction if any, availability of infrastructure, vacant possession and other relevant characteristics.

Relevant transactions of similar lands within the general neighbourhood adopted as comparables are as follows:-

Description	Comparable 1	Comparable 2	Comparable 3
Legal Interest	GRN 338443/Lot 186189, Mukim & District of Klang, Selangor Darul Ehsan.	GRN 334553/Lot 122949, Pekan Hicom, District of Petaling, Selangor Darul Ehsan.	PN 115434/Lot 87187, Mukim Bukit Raja, District of Petaling, Selangor Darul Ehsan.
Location	Bandar Bukit Tinggi 2, Klang	Seksyen 26, Shah Alam	Cahaya SPK, Shah Alam
Tenure	Freehold	Freehold	LH - 27-Dec-08 <i>88.2 Unexpired Term</i>
Land Area	2.31 acres	11.62 acres	4.76 acres
Land Use	Bangunan (Perniagaan)	Bangunan (Perniagaan)	Bangunan (Perniagaan)
Zoning	Commercial	Commercial	Commercial
Plot Ratio	PR 5.0 (TOD Zone)	PR 3.0	PR 4.0
Shape	Regular	Regular	Regular
Development Order	Without DO	Without DO	With DO (SOHO & Retail)
Transaction Date	11-Mar-20 (3.10 years ago)	29-Nov-21 (1.40 years ago)	15-Oct-20 (2.50 years ago)
Vendor	GEMILANG WARAS SDN BHD	PARAMOUNT PROPERTY (SEKITAR 26 ENTERPRISE) SDN BHD	MODERN PEAK SDN BHD
Purchaser	SILVER RESIDENCES SDN BHD	GOODHART MANAGEMENT SDN BHD	ECOFIRST WOLRDWIDE SDN BHD
Source	Jabatan Penilaian & Perkhidmatan Harta (JPPH)	JPPH	Bursa Malaysia
Consideration	RM25,198,325 RM250 psf	RM90,000,000 RM178 psf	RM42,000,000 RM203 psf
Adjustment	Market Condition, Location, Tenure, Land Size and Shape.	Market Condition, Location, Tenure, Land Size, Plot Ratio and Shape.	Market Condition, Location, Tenure, Land Size and Shape.
	RM188 psf	RM191 psf	RM199 psf

V/1/23/CCY/C104-CV: VALUATION OF TWO (2) CONTIGUOUS PARCELS OF COMMERCIAL LAND (7.08 ACRES) LOCATED ALONG PERSIARAN BUKIT RAJA AND LEBUHRAYA GRAND SEPADU WITHIN BANDAR BARU KLANG, SELANGOR DARUL EHSAN.

VALUATION CERTIFICATE IN RESPECT OF THE SUBJECT PROPERTIES (CONT'D)


Valuation Rationale

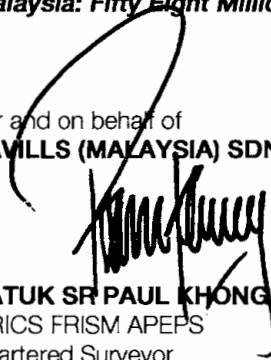
The adjusted land values based on the Comparables adopted range from RM188 psf to RM199 psf. We have adopted **RM188 psf** based on Comparable 1. Comparable 1 is most similar to the Subject Property in terms of Zoning i.e. TOD zone (allowable Plot Ratio of 1 : 5) and Location (within walking distance to the LRT station).

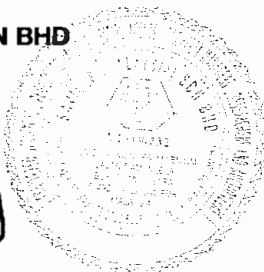
We have used the comparison approach of valuation as the main singular method for the Subject Property as it is a vacant commercial land with no valid planning permission.

Valuation

Having regard to the foregoing, we are of the opinion that the **Market Value of the 70-year unexpired leasehold interest in the Subject Property i.e. two (2) contiguous parcels of commercial land (7.08 acres) located along Persiaran Bukit Raja and Lebuhraya Grand Sepadu within Bandar Baru Klang** [held under PM 416/Lot 31632 & PM 417/Lot 31633, both within Locality of Bukit Raja, Mukim of Kapar, District of Klang, Selangor Darul Ehsan] in its existing condition with vacant possession and subject to the titles being free from encumbrances and registrable is **RM58,000,000 (Ringgit Malaysia: Fifty Eight Million Only).**

For and on behalf of
SAVILLS (MALAYSIA) SDN BHD


DATUK SR PAUL KHONG
MRICS FRISM APEPS
Chartered Surveyor
Registered Valuer (V-528)
Group Managing Director



V/1/23/CCY/C104-CV:

VALUATION OF TWO (2) CONTIGUOUS PARCELS OF COMMERCIAL LAND (7.08 ACRES) LOCATED ALONG PERSIARAN BUKIT RAJA AND LEBUHRAYA GRAND SEPADU WITHIN BANDAR BARU KLANG, SELANGOR DARUL EHSAN.

