

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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COMPUGATES®

COMPUGATES HOLDINGS BERHAD

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

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED PRIVATE PLACEMENT OF UP TO 763,940,372 NEW ORDINARY SHARES IN COMPUGATES HOLDINGS BERHAD ("CHB" OR THE "COMPANY") ("CHB SHARE(S)"), REPRESENTING APPROXIMATELY 20% OF THE EXISTING TOTAL NUMBER OF ISSUED CHB SHARES, TO THIRD PARTY INVESTOR(S), WHO QUALIFY UNDER SCHEDULES 6 AND 7 OF THE CAPITAL MARKETS AND SERVICES ACT 2007, TO BE IDENTIFIED LATER AT AN ISSUE PRICE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED PRIVATE PLACEMENT")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser and Placement Agent

UOBKayHian

UOB Kay Hian Securities (M) Sdn. Bhd.

Registration No.: 199001003423 (194990-K)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting of CHB ("**EGM**"), which will be held and conducted on a fully virtual basis through live streaming and online remote voting using remote participation and voting facilities on an online meeting platform via TIH Online website at <https://tiah.online> provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia on Friday, 4 February 2022 at 11.00 a.m. or at any adjournment thereof, and the Form of Proxy are enclosed herein.

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

- (i) In hard copy:-
 - (a) By hand or by post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia or at the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia; or
 - (b) By fax at 03-2783 9222 or e-mail to is.enquiry@my.tricorglobal.com; or
- (ii) By electronic form:-
 - (a) To submit Form of Proxy electronically via TIH Online at <https://tiah.online>.

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

Last day, date and time for lodging the Proxy Form	: Wednesday, 2 February 2022 at 11.00 a.m.
Day, Date and time of the EGM	: Friday, 4 February 2022 at 11.00 a.m.

This Circular is dated 20 January 2022

DEFINITIONS

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

"Act"	:	The Companies Act 2016
"AGM"	:	Annual General Meeting of CHB
"Board"	:	Board of Directors of CHB
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"CDMSB"	:	Compugates Development and Mining Sdn Bhd (Registration No. 200801031906 (833239-U))
"CHB" or the "Company"	:	Compugates Holdings Berhad (Registration No. 200401030779 (669287-H))
"CHB Group" or the "Group"	:	CHB and its subsidiaries, collectively
"CHB Share(s)" or the "Share(s)"	:	Ordinary share(s) in CHB
"Circular"	:	This circular dated 20 January 2022
"COVID-19"	:	Coronavirus disease 2019
"Director(s)"	:	The director(s) of CHB and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007
"EGM"	:	Extraordinary General Meeting of CHB
"EPS"	:	Earnings per Share
"FPE"	:	Financial period ended/ ending
"FYE"	:	Financial year ended/ ending
"IMR Report"	:	Independent market research report dated 7 January 2022 on the overview and outlook of the agarwood industry, prepared by Protégé
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	7 January 2022, being the latest practicable date prior to the printing and despatch of this Circular
"Market Day(s)"	:	Any day from Mondays to Fridays (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for trading of securities
"NA"	:	Net asset
"PAT/ (LAT)"	:	Profit / (Loss) after taxation
"PBT/ (LBT)"	:	Profit / (Loss) before taxation
"Placement Share(s)"	:	Up to 763,940,372 new CHB Shares to be issued pursuant to the Proposed Private Placement

DEFINITIONS (CONT'D)

"Proposed Private Placement"	:	Proposed private placement of up to 763,940,372 new CHB Shares, representing approximately 20% of the existing total number of issued Shares as at the LPD
"Protégé" "	:	Protégé Associates Sdn Bhd (Registration No. 200401037256 (675767-H))
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"UOBKH" or the "Adviser" or the "Placement Agent"	:	UOB Kay Hian Securities (M) Sdn. Bhd. (Registration No. 199001003423 (194990-K))
"VWAP"	:	Volume weighted average market price

All references to "you" and "your" in this Circular is to the shareholders of the Company. All references to "we", "us", "our" and "CHB" in this Circular is to the Company.

Unless specifically referred to, words denoting incorporating the singular shall, where applicable include the plural and vice versa and words denoting incorporating the masculine gender shall where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date, respectively, unless otherwise specified. Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding adjustments.

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EXECUTIVE SUMMARY

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

Key information	Description	Reference to Circular
Summary of the Proposed Private Placement	The Proposed Private Placement involves the issuance of new CHB Shares representing approximately 20% of the existing total number of issued Shares, at an issue price to be determined and announced later.	Section 2
Rationale and justifications for the Proposed Private Placement	<ul style="list-style-type: none"> (i) enables the Company to raise additional funds without incurring interest costs as compared to conventional bank borrowings; (ii) provides the Company with an expeditious way of raising funds from the capital market as opposed to other forms of fund raising such as undertaking a rights issue or the issuance of debt instruments; (iii) increases the size and strength of the Company's shareholders' funds; and (iv) enables the Company to raise funds in an expeditious manner, compared to pro-rated issuance such as a rights issue, which usually requires a longer timeframe for implementation, also without certainty that the Company will be able to meet its fundraising objectives as the level of funds raised will depend on the subscription rate by the entitled shareholders and/ or renouncee(s). 	Section 4
Approvals required	<p>The Proposed Private Placement is subject to the following approvals:-</p> <ul style="list-style-type: none"> (i) the approval from Bursa Securities, of which has been obtained vide Bursa Securities' letter dated 4 January 2022; (ii) the approval of the shareholders of CHB at the EGM of the Company to be convened; and (iii) the approvals / consents of any other relevant authorities and/ or parties, if required. 	Section 8
Conditionality	The Proposed Private Placement is not conditional upon any other proposals undertaken or to be undertaken by CHB.	Section 8
Interested parties and any conflict of interest from the Proposed Private Placement	<p>None of the Directors, major shareholders, chief executive of CHB and/ or persons connected with them have any interest, whether direct or indirect, in the Proposed Private Placement.</p> <p>UOBKH and Protégé are independent parties, which have no conflicts of interest or potential conflicts of interest arising from its respective roles as the Adviser and Placement Agent, and Independent Market Researcher for the Proposed Private Placement.</p>	Section 9
Board's recommendation	The Board, having considered all aspects of the Proposed Private Placement, including the rationale and justification and the effects of the Proposed Private Placement, is of the opinion that the Proposed Private Placement is in the best interest of the Company.	Section 12