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VALUATION CERTIFICATE IN RESPECT OF THE SUBJECT PROPERTIES (CONT'D)

The Savills logo consists of the word "savills" in a lowercase, sans-serif font, positioned to the right of a grey square.**COVID-19 (Endemic Transition Phase):**

The outbreak of the Coronavirus Disease 2019 (COVID-19), declared by the World Health Organisation (WHO) as a "Global Pandemic" on 11 March 2020, has impacted both local and global financial markets with increased uncertainty.

To date, Malaysia has gone through various lockdowns i.e. Movement Control Order (MCO) since 18 March 2020 under the National Recovery Plan (NRP).

As of 1 April 2022, Malaysia enters into an "Endemic" transition phase and the Malaysian borders are now fully re-opened for international travels once again with strict SOPs in place.

Market activities which were earlier impacted in many sectors, are now back in full operations with the re-opening and as at the valuation date, we are placing lesser weightage on recent market evidences for comparison purposes.

Our valuations are now reported on a lesser "uncertainty" basis and thus a degree of caution is still attached herein. Given this unknown impact of Covid-19 into the Endemic stage, frequent reviews are still recommended. This proviso serves as a precaution in the current circumstances.

V/1/23/CCY/C104-CV: VALUATION OF TWO (2) CONTIGUOUS PARCELS OF COMMERCIAL LAND (7.08 ACRES) LOCATED ALONG PERSIARAN BUKIT RAJA AND LEBUHRAYA GRAND SEPADU WITHIN BANDAR BARU KLANG, SELANGOR DARUL EHSAN.

Page 6 of 8

VALUATION CERTIFICATE IN RESPECT OF THE SUBJECT PROPERTIES (CONT'D)



Limitations, Disclaimers & Qualifications

Valuation:

Real estate values vary from time to time in response to changing market circumstances and it should, therefore, be noted that this valuation is based on available information as at the date of valuation. No warranty can be given as to the maintenance of this value into the future. It is, therefore, recommended that the valuation be reviewed periodically. Savills does not assume any responsibility or accept any liability, nor should reliance be placed upon the valuation, or anything contained within the valuation report where this valuation report is relied upon after the expiration of 6 months from the date of valuation, or such earlier date if you or someone acting on your behalf with Savills' prior written agreement become aware or are aware of any factors that have any effect on the valuation.

Assumptions:

Assumptions are a necessary part of undertaking valuations/the valuation. Savills adopts assumptions for the purpose of providing its valuation advice because some matters are not capable of accurate calculation or fall outside the scope of our expertise, or our instructions. The person or entity to whom the report is addressed acknowledges and accepts that the valuation contains certain specific assumptions and as such the person or entity to whom this report is addressed acknowledges and accepts the risk that if any of the assumptions adopted in the valuation are incorrect, then this may have an effect on the valuation.

Investigations:

The valuation is conducted on the basis that we are not engaged to carry out all possible investigations in relation to the subject property. Where in our report we identify certain limitations to our investigations, this is to enable you to instruct further investigations if you consider this appropriate or we recommend as necessary to allow us to complete the valuation. Savills is not liable for any loss occasioned by a decision not to conduct further investigations.

Information Supplied By Others:

The valuation contains information which is derived from other sources. Unless otherwise specifically instructed by you and/or stated in the valuation, we have not independently verified that information, nor adopted it as our own, or accepted its reliability. The person or entity to whom the report is addressed acknowledges and accepts the risk that if any of the unverified information/advice provided by others and referred to in the valuation is incorrect, then this may have an effect on the valuation.

Site Details:

A current survey has not been provided. The valuation is made on the basis that there are no encroachments by or upon the subject property and the person or entity relying upon the valuation should confirm this by obtaining a current survey report and/or advice from a registered surveyor. If any encroachments are noted by the survey report, that person or entity must not rely upon the valuation, before first consulting Savills to reassess any effect on the value stated in the valuation.

Future Matters:

To the extent that the valuation includes any statement as to a future matter, that statement is provided as an estimate and/or opinion based on the information known to Savills at the date of this document. Savills does not warrant that such statements are accurate or correct.

Property Title:

We have conducted a brief title search only. We have not perused the original title documentation. We have assumed that there are no further easements or encumbrances not disclosed by this brief title search which may affect market value. However, in the event that a comprehensive title search is undertaken by the person or entity relying upon the valuation, which reveals further easements or encumbrances, that person or entity must not rely upon the valuation, before first consulting Savills to reassess any effect on the valuation.

Town Planning:

Where practicable we have conducted a brief check with the local authorities to ascertain whether the existing structures have received all relevant planning and building approvals. In the event that we have ascertained that there are structures on site that have not been so approved we will report this and any impact on value will be taken into account in our valuation. In all other cases we have assumed that all structures on site are legally approved. However we do not warrant the accuracy of such checks and or assumptions and in the event of doubt the person or entity relying upon this valuation must commission further investigation. Any information which comes to light as a result of this further investigation should be referred to Savills for consideration and possible review of the valuation. No reliance should then be placed upon the valuation until such time as that review has been completed and provided to the person or entity to whom responsibility is accepted for this advice. It is assumed that information provided to us by the relevant Local Authority Town Planning Department is accurate. In the event that a Town Planning Certificate or any other relevant Planning Certificate or document is obtained and the information therein is later found to be materially different to the town planning information detailed within the valuation, we reserve the right to amend the valuation.

Environmental Conditions:

In the absence of an environmental site assessment relating to the subject property, we have assumed that the site is free of elevated levels of contaminants. Our visual inspections of the subject property and immediately surrounding properties revealed no obvious signs of site contamination. Furthermore, we have made no allowance in our valuation for site remediation works. However, it is important to point out that our visual inspection is an inconclusive indicator of the actual condition of the site. We make no representation as to the actual environmental status of the subject property. If a test is undertaken at some time in the future to assess the degree, if any, of contamination of the site and this is found to be positive, we reserve the right to review our valuation assessed herein, should we deem it to be necessary.

V/1/23/CCY/C104-CV: VALUATION OF TWO (2) CONTIGUOUS PARCELS OF COMMERCIAL LAND (7.08 ACRES) LOCATED ALONG PERSIARAN BUKIT RAJA AND LEBUHRAYA GRAND SEPADU WITHIN BANDAR BARU KLANG, SELANGOR DARUL EHSAN.

VALUATION CERTIFICATE IN RESPECT OF THE SUBJECT PROPERTIES (CONT'D)


Inclusions & Exclusions:

Where applicable, our valuation includes those items that form (or will form) part of the building service installations such as heating and cooling equipment, lifts, sprinklers, lighting, etc., that would normally pass with the sale of the property, but excludes all items of plant, machinery, equipment, partitions, furniture and other such items which may have been installed (by the occupant) or are used in connection with the business(es) carried on within the subject property.

Floor Areas:

Unless stated otherwise in the valuation, we have assumed that the floor areas have been calculated in accordance with The Royal Institution of Surveyors (RISM) Malaysia **"Uniform Method of Measurement of Building"** of Lettable Areas or as specifically instructed by the party who we have agreed to provide this valuation. We recommend that the person or entity relying upon this report should obtain a survey to determine whether the areas provided differ from ISM guidelines. In the event that the survey reveals a variance in areas, then the relevant person or entity should not rely upon the valuation and should provide all relevant survey details to Savills for consideration and possible review of the valuation.

Condition & Repair:

We have inspected the building(s), however we have not carried out a structural survey nor tested any of the services or facilities and are therefore unable to state that the building is free from defect. We advise that we have not inspected unexposed or inaccessible portions of the building and are therefore unable to state that these are free from rot, infestation, asbestos or other hazardous and/or contaminated material. Unless otherwise stated in the valuation report, our valuation is based upon the assumption that the building(s) do not have any defects requiring any significant expenditure. Also unless otherwise stated in the valuation report, the valuation assumes that the building complies with all relevant statutory requirements in respect of matters such as health, building and fire safety regulations. If the person or entity relying on the report becomes aware of any information contrary to these assumptions, then they must not rely upon the valuation and that information should be referred to Savills for consideration and possible review of the valuation, and no reliance should be placed on this valuation until such time as that review has been completed and provided to the person or entity to whom responsibility is accepted for this advice.

Valuation Methodology:

Where Savills is valuing income dependent property, the primary valuation methodologies generally used are the Investment and/or Discounted Cash Flow Methods with a check by the Comparison and Cost Methods. These approaches are based upon an estimation of future results. Each methodology begins with a set of assumptions as to the projected income and expenses of the subject property and future economic conditions in its local market. The income and expense figures are mathematically extended with adjustments for estimated changes in economic conditions and lease terms. The result is the best estimate of value Savills can produce, but it is an estimate and not a guarantee and it is fully dependent upon the accuracy of the assumptions as to income, expense and market conditions. These primary valuation methodologies use market derived assumptions, including rents, yields and discount rates, obtained from analysed transactions. BaeWhere reliance has been placed upon external sources of information in applying the valuation methodologies, unless otherwise specifically instructed by you and/or stated in the valuation, Savills has not independently verified that information and Savills does not adopt that information and/or advice nor accept it as reliable. The person or entity to whom the report is addressed acknowledges and accepts the risk that if any of the unverified information in the valuation is incorrect, then this may have an effect on the valuation.