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COMPUGATES HOLDINGS BERHAD

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

Registered Office

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

20 January 2022

Board of Directors

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

To: The shareholders of Compugates Holdings Berhad

Dear Sir/ Madam,

PROPOSED PRIVATE PLACEMENT

1. INTRODUCTION

On 11 November 2021, UOBKH had, on behalf of the Board, announced that CHB intends to undertake the Proposed Private Placement.

On 5 January 2022, UOBKH had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 4 January 2022, resolved to approve the listing and quotation for up to 763,940,372 Placement Shares to be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Securities, subject to the terms and conditions as set out in **Section 8** of this Circular.

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

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

2. DETAILS OF THE PROPOSED PRIVATE PLACEMENT

2.1 Placement size

The Proposed Private Placement involves the issuance of new CHB Shares representing approximately 20% of the existing total number of issued Shares, at an issue price to be determined and announced later.

As at the LPD, the total issued share capital of CHB was RM74,554,010 comprising 3,819,701,863 CHB Shares. Accordingly, a total of up to 763,940,372 Placement Shares, representing approximately 20% of the existing total number of issued Shares, may be issued pursuant to the Proposed Private Placement. For the avoidance of doubt, as at the LPD, CHB does not have any treasury shares or convertible securities.

The actual number of Placement Shares to be issued pursuant to the Proposed Private Placement will depend on the total number of issued shares of the Company on a date to be determined and announced later, after receipt of all relevant approvals for the Proposed Private Placement as set out in **Section 8** of this Circular, where applicable.

2.2 Basis and justification for the issue price of the Placement Shares

The Placement Shares will be issued based on a discount of not more than 10% to the 5-day VWAP of CHB Shares up to and including the last trading day immediately preceding the price-fixing date, to be determined and fixed by the Board at a later date after receipt of all relevant approvals for the Proposed Private Placement. The Board has not set any minimum issue price or minimum proceeds to be raised from the Proposed Private Placement.

As the Proposed Private Placement may be implemented in several tranches within 6 months, there could potentially be several price fixing dates and issue prices. The implementation of the Proposed Private Placement in multiple tranches would provide flexibility to CHB to procure interested investor(s) to subscribe for the Placement Shares expediently within the period as approved by Bursa Securities.

For illustrative purposes, the indicative issue price of the Placement Shares is assumed at RM0.0145 per Placement Share, which represents a discount of approximately 7.86% to the 5-day VWAP of CHB Shares up to and including the LPD of RM0.0157.

Up to and including the LPD	VWAP RM	Discount to the VWAP RM	%
5-day VWAP of CHB Shares	0.0157	0.0012	7.86
1-month VWAP of CHB Shares	0.0150	0.0005	3.49
3-month VWAP of CHB Shares	0.0151	0.0006	3.93
6-month VWAP of CHB Shares	0.0154	0.0009	5.70
12-month VWAP of CHB Shares	0.0231	0.0086	37.16

(Source: Bloomberg)

2.3 Ranking of the Placement Shares

The Placement Shares will, upon allotment and issuance, rank equally in all respects with the existing CHB Shares, save and except that the Placement Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution where the entitlement date precedes the relevant date of allotment and issuance of the Placement Shares.

2.4 Listing and quotation for the Placement Shares

Bursa Securities had, vide its letter dated 4 January 2022, approved the listing and quotation for the Placement Shares on the Main Market of Bursa Securities pursuant to the Proposed Private Placement.

2.5 Allocation to placees

The Placement Shares will be placed out to third party investor(s) to be identified at a later stage, where such investor(s) shall be person(s) who/ which qualify under Schedules 6 and 7 of the Capital Markets and Services Act, 2007.

Additionally, the Placement Shares will not be placed out to the following parties:-

- (i) director, major shareholder or chief executive of CHB or a holding company of CHB, where applicable ("**Interested Person**");
- (ii) a person connected with an Interested Person; and
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The Proposed Private Placement may be implemented in tranches within 6 months from the date of Bursa Securities approval for the Proposed Private Placement, as such, the issue price of the Placement Shares will be determined for each tranche of the Proposed Private Placement. CHB will make the necessary price-fixing announcement(s) once the Board has fixed the issue price of the Placement Shares which may be issued in tranches, in which there will be a price-fixing announcement for each tranche of Placement Shares. In any event, CHB will ensure payment for the Placement Shares by the placee(s) is received within 5 market days from the price-fixing date of each tranche of the Proposed Private Placement.

In the event the Board is unable to identify sufficient placees to subscribe for the entire portion of the Placement Shares at one time, the Proposed Private Placement may be implemented in tranches within 6 months from the date of approval of Bursa Securities for the Proposed Private Placement or any extended period as may be approved by Bursa Securities, respectively.

2.6 Utilisation of proceeds

Based on the indicative issue price of RM0.0145 per Placement Share, the Proposed Private Placement is expected to raise gross proceeds of approximately RM11.08 million. The gross proceeds from the Proposed Private Placement are intended to be utilised in the following manner:-

Utilisation	Timeframe for utilisation	RM'000
Working capital requirements ^{*1}	Within 24 months from the receipt of placement funds	8,802
Purchase of an Integrated Water Supply System Scheme ^{*2}	Within 24 months from the receipt of placement funds	2,200
Estimated expenses ^{*3}	Upon completion of the Proposed Private Placement	75
Total		11,077

Notes:-

*1 It is the intention of CHB Group to earmark proceeds to be raised from the Proposed Private Placement of approximately RM8.80 million to fund the working capital requirements of the Group.

Notwithstanding the above and on best estimate basis, the percentage of the allocation of the proceeds to be utilised for each component of the working capital are as follows, subject to the operating and funding requirements of the Group at the time of utilisation:-

	Estimated allocation of proceeds (%)
<u>Working capital expenses for the trading and services segment of the Group</u>	80.0
<p>The Group derives majority of its revenue from its trading and services segment, comprising of 98.8% of the Group's total revenue for the FYE 31 December 2020. The business activities of the trading and services segment involve the Group purchasing products from manufacturers and suppliers, and then later distributing these products to dealers and end users locally and in overseas markets such as China and Hong Kong. The products that the Group trades in are mainly in the information and communication technology ("ICT") sector which are printers, cameras, scanners, portable chargers, and ink and toner cartridges.</p> <p>Due to the slower economic conditions of the Malaysian economy in 2021, largely due to COVID-19 and the imposition of several Movement Control Orders ("MCO") by the Malaysian government, the Group's suppliers for its trading segment have adopted a higher cash to credit payment scheme where the credit limit available to the Group was significantly decreased. As a result, the Group has had to rely on its cash liquidity to continue purchasing the ICT products for its trading segment. In addition, the competition in the trading market for such products have also increased in recent years, resulting in reduced margins for the Group. For information purposes, the Group's average monthly product purchasing cost for the period of January 2021 to October 2021 stands at approximately RM0.78 million, while the average monthly product purchasing cost for the 3 month period of August 2021 to October 2021 increased to approximately RM1.10 million.</p> <p>In view of this, the Group opines that the proceeds earmarked to fund the Group's working capital requirements for the trading and services segment of approximately RM7.04 million is adequate, considering the Group's increased need for liquidity of funds to maintain its trading and services segment. The Group aims to capitalise on the recovering economy as illustrated in Section 5.1 of this Circular, and intends to utilise the funds allocated for working capital to maintain and/ or increase the supply of its current products in order to be opportunistically positioned to meet the anticipated increase in demand as the economy experiences further recovery.</p>	
<u>Working capital expenses for the agarwood business segment of the Group</u>	20.0
<p>The Group's agarwood business segment currently consists of an agarwood plantation located on a 54 acre parcel of land located at Kuala Kangsar, Perak, which houses approximately 23,000 agarwood trees. The land is owned by Selama Muda Jaya Sdn Bhd, which was a company that the Group acquired 60% equity interest in on 29 June 2009, and subsequently acquired the remaining 40% equity interest on 22 December 2009 for a total purchase consideration of RM16.0 million. The Group later begun agarwood plantation activities on the said land in June 2010. The Group has commenced an inoculation process of 20 new agarwood trees to determine the viability of increasing the production capacity of its existing agarwood plantation. In the event the inoculation process yields positive results, the Group may consider increasing its quantity of inoculated agarwood trees.</p> <p>It is the intention of the Group to earmark approximately RM1.76 million to fund the working capital requirements of the Group's agarwood business which include the purchase of inoculants such as enzymes for agarwood trees, staff and equipment costs, and utilities and maintenance expenses for the existing 23,000 agarwood trees.</p>	

The following represents the approximate allocation of the RM1.76 million earmarked for the working capital requirements of the agarwood business segment:-

	Estimated Allocation (RM'000)
Purchase of inoculants such as enzymes for agarwood trees	1,350
Staff and equipment costs related to plantation operations	155
Utilities and maintenance expenses	255
Total	1,760

Total

100.0

As the Proposed Private Placement will be implemented in tranches, the issue price as well as the number of Placement Shares to be issued are not determinable at this juncture. As such, the Board is unable to determine the exact amount to be allocated from the gross proceeds for the abovementioned working capital at current stage. Upon the determination of the gross proceeds raised from the Proposed Private Placement, the Board shall have the absolute discretion to decide on the allocation of the proceeds for the Group's working capital requirements, guided by, but not limited to the estimated percentage of allocation from the gross proceeds as disclosed above. This include any claw back of funds among these working capital requirements according to the priority at the relevant point in time.

*2

The Group intends to purchase an Integrated Water Supply System Scheme ("IWSS"), to supply water to an ongoing development project between the Group's 70% owned subsidiary CDMSB, and Jade Classic Sdn Bhd ("JCSB") for the development of 62 acres of land in Dengkil, Selangor ("JVA Development"). The IWSS is an integral component for the facilitation of the JVA Development as its primary function is to provide water supply to 418 units of houses, 278 units of Rumah Selangorku, as well as other residential infrastructure under Phase 1 of the JVA Development ("Phase 1").

The JVA Development was announced on Bursa Securities on 10 February 2020, whereby CDMSB and JCSB had received approval from the Sepang Municipal Council on 6 February 2020 for the said development. The JVA Development later commenced development with earthworks on 12 April 2021. As at the LPD, the earthworks progress for the JVA Development has been approximately 35% completed and the Board estimates for Phase 1 of the JVA Development to be completed by the second half of 2025. For information purposes, usage of the IWSS is intended to be shared amongst several development projects in the surrounding area of Dengkil, Selangor, and in the new township of Cybersouth.