Side/Tenancy Agreement:

Our valuation assumes that there are no side agreements that would have an adverse effect on the market value of the property. Where the subject property(s) are subject to tenancies, this report does not contain detailed studies of such tenancies to verify that tenants are in compliance with relevant building codes/by laws and terms of tenancy agreements, if any. As such, we can offer no warranties in this respect. If there is any doubt, we recommend legal and architectural investigations where relevant.

Not a Structural Survey:

We state that this is a valuation report, and not a Structural Survey.

Liability & Confidentiality:

Our responsibility in connection with this report is limited to the client to whom the report is addressed, and the express purposes of that client, and to that client and that purpose only. We disclaim all responsibility and will accept no liability to any other party. The limit of our liability to our client shall be the total fee compensation received by us under this quotation/case, for any and all injuries, damages, claims, losses, expenses or claim expenses arising out of this quotation/case from any cause or causes. This provision is standard with engagements of this nature and is not provided to waive our professional responsibility but as a mechanism to appropriately reflect the risk and benefits of the parties to the engagement. Where the Instructing Party and the Reliant Party are different, the Instructing Party should obtain evidence of the acceptance by the Reliant Party of the limit since the Reliant Party is not a party to this quotation/case. Where the Instructing Party and the Reliant Party are the same, there is no need to obtain such consent since the Instructing Party is a party to this quotation/case.

V/1/23/CCY/C104-CV:

VALUATION OF TWO (2) CONTIGUOUS PARCELS OF COMMERCIAL LAND (7.08 ACRES)
LOCATED ALONG PERSIARAN BUKIT RAJA AND LEBUHRAYA GRAND SEPADU WITHIN BANDAR
BARU KLANG, SELANGOR DARUL EHSAN.

SALIENT TERMS OF THE SPA

The salient terms of the SPA are as follows:-

1. SALE AND PURCHASE

The Subject Properties shall be sold by the Vendor to the Purchaser in its present state and condition, and on an “as is where is” basis, free from all encumbrances and with vacant possession, but subject to all conditions of title whether express or implied affecting the same at the Total Purchase Consideration and upon the terms and conditions contained in the SPA.

2. PURCHASE CONSIDERATION AND PAYMENT TERMS

The Total Purchase Consideration amounting to RM56,000,000 shall be satisfied by the Purchaser in the following manner:-

- (i) the Purchaser shall remit the Deposit Sum to the Vendor in the following manner:-
 - (a) Earnest Sum remitted by the Purchaser to MBSB, being the holding company of the Vendor, prior to the execution of the SPA;
 - (b) Retention Sum remitted by the Purchaser to the Purchaser’s solicitors as stakeholders upon execution of the SPA; and
 - (c) Balance Deposit remitted by the Purchaser to the Vendor’s solicitors as stakeholders upon execution of the SPA. The Vendor’s solicitors are authorized to release the Balance Deposit to the Vendor immediately after the Unconditional Date (as defined below);
- (ii) the Purchaser shall remit the Balance Purchase Consideration to the Vendor’s solicitors as stakeholders within the Completion Period.

In the event that the Purchaser fails to pay the Balance Purchase Consideration within the Completion Period, the Vendor shall grant to the Purchaser the Extended Completion Period to settle the Balance Purchase Consideration, provided that before the expiry of the Completion Period, the Purchaser shall first deposit with the Vendor’s solicitors as stakeholders the interest calculated on daily basis on the Balance Purchase Consideration or any part thereof outstanding for the duration of the Extended Completion Period which shall be dealt with pursuant to the terms of the SPA. In the event the Purchaser shall pay the Balance Purchase Consideration to the Vendor’s solicitors after the expiry of the Completion Period but before the expiry of the Extended Completion Period, the Vendor’s solicitors are irrevocably authorised to:-

- (a) release to the Vendor the Balance Purchase Consideration and interest calculated from the first day of the Extended Completion Period till the completion date of the Proposed Acquisition (“**Completion Date**”) in accordance with the terms of the SPA; and
- (b) refund the excess payment of the interest (if any) to the Purchaser within 3 working days from the Completion Date.