The allocation of RM2.20 million represents CDMSB's share of the IWSS usage and will be made in the form of a repayment to MCT Berhad, being the main developer for the infrastructure of the IWSS, for providing an advance payment on behalf of CDMSB for the IWSS. MCT Berhad had provided the advance payment on behalf of CDMSB as this would provide CDMSB with a more expedient way to obtain funds for its portion of the IWSS. The repayment of this advance payment made by MCT Berhad accrues an annual interest of 8%.

The Group opines that the earmarked proceeds of RM2.20 million allocated to fund the purchase of the IWSS is essential as the integration of the IWSS is pertinent to enhancing the value of the JVA Development as well as securing the JVA Development's successful completion as it serves to provide clean water supply to the future occupants of the JVA Development. In addition, the IWSS may enhance the value of the land in the Cybersouth township for any future developments. This would include a 35 acres of land in Dengkil, Selangor owned by CDMSB which has yet to be developed. Should the Board decide to proceed with development on this 35 acres of land, the future occupants shall also have access to the IWSS. Therefore, the Group is of the opinion that the purchase of the IWSS is an integral part to securing future earnings potential for the Group as the JVA Development is expected to provide a gross development value ("GDV") of approximately RM230 million, of which CDMSB is entitled 20% upon completion.

*3 The proceeds earmarked for estimated expenses in relation to the Proposed Private Placement will be utilised as follows:-

	RM'000
Professional fees (i.e. adviser and placement agent) and placement fees	34
Regulatory fees	31
Other incidental expenses in relation to the Proposed Private Placement	10
Total	75

The actual gross proceeds to be raised from the Proposed Private Placement are dependent on the issue price and the number of Placement Shares to be issued. Any variance in the actual gross proceeds raised and the intended gross proceeds to be raised will be adjusted against the amount allocated for the working capital requirements of the Group.

Any shortfall between the actual gross proceeds raised and the intended gross proceeds to be raised from the Proposed Private Placement will be funded via internally generated funds and/ or bank borrowings, the exact quantum of which will be determined by the Board at a later date upon obtaining all the necessary approvals (if necessary). Any shortfall in the actual gross proceeds raised and the intended gross proceeds to be raised from the Proposed Private Placement will be adjusted accordingly and allocated to fund the estimated expenses for the Proposed Private Placement, followed by the purchase of the IWSS, and the remaining proceeds will be allocated to funding the working capital requirements of the Group. In the event there are any additional proceeds raised in excess of the illustrative proceeds, the additional proceeds will be allocated to the working capital requirements of the Group.

Pending utilisation of the proceeds from the Proposed Private Placement for the above purposes, the proceeds will be placed in deposits with licensed financial institutions or short-term money market instruments. The interests derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional general working capital for the Group.

3. OTHER FUND RAISING EXERCISES IN THE PAST 12 MONTHS

3.1 Private Placement

CHB had, on 11 August 2020 announced the private placement of approximately 20% of the total number of issued shares of CHB ("**Private Placement**"). As at 16 March 2021, CHB completed the Private Placement and had placed out an aggregate number of 494,752,500 Shares, raising total gross proceeds of approximately RM9.17 million, further details of which are set out below:-

Listing Date	Issue Price RM	Shares	Actual proceeds raised RM'000
30 September 2020	0.0245	26,530,600	650
17 November 2020	0.0180	227,777,700	4,100
10 February 2021	0.0180	53,055,200	955
8 March 2021	0.0185	187,389,000	3,467
Total		494,752,500	9,172

The status of the utilisation of the said gross proceeds as at the LPD is set out below:-

Details of utilisation	Expected timeframe for utilisation from receipt of funds	Proposed utilisation based on actual proceeds raised RM'000	Actual proceeds raised and utilised RM'000	Balance proceeds unutilised RM'000
Working capital ^{*1}	Within 12 months	8,972	9,086	-
Expenses for the Private Placement	Within 1 month	200	86	-
Total		9,172	9,172	-

Note:-

^{*1} The breakdown of utilisation of approximately RM9.09 million for the Group's working capital is as follows:-.

Details	RM'000
Repayment of trade creditors and purchases	4,032
Staff and director related expenses	4,234
Payment for professional fees (i.e auditor fees, tax agent fees, company secretary fees and legal adviser fees)	374
Sundry expenses (i.e. office overheads and administrative expenses)	152
Other miscellaneous expenses	294
Total	9,086

3.2 Debt Settlement

CHB had, on 24 February 2021 announced the undertaking of a debt settlement exercise which involves the issuance of new CHB Shares to settle CHB's debt with its creditors, namely Goh Kheng Peow (the Chief Executive Officer and substantial shareholder of the Company) and See Thoo Chan (an Executive Director and substantial shareholder of the Company) (collectively referred to as the "**Creditors**") ("**Debt Settlement**"). On 20 August 2021, CHB completed the Debt Settlement and a total of 750,685,543 CHB Shares were issued at the issue price of RM0.0185, raising total gross funds of approximately RM13.89 million, further details of which are set out below:-

Creditors	Amount owing to creditors RM'000	Creditors settlement RM'000	No of shares issued under Debt Settlement Shares
Goh Kheng Peow	8,385	8,385	453,239,003
See Thoo Chan	5,737	5,503	297,446,540
Total	14,122^{*1}	13,888^{*1}	750,685,543^{*1}

Note:-

^{*1} CHB had, on 6 August 2021, announced the revision of the final amount owing from RM14.12 million to RM13.89 million to the Creditors in conjunction with an external auditor report. Therefore, the total number of shares issued under the Debt Settlement is 750,685,543 CHB Shares.

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

4. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED PRIVATE PLACEMENT

After due consideration of the various methods of fund raising, the Board is of the view that the Proposed Private Placement is the most appropriate avenue of fund raising as the Proposed Private Placement:-

- (i) enables the Company to raise additional funds without incurring interest costs as compared to conventional bank borrowings;
- (ii) provides the Company with an expeditious way of raising funds from the capital market as opposed to other forms of fund raising such as undertaking a rights issue or the issuance of debt instruments;
- (iii) increases the size and strength of the Company's shareholders' funds; and
- (iv) enables the Company to raise funds in an expeditious manner, compared to pro-rated issuance such as a rights issue, which usually requires a longer timeframe for implementation, also without certainty that the Company will be able to meet its fundraising objectives as the level of funds raised will depend on the subscription rate by the entitled shareholders and/ or renouncee(s).

For the avoidance of doubt, the Company had procured shareholders' mandate at the last AGM held on 30 June 2021 to allot and issue new shares of up to 10% of the total number of CHB Shares pursuant to Sections 75 and 76 of the Companies Act 2016 ("**General Mandate**"). However, the Board has decided to seek shareholders' approval for the Proposed Private Placement as this allows the Company to raise additional funds based on approximately 20% of the existing total number of CHB Shares, of which the Board is of the opinion that the Company requires at this juncture. The 20% available under the Proposed Private Placement will allow the Company to raise funds sufficient to purchase the IWSS, and at the same time fund the working capital requirements of the trading and services segment and agarwood segment of the Group for the purposes set out in **Section 2.6** of this Circular.

4.1 Current financial performance and financial position of CHB Group

The audited financial information of CHB Group for the past 3 financial years up to the FYE 31 December 2020 and the latest unaudited results for the 9-month financial period ended 30 September 2021, is set out below:-

	<-----Audited----->			<-Unaudited->
	FYE 31 December 2018 RM'000	FYE 31 December 2019 RM'000	FYE 31 December 2020 RM'000	9-month FPE 30 September 2021 RM'000
Revenue	19,262	4,590	4,371	6,788
Gross profit/ loss	244	509	133	112
Profit/ (Loss) before tax ("PBT/ (LBT)")	(5,234)	(8,898)	(7,191)	(5,989)
Profit/ (Loss) after tax ("PAT/ (LAT)")	(5,637)	(8,284)	(7,140)	(5,951)
Earnings/ (Loss) per Share	(0.24)	(0.33)	(0.25)	(0.16)
Cash and cash equivalents	625	487	476	661
Total borrowings	2,227	4,534	4,542	-
Gearing ratio (times)	0.02	0.03	0.03	-
Current assets	13,652	10,479	12,327	11,947
Non-current assets	159,360	159,176	158,986	159,894
Current liabilities	22,208	21,749	24,230	15,894
Non-current liabilities	13,800	16,686	16,853	13,357
Current ratio (times)	0.61	0.48	0.51	0.75

	<-----Audited----->			<-Unaudited->
	FYE 31	FYE 31	FYE 31	9-month FPE
	December	December	December	30 September
	2018	2019	2020	2021
	RM'000	RM'000	RM'000	RM'000
Total equity/ NA	137,004	131,220	130,230	142,589
Number of CHB Shares in issue ('000)	2,347,718	2,475,496	2,828,572	3,819,701
NA per share (RM)	0.06	0.05	0.05	0.04

FYE 31 December 2018 ("FYE 2018")

For FYE 2018, the Group recorded revenue of RM19.26 million, representing a decrease of RM8.82 million or 31.41% from the revenue of RM28.08 million as recorded in FYE 31 December 2017 ("**FYE 2017**"). This was mainly attributable to the overall weak market sentiment and competition from digital online platforms. Furthermore, the Group recorded gross profit of RM0.24 million for the FYE 2018, which represents a decrease of RM0.21 million or 46.67% from the gross profit of RM0.45 million recorded in FYE 2017. Despite the lower revenue, the Group recorded a lower LAT of RM5.6 million, an improvement by 24.32% (FYE 2017: LAT of RM7.4 million) mainly due to the gain on partial disposal of land held for property development.

FYE 31 December 2019 ("FYE 2019")

For FYE 2019, the Group recorded revenue of RM4.59 million representing a decrease of RM14.67 million or 76.17% from the revenue of RM19.26 million as recorded in FYE 2018. This was mainly attributable due to the growth in the e-commerce industry which negatively impacted the Group's business, which at the time utilised more traditional retail sales channels. Despite the lower revenue, the Group registered a higher gross profit of RM0.51 million, representing an increase of RM0.27 million or 112.50% from the gross profit of RM0.24 million recorded in FYE 2018. Nevertheless, the Group incurred a higher LAT of RM8.28 million for FYE 2019, representing an increase of RM2.65 million or 47.07% from the LAT of RM5.63 million recorded for the FYE 2018: This was mainly due to the absence of a one-off gain taken place in year 2018, that is, a gain on disposal of investment property arising from a government compensation of a compulsory land acquisition.

FYE 31 December 2020 ("FYE 2020")

For FYE 2020, the Group recorded revenue of RM4.37 million, representing a decrease of RM0.22 million or 4.79% from the revenue of RM4.59 million as recorded in the FYE 2019. This was mainly attributable due to a market shortage of IT hardware products, which resulted in the hampering of any ability to fulfil the spike in demand for such products in view of the imposition of the MCO. In conjunction with this, the Group registered a lower gross profit of RM0.13 million which represents a decrease of RM0.38 million or 74.51% as compared to the gross profit of RM0.51 million registered in FYE 2019. Nevertheless, the Group recorded a lower LAT of RM7.14 million which represents an improvement of RM1.14 million or 13.77% from the LAT of RM8.28 million as recorded for the FYE 2019. This was mainly attributable to the cost saving in administrative expenses of approximately RM1.30 million and an increase in other income of approximately RM0.70 million arising from a further compensation from land acquisition. This was further offset with a reversal of provision of company tax of approximately RM0.60 million.