SALIENT TERMS OF THE SPA (CONT'D)

3. CONDITIONS PRECEDENT

The SPA is subject to and conditional upon the fulfilment of the following conditions (“**Conditions Precedent**”) within 6 months from the date of the SPA or at such longer period which shall be mutually agreed in writing between the Vendor and the Purchaser (“**CP Period**”):-

- (i) the Vendor at the Vendor’s own cost and expense having applied, obtained and delivered to the Purchaser’s solicitors the following:-
 - (a) a certified true copy each (certified by the Vendor’s solicitors) of the new original issue documents of titles together with the plans attached thereto to the Subject Properties registered in the name of the Vendor (“**Titles**”) with a written confirmation by the Vendor’s solicitors addressed to the Purchaser’s solicitors confirming that the original Titles are in the custody of the Vendor’s solicitors; and
 - (b) the original letter of approval of the relevant state authority for the Vendor to transfer the Subject Properties to the Purchaser (“**Consent to Transfer**”) and the registration fee thereof;
- (ii) if a loan is obtained by the Purchaser to finance the Proposed Acquisition (“**Loan**”), the Purchaser having applied and obtained original letter of approval of the relevant state authority for the Purchaser to charge the Subject Properties to the bank or financial institution which has conditionally approved the Loan; and
- (iii) the Purchaser having obtained the approval of our shareholders at the forthcoming EGM.

In the event any of the Conditions Precedent is not fulfilled or the state authority has rejected any appeal against the refusal of the Consent to Transfer (“**Appeal**”) (provided that the non-fulfillment of any of the Conditions Precedent is not attributable to any fault or omission of the party intending to exercise the right of termination) within the CP Period, either party shall be entitled to rescind the SPA by written notice to the other party whereupon the Vendor shall forthwith but in any event no later than 14 days from the date of such written notice refund or cause to be refunded to the Purchaser the Deposit Sum together with all other monies (if any) paid by the Purchaser to the Vendor towards the Total Purchase Consideration free of interest, and the Purchaser shall in exchange for such refund deliver the relevant deliverables as stated in the SPA to the Vendor, whereupon the SPA shall cease to have any effect and neither party hereto shall have any further rights against the other in any respect of or in matter arising out of the SPA, save and except for any antecedent breach.

The SPA shall become unconditional on the date the last of the Conditions Precedent is fulfilled in accordance with the terms of the SPA (“**Unconditional Date**”).

4. COMPLETION

Completion shall take place on the date of receipt of the Balance Purchase Consideration by the Vendor’s solicitors as stakeholders.

SALIENT TERMS OF THE SPA (CONT'D)

5. TERMINATION

In the event any of the Conditions Precedent is not fulfilled or the Appeal is rejected (provided that the non-fulfillment of any of the Conditions Precedent is not attributable to any fault or omission of the party intending to exercise the right of termination) within the CP Period, either party to the SPA shall be entitled to rescind the SPA by written notice to the other party.

The SPA may be terminated by the Purchaser in the event that:-

- (i) the registrable instruments of transfer to be executed by the Vendor as transferor and the Purchaser as transferee for the transfer of the Subject Properties in favour of the Purchaser ("**Memorandum of Transfer**") cannot be registered by the land registry for whatsoever reason not due to any act, default or willful refusal on the part of the Purchaser or of the Vendor and both parties have done all acts and things in accordance with the SPA;
- (ii) the Vendor fails and/or refuses to complete the sale and purchase of the Subject Properties due to no fault or default on the part of the Purchaser;
- (iii) there is any breach by the Vendor of any of the Vendor's representations, warranties, covenants, undertakings or obligations under the SPA which is not remedied by the Vendor within 14 days from the date of a written notice from the Purchaser requiring the same to be remedied;
- (iv) the Memorandum of Transfer is not registered for any reason attributable to the Vendor's fault which is not remedied by the Vendor within 14 days after the Purchaser shall have given written notice to the Vendor to remedy the same; and
- (v) the Vendor shall be served with any such notice of compulsory acquisition of the Subject Properties at any time after the date of the SPA but prior to the full payment of the Total Purchase Consideration.

The SPA may be rescinded or terminated (as the case may be) by the Vendor in the event:-

- (i) of any of the Purchaser's breach, misrepresentation or non fulfilment of the warranties as set out in the SPA prior to the Completion Date and the breach thereof is not remedied by the Purchaser within 14 days from the date of receipt of a written notice from the Vendor requiring the same to be remedied; and
- (ii) the Purchaser shall fail or neglect to pay the Balance Purchase Consideration in accordance with the provisions of the SPA due to no fault or default on the part of the Vendor.

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

The information on the Vendor was provided by the management and/or board of directors of the Vendor. Therefore, the responsibility of our Board with respect to such information is limited to ensuring that the information thereon is accurately reproduced in this Circular.