9-month FPE 30 September 2021

For the 9-month FPE 30 September 2021, the Group recorded revenue of RM6.79 million which represents an increase of RM3.66 million or 116.93% from the revenue of RM3.13 million as recorded for the 9-month FPE, 30 September 2020. This is mainly attributable to the increased demand subsequent to the reopening of the economy. Nonetheless, the Group registered a gross profit of RM0.11 million, which represents an increase of RM0.11 million from the 9-month FPE 30 September 2020, where the Group registered no gross profit. Despite this, the Group recorded a LAT of RM5.95 million for the 9-month FPE 30 September 2021 which represents an increase RM2.05 million or 52.56%, from the LAT recorded for the 9-month FPE 30 September 2020. This increase in LAT is mainly attributable to the increase of the Group's expenses.

4.2 Value creation and impact of the Proposed Private Placement to the Company and shareholders

The proceeds to be raised from the Proposed Private Placement is intended to be utilised in the following manner:-

- (i) up to RM8.80 million is intended to fund the Group's working capital requirements. While this may not directly expand the Group's business, such proceeds will enable the Group to retain an adequate cash level and flexibility in respect of financial allocations for its operational requirements and short term obligations and liabilities, which in turn may enable the Group to carry out its day-to-day operations in a more efficient and timely manner; and
- (ii) RM2.20 million is intended to fund the purchase of the IWSS, which is an essential component for the Group's JVA Development. Phase 1 of the JVA Development is expected to create a GDV of RM230 million, of which CDMSB is entitled to 20% upon completion.

The purchase of the IWSS will enable the Group to move closer to the completion of the JVA Development, and through the information laid out in **Section 2.6** will allow the Group to realise the earnings from the JVA Development.

In addition, the Proposed Private Placement may allow the Group to raise the necessary funds in tranches through private placement, as and when required, as a means to manage the aforesaid funding requirements as well as to ease the cash flow concerns to mitigate the COVID-19 impact on business operations and cost structure of the Group. As set out in **Section 6.2** of this Circular, the Proposed Private Placement is expected to enlarge the issued share capital of the Group from approximately RM74.55 million to RM85.63 million and may increase the total equity/ NA from approximately RM148.29 million to RM159.29 million. Further details on the effects of the Proposed Private Placement on the Group's issued share capital, substantial shareholdings structure, NA, gearing level and earnings and EPS are disclosed in **Section 6** of this Circular.

Notwithstanding the above, although the Proposed Private Placement may potentially result in a dilution to the existing shareholders' shareholding, as a result of the issuance of new Shares to third party investor(s), the Proposed Private Placement serves as an expeditious means of raising funds from the capital market as opposed to other forms of fundraising such as rights issue on which there is no certainty that CHB is able to meet the fundraising objectives as the level of funds raised depends on the subscription rate by the entitled shareholders and/ or renouncee(s), unless underwriting arrangement is procured. Should underwriting be procured, the Group may incur additional costs in the form of underwriting fees. As such, the Board and management are of the opinion that the Proposed Private Placement represent a comparatively efficient avenue to raise the required quantum of funds over other larger scale equity fund raising exercises such as a rights issue at this juncture.

4.3 Adequacy of the Proposed Private Placement in addressing CHB Group's financial concerns

At this juncture, the Board is of the view that the primary financial concerns of the Group comprise the funding requirements for purchase of the IWSS as well as the working capital requirements of the Group as highlighted in **Section 2.6** of this Circular. Premised on **Section 4.1** above as well as the effects of the Proposed Private Placement as set out in **Section 6** of this Circular, the Board is of the view that the Proposed Private Placement is adequate to address the Group's financial requirements at this juncture, as well as for the long term.

The Board believes that the JVA Development is an essential component to the Group's financial health and earnings position in the long term. The JVA Development is expected to contribute approximately RM46.0 million to the Group upon completion of Phase 1, being the 20% portion that CDMSB is entitled to from the total GDV of RM230.0 million forecasted from the JVA Development. The Board believes that the IWSS is an integral factor to the completion of the JVA Development, and therefore crucial in securing the abovementioned RM46.0 million upon completion of Phase 1. In allocating the RM2.20 million to the purchase of the IWSS, the Group will not only secure the funds to purchase the IWSS, but also facilitate the completion of the JVA Development and augment the Group in a better position for stronger earnings potential in the future.

The Board also believes that the funds allocated to the Group's working capital requirements, particularly for its trading and services segment, is adequate in meeting the growing and recovering demand for IT products locally and globally. As illustrated in **Section 2.6**, although the Group's trading and services segment suffered slightly from the effects of COVID-19 in FYE 31 December 2020, generating revenue of RM4.32 million, a decrease from RM4.58 million generated for FYE 31 December 2019, the Board believes that the decrease is evident that the trading and services segment has the potential to recover and impact the earnings potential moving forward. The Group had only transitioned from using more traditional sales methods, to incorporating e-commerce in its sales channels in FYE 31 December 2019, a move the Board believes may generate better sales moving forward due to e-commerce platforms having a greater customer reach. Therefore, the Board is of the belief that allocating funds to the working capital requirements of the Group, particularly the trading and services segment, may alleviate the Group's financial concerns in the present, and may create a steadier revenue stream for the Group moving forward.

Additionally, among the recent key steps taken to address its financial concerns, the Group has undertaken a debt settlement, which as illustrated in **Section 3.2** of this Circular, successfully settled the Group's debt obligations to its Creditors by issuing them new CHB shares. Furthermore, the Group inoculated 20 new agarwood trees in the fourth quarter of 2021 to study whether the Group's current agarwood business can be improved. For information purposes, inoculation involves the injection of enzymes and other chemical liquids to potentially stimulate the production of agarwood, and the results of the inoculation are only observable after a minimum of 2 years. In view of this and barring any unforeseen circumstances, the Group estimates that the results of the inoculation will be observable earliest by the fourth quarter of 2023, and upon this will proceed to harvest these 20 agarwood trees. In the event the Group is able to observe positive results after harvesting the 20 inoculated agarwood trees, the Group will commence inoculation processes in batches on its existing agarwood plantation by the end of the second quarter of 2024, and will estimate to view results by the second half of 2026. As illustrated in the IMR Report in **Section 5.5** of this Circular, Protégé forecasts that the growth momentum in the global agarwood market moving forward is expected to continue as a result of the widespread applications of agarwood in end-user markets. Pending the market demand for agarwood in 2026, and the Group's ability to secure supply contracts for its agarwood, the Group forecasts that the agarwood business may contribute to the earnings of the Group by the end of 2026.

In the meantime, the management of the Company will continue to review and assess the Group's general working capital requirements from time to time to further strengthen its financial position. As exhibited in **Section 4.1** above, the Group has managed to register a higher revenue for the 9-month FPE 30 September 2021.

Barring any unforeseen circumstances and premised on the above, the Board is of the view that the above steps may reposition the Group in a better financial footing moving forward and allow the Group to pursue further growth opportunities in the Group's existing businesses. The Board is currently not considering any other corporate exercises to address the Group's financial concerns and/ or financial performance. Nevertheless, the Board will continue to monitor funding requirements (including a consideration of the Group's capital structure and cost of funds) and financial performance over the longer term as well as developments in COVID-19, and may consider undertaking future corporate exercises should the need/ opportunity arise.

(Source: Management of CHB)

4.4 Impact of COVID-19

The World Health Organisation had on 11 March 2020 declared the COVID-19 outbreak as a global pandemic. As a measure to contain the outbreak, the Government of Malaysia announced MCO which is effective from 18 March 2020. Effective 4 May 2020, the MCO has been transitioned into a conditional MCO ("**CMCO**") until 9 June 2020. As announced on 7 June 2020, the conditional MCO has further been transitioned into a recovery MCO ("**RMCO**") which had commenced with effect from 10 June 2020 until 31 August 2020.

Subsequently vide an announcement on 28 August 2020, the RMCO was further extended from 31 August 2020 until 31 December 2020. Under the RMCO, more economic sectors and businesses were allowed to be opened subject to adherence with the necessary strict standard operating procedures ("**SOPs**").

However, following the resurgence of COVID-19 infections in Malaysia, the Government of Malaysia had announced that the CMCO would be re-implemented for the states of Selangor, Kuala Lumpur and Putrajaya from 14 October 2020 to 9 November 2020. Subsequently, the Government of Malaysia had announced on 7 November 2020 that the CMCO would be extended to 6 December 2020 and would include all states in Peninsular Malaysia except for Kelantan, Perlis and Pahang. The Government of Malaysia had also implemented the CMCO in Sabah and Labuan from 13 October 2020 and 17 October 2020, respectively, until 6 December 2020 which was subsequently extended from 21 December 2020 until 31 December 2020 and from 1 January 2021 to 14 January 2021. On 11 January 2021, the Government of Malaysia announced the imposition of the MCO again which remains in force from 14 January 2021 and was subsequently extended until 4 March 2021.

Except during its earlier phases (where the Group's office premises were required to be closed for a period commencing 18 March 2020 up to 18 April 2020), the different phases of MCO have not significantly affected the Group's business operations, as business operations of the Group were allowed to operate subject to compliance with SOPs. The Group had implemented work-from-home policies to mitigate the operational impact of COVID-19 and have reduced additional operating costs related to the MCO except costs arising from temperature monitoring and the purchase of personal protective equipment due to increased workplace hygiene policies. Following this, for the 9-month FPE 30 September 2021, the Group registered revenue of approximately RM6.79 million as compared to the 9-month FPE 30 September 2020 of approximately RM3.13 million. The higher revenue recorded was due to a spike in demand for the IT hardware products and related consumable cartridges as a result of the shift towards digitalisation and change in lifestyles (such as working-from-home arrangements and online learning classes) which had led to increase in demand for the ICT products post-MCO.

The overall impact of the COVID-19 pandemic on the Group's businesses moving forward would depend on the duration and spread of the outbreak as well as the policy responses by the authorities. Any prolonged global spread of the COVID-19 pandemic and restrictive measures to curb the spread of COVID-19 may have a material impact to the Group's business, cash flows and financial condition and results of operations, resulting in a loss of revenue.

5. INDUSTRY OVERVIEW AND OUTLOOK AND FUTURE PROSPECTS OF CHB GROUP

5.1 Overview and outlook of the Malaysian economy

The Malaysian economy experienced renewed demand and supply shocks arising from strict containment measures under the National Recovery Plan ("NRP") during the third quarter of 2021. As a result, the economy contracted by 4.5% (2Q 2021: +16.1%). Economic activity was particularly impacted in July under Phase 1 of the NRP, but subsequently recovered as more states transitioned into Phase 2 with less restrictive containment measures. On the supply side, all economic sectors registered a contraction, particularly the construction sector, which was constrained by operating capacity limits. On the demand side, the restrictions on mobility, especially on inter-district and inter-state travel, has weighed on consumption and investment activity, while continued increase in public sector consumption spending provided some support to overall growth. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 3.6% (2Q 2021: -1.9%).