2. CONSENTS

UOBKH, being the Principal Adviser for the Proposed Acquisition, 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, manner and context in which they appear in this Circular.

Savills, being the Independent Valuer of the Subject Properties in relation to the Proposed Acquisition, 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, manner and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTEREST

UOBKH has given its 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 Principal Adviser to our Company for the Proposed Acquisition.

Savills has given its 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 Valuer to our Company for the Proposed Acquisition.

4. MATERIAL LITIGATION

As at the LPD, the Vendor confirmed that to the best of its knowledge, there are no material litigations, claims and/or arbitration involving the Subject Properties, and the Vendor confirmed that to the best of its knowledge, there are no proceedings, pending or threatened, involving the Subject Properties.

5. MATERIAL COMMITMENTS

Save as disclosed below, as at the LPD, our Board confirmed that there are no material commitments incurred or known to be incurred by our Group, which upon becoming enforceable, may have a material impact on the financial results or position of our Group:-

	RM'000
Authorised capital expenditure for property, plant and equipment not provided for in the financial statements (contracted)	18,032

FURTHER INFORMATION (CONT'D)

6. CONTINGENT LIABILITIES

As at the LPD, there are no material contingent liabilities incurred or known to be incurred, which upon becoming enforceable, may have a material impact on the financial results or position of our Group.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company at No. 3, Persiaran Waja, Bukit Raja Industrial Estate, 41050 Klang, Selangor Darul Ehsan, during normal business hours between Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:-

- (i) the Constitution of AGB;
- (ii) the Valuation Report and Valuation Certificate;
- (iii) the letters of consent and declarations of conflict of interest referred to in **Sections 2 and 3** of this **Appendix III**; and
- (iv) the audited consolidated financial statements of our Group for the past 2 financial years up to and including the FYE 31 December 2022 as well as the unaudited consolidated financial statements of our Group for the 3-month FPE 31 March 2023.

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ALCOM GROUP BERHAD
Registration No. 201701047083 (1261259-V)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Extraordinary General Meeting (“**EGM**”) of Alcom Group Berhad (“**AGB**” or the “**Company**”) will be conducted virtually and live-streamed from the broadcast venue at the Board Room, R-05-17 (Level 5), Wisma SClاند, Emporis Kota Damansara, Persiaran Surian, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia (“**Broadcast Venue**”) on Wednesday, 26 July 2023 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 resolution:-

ORDINARY RESOLUTION

PROPOSED ACQUISITION BY AG AVENUE SDN. BHD. (“AG AVENUE” OR “PURCHASER”), A WHOLLY-OWNED INDIRECT SUBSIDIARY OF AGB, OF 2 PARCELS OF CONTIGUOUS LEASEHOLD VACANT COMMERCIAL LAND HELD UNDER THE LAND TITLE NO. PM 416, LOT 31632 AND PM 417, LOT 31633, BOTH OF WHICH ARE LOCATED IN MUKIM KAPAR, TEMPAT BUKIT RAJA, DAERAH KLANG, NEGERI SELANGOR (“SUBJECT PROPERTIES”), FOR A TOTAL CASH CONSIDERATION OF RM56,000,000 (“PROPOSED ACQUISITION”)

“**THAT**, subject to the relevant approvals of all relevant authorities or parties being obtained, approval be and is hereby given to AG Avenue, a wholly-owned indirect subsidiary of the Company to acquire the Subject Properties located in Mukim Kapar, Tempat Bukit Raja, Daerah Klang, Negeri Selangor, measuring an aggregate of approximately 7.08 acres (equivalent to approximately 28,651 square metres) for a total cash consideration of RM56,000,000 (details of which are set out in the circular to shareholders of AGB dated 11 July 2023 (“**Circular**”)), in accordance with the terms and conditions as stipulated in the conditional sale and purchase agreement dated 14 April 2023 entered into between AG Avenue and 88 Legacy Sdn. Bhd. (salient terms of which are set out in **Appendix II** of the Circular), and on such other terms and conditions as the parties thereto may mutually agree upon in writing or which are imposed by the relevant authorities.

AND THAT approval be and is hereby given to the Board of Directors of the Company (“**Board**”) to give effect to the Proposed Acquisition with full powers and authority to:-

- (a) enter into any arrangement, transaction, agreement and/or undertaking and to execute, sign and deliver for and on behalf of the Company, all such agreements, instruments, documents and/or deeds (including, without limitation, the affixing of the Company’s Common Seal in accordance with the Constitution of the Company, where necessary) as the Board may from time to time deem necessary, expedient or appropriate for or in connection with the Proposed Acquisition;
- (b) assent and/or give effect to any condition, variation, modification, addition and/or amendment in respect of the Proposed Acquisition and/or any provision, term and condition thereof as may be required or permitted by any relevant authorities and to deal with matters relating thereto and/or as the Board may in its absolute discretion deem necessary, expedient or appropriate for or in connection with the Proposed Acquisition in the best interest of the Company; and
- (c) take all such steps and do all such acts, deeds and things including giving undertakings as the Board may from time to time deem necessary, expedient or appropriate in order to implement, finalise, give full effect to and complete all transactions contemplated under the Proposed Acquisition.”

By Order of the Board,
ALCOM GROUP BERHAD

LYDIA TONG YIU SHYIAN-SHYIAN

SSM PC No. 202208000755
(BC/L/1922)

TEH YI TING

SSM PC No. 201908001859
(MAICSA 7068250)
Company Secretaries

Bukit Raja, Klang
Malaysia
11 July 2023

Notes:

(A) RECORD OF DEPOSITORS

Only a depositor whose name appears on the Record of Depositors as at 18 July 2023 shall be entitled to participate at the EGM or appoint proxy(ies) to participate and vote in his/her stead.

(B) MODE OF MEETING AND PROXY

- (i) *The venue of the EGM is strictly a Broadcast Venue as the conduct of the EGM will be conducted virtually and live-streamed. The Broadcast Venue is also for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Members will not be allowed to attend the EGM in person at the Broadcast Venue on the day of the EGM. Members are to attend, ask questions to the Board of Directors (“Board”) via real time submission of typed texts and vote remotely (collectively, “participate”) at the EGM via the Remote Participation and Electronic Voting facilities (“RPEV”) provided by KPMG Management & Risk Consulting Sdn. Bhd. (“KPMG MRC”) via its ConveneAGM Meeting Platform at <https://conveneagm.my/alcomegm2023>. Please follow the Procedures for RPEV in the Administrative Details for the EGM.*
- (ii) *A member of the Company entitled to participate at the EGM is entitled to appoint not more than 2 proxies of his/her own choice to participate in his/her stead. A proxy may but need not be a member of the Company. Where a member appoints more than 1 proxy, the member shall specify the proportion of his/her shareholding to be represented by each proxy, failing which, the appointment shall be invalid.*
- (iii) *Where a member of the Company is an Authorised Nominee, as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than 2 proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said Securities Account to participate at the EGM. Where a member of the Company is an Exempt Authorised Nominee (“EAN”) which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account (“Omnibus Account”), such EAN may appoint multiple proxies in respect of each Omnibus Account it holds. In both cases, such appointment shall be invalid unless the Authorised Nominee or EAN specifies the proportion of its shareholdings to be represented by each proxy it has appointed.*
- (iv) *If an instrument appointing a proxy is submitted in hard copy, it shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or signed by 2 authorised officers or its attorney duly authorised in writing. Any alteration to the instrument appointing a proxy must be initialled.*
- (v) *The appointment of a proxy may be made in hard copy form or by electronic form and must be deposited with/received by KPMG MRC, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof, and in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, otherwise the person so named shall not be entitled to vote in respect thereof.*
- (vi) *In the case of an appointment made in hard copy form, the Form of Proxy, together with the power of attorney (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of our Administration and Polling Agent, KPMG MRC at Concourse, KPMG Tower, No. 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia.*
- (vii) *In the case of appointment by electronic form, the Form of Proxy must be electronically lodged with KPMG MRC via its ConveneAGM Meeting Platform at <https://conveneagm.my/alcomegm2023> or via email to support_conveneagm@kpmg.com.my. Please refer to the Administrative Details for the EGM on the procedures for electronic lodgement of Form of Proxy via ConveneAGM Meeting Platform.*

(C) POLL VOTING

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

(D) PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate at the forthcoming 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 or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) 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) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and*
- (iii) agrees that the member will indemnify the Company in respect of any penalty, claim, demand, loss and damage as a result of the member's breach of warranty.*



ALCOM GROUP BERHAD
[Registration No. 201701047083 (1261259-V)]

FORM OF PROXY

I/We, _____ (NRIC/Company No. _____)
(Full Name in Block Letters)
of _____
(Address)

and telephone no./email address _____ being a member/members of Alcom Group Berhad (the "Company"), hereby appoint:

Full Name (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholdings
Telephone No.	Email Address		

and

Full Name (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholdings
Telephone No.	Email Address		

or failing him/her, THE CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us on *my/our behalf at the Extraordinary General Meeting ("EGM"), to be conducted virtually and live-streamed from the broadcast venue at the Board Room, R-05-17 (Level 5), Wisma SCLand, Emporis Kota Damansara, Persiaran Surian, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia ("Broadcast Venue") on Wednesday, 26 July 2023 at 10.00 a.m. or at any adjournment thereof. *I/We indicate with an 'X' in the spaces below how *I/we wish *my/our vote to be cast.

No.	Ordinary Resolution	For	Against
1	Proposed Acquisition		

Subject to the abovestated voting instructions, *my/our proxy may vote or abstain from voting on any resolution as he/she/they may think fit.

<p>If appointment of proxy is under hand :</p> <p>_____</p> <p>Signed by *individual member/officer or attorney of member/authorised nominee</p> <p>of _____ (beneficial owner)</p>	<p>No. of Shares held:</p> <p>_____</p> <p>Securities Account No. : _____ (CDS Account No.) (Compulsory)</p> <p>Date: _____</p>
<p>If appointment of proxy is under seal :</p> <p>The Common Seal of _____ was hereto affixed in accordance with its Constitution in the presence of:</p> <p>Director _____ Director/Secretary _____</p> <p>In its capacity as *member/attorney of member/authorised nominee of _____ (beneficial owner)</p>	<p>No. of Shares held:</p> <p>_____</p> <p>Securities Account No. : _____ (CDS Account No.) (Compulsory)</p> <p>Date: _____</p>

Signed this _____ day of _____ 2023.

**Strike out whichever is not desired.
[Unless otherwise instructed, the proxy may vote as he/she thinks fit.]*

Notes:

- (i) Only a depositor whose name appears on the Record of Depositors as at 18 July 2023 shall be entitled to participate in the EGM or appoint proxy(ies) to participate and vote in his/her stead.
- (ii) The venue of the EGM is strictly a Broadcast Venue as the conduct of the EGM will be conducted virtually and live-streamed. The Broadcast Venue is also for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting.
- (iii) Members will not be allowed to attend the EGM in person at the Broadcast Venue on the day of the Meeting.
- (iv) Members are to attend, ask questions to the Board of Directors via real time submission of typed texts and vote remotely (collectively, "participate") at the EGM via the Remote Participation and Electronic Voting facilities ("RPEV") provided by KPMG Management & Risk Consulting Sdn. Bhd. ("KPMG MRC") via its ConveneAGM Meeting Platform at <https://conveneagm.my/alcomeg2023>. Please follow the Procedures for RPEV in the Administrative Details for the EGM.
- (v) A member of the Company entitled to participate at the EGM is entitled to appoint not more than 2 proxies of his/her own choice to participate in his/her stead. A proxy may but need not be a member of the Company. Where a member appoints more than 1 proxy, the member shall specify the proportion of his/her shareholding to be represented by each proxy, failing which, the appointment shall be invalid.
- (vi) Where a member of the Company is an Authorised Nominee, as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than 2 proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said Securities Account to participate at the EGM. Where a member of the Company is an Exempt Authorised Nominee ("EAN") which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("Omnibus Account"), such EAN may appoint multiple proxies in respect of each Omnibus Account it holds. In both cases, such appointment shall be invalid unless the Authorised Nominee or EAN specifies the proportion of its shareholdings to be represented by each proxy it has appointed.
- (vii) If an instrument appointing a proxy is submitted in hard copy, it shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or signed by 2 authorised officers or its attorney duly authorised in writing. Any alteration to the instrument appointing a proxy must be initialled.



Notes: (continued)

- (viii) *The appointment of a proxy may be made in hard copy form or by electronic form and must be deposited with/received by KPMG MRC, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof, and in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, otherwise the person so named shall not be entitled to vote in respect thereof.*
- (ix) *In the case of an appointment made in hard copy form, the Form of Proxy, together with the power of attorney (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of our Administration and Polling Agent, KPMG MRC at Concourse, KPMG Tower, No. 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia.*
- (x) *In the case of appointment by electronic form, the Form of Proxy must be electronically lodged with KPMG MRC via its ConveneAGM Meeting Platform at <https://conveneagm.my/alcomegm2023> or via email to support_conveneagm@kpmg.com.my. Please refer to the Administrative Details for the EGM on the procedures for electronic lodgement of Form of Proxy via ConveneAGM Meeting Platform.*
- (xi) *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution will be put to the vote by way of poll. Independent Scrutineers will be appointed to verify the results of the poll.*
- (xii) *By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the Personal Data Privacy terms set out in the Notice of EGM dated 11 July 2023.*

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AFFIX
STAMP

The Administration and Polling Agent
KPMG MANAGEMENT & RISK CONSULTING SDN. BHD.
Registration No. 198601000916 (150059-H)
Concourse, KPMG Tower
No. 8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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Fold This Flap For Sealing