Domestic demand declined by 4.1% (2Q 2021: 12.4%) in the third quarter of 2021, as private consumption and investment activities were affected by the imposition of phased restrictions under NRP. On the external front, net exports contracted by 37.5% (2Q 2021: 34.3%) as growth in imports outpaced the growth in exports.

Private consumption declined by 4.2% (2Q 2021: 11.7%), as the stringent containment measures and mobility restrictions weighed on household spending in the first half of the quarter. Similarly, labour market conditions also weakened in the same period with weaker income and employment growth. Nevertheless, various policy measures, including the EPF i-Sinar and i-Citra withdrawals as well as Bantuan Khas COVID-19, continued to provide support to affected households.

Private investment declined by 4.8% (2Q 2021: 17.4%) in the third quarter of 2021, as the containment measures had constrained firms' operating capacity and affected the realisation of investments, particularly in structures. The impact however, was mitigated by the increase in capital spending for information communication technology equipment and research and development, especially as firms in the export-oriented sectors continued to expand their capacity.

Public investment recorded a contraction of 28.9% (2Q 2021: 12.0%). Fixed assets spending by the general government declined, especially in construction and repairs of buildings and facilities, while capital expenditure by public corporations were lower across all sectors.

(Source: Developments in the Malaysian Economy, Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2021, Bank Negara Malaysia)

For 2021, the Malaysian economy remains on track to achieve the projected growth range of 3.0% - 4.0%. The recent gradual relaxations for reopening of more economic sectors, along with higher adaptability of firms to the new operating environment and continued policy support, partly mitigated the impact of nationwide containment measures in the third quarter. Furthermore, the successful rollout of the vaccination programme, which has resulted in improved health outcomes, has enabled a phased and safe reopening of economic sectors and allow the economy to continue its recovery path.

Going into 2022, the positive growth momentum is expected to improve. The economy would benefit from expansion in global demand, higher private sector expenditure in line with the resumption of economic activity and continued policy support.

The balance of risks remains tilted to the downside due to external and domestic factors. These include a weaker-than-expected global growth, a worsening in supply chain disruptions, and the re-imposition of containment measures due to the impact of new COVID-19 variants of concern.

(Source: BNM Quarterly Bulletin, Third Quarter 2021, Bank Negara Malaysia)

5.2 Overview and outlook of the property industry in Malaysia

Malaysia's GDP growth improved to 16.1% in Q2 2021 (Q1 2021: -0.5%) after four consecutive quarters of contraction. However, the strong growth for this quarter was also attributed to the low base recorded from the significant decline in Q2 2020 (-17.2%). The economic performance was supported mainly by the improvement in domestic demand and continued robust exports performance.

In the property segment, there were several incentives initiated by the government aim to improve property market activities under Budget 2021:-

- (i) to allocate a total of RM1.2 billion fund for providing comfortable and quality housing, especially for the low-income group;
- (ii) full stamp duty exemption on instruments of transfer and loan agreement for first-time home buyers will be extended until 31 December 2025. This exception is effective for sale and purchase executed from 1 January 2021 to 31 December 2025;
- (iii) stamp duty exemption on loan agreement and instruments of transfer given to rescuing contractors and the original house purchasers is extended for five years. This exemption is effective for loan agreements and instruments of transfer executed from 1 January 2021 to 31 December 2025 for abandoned housing projects certified by Ministry of Housing and Local Government (KPKT); and
- (iv) the Government to collaborate with selected financial institutions to provide a Rent-to-Own Scheme. The program will be implemented until 2022 involving 5,000 units PR1MA houses with a total value of more than RM1 billion.

The Overnight Policy Rate ("**OPR**") was reduced to 1.75% since July 2020 remained unchanged at 1.75% until July 2021. Low OPR means low costs for borrowing or refinancing an existing home loan that could help to stimulate the property market.

On the demand-side, the amount of loan application and total loan approval for the purchase of residential property in H1 2021 increased 86.0% and 92.6% respectively but the percentage of approval against application was moderate at 35.3%. For the non-residential property, the amount of loan application and total loan approval saw similar pattern, increased by 52.6% and 58.9% respectively with an approval against application percentage of 34.4%.

The property market performance recorded a significant increase in the first half of 2021 (H1 2021) compared to the same period last year (H1 2020). A total of 139,754 transactions worth RM62.01 billion were recorded, showing an increase of 21.0% in volume and 32.1% in value compared to the same period last year. Volume of transactions across the sub-sectors showed upward movements. Residential, commercial, industrial, agriculture and development land sub-sectors recorded year-on-year growths of 22.2%, 28.5%, 29.4%, 13.9% and 21.3% respectively. Value of transactions moved in tandem with residential, commercial, industrial, agriculture and development land sub-sectors recorded growths of 34.7%, 28.4%, 19.8%, 33.1% and 40.6% respectively. The residential sub-sector led the overall property market, with 65.8% contribution. This was followed by agriculture sub-sector (18.9%), commercial (7.5%), development land and others (5.9%) and industrial (1.8%). In terms of value, residential took the lead with 55.6% share, followed by commercial (17.6%), industrial (10.4%), agriculture (8.9%) and development land and others (7.4%).

(Source: Property Market Report First Half 2021, National Property Information Centre)

5.3 Overview and outlook of the ICT industry in Malaysia

The information and communication subsector expanded by 5.8% in the first half of 2020, primarily supported by higher usage of internet, particularly online transactions, entertainments, educational and work from home ("WFH") activities. The subsector is projected to expand further by 7.1% in the second half of the year buoyed by various Government initiatives. The initiatives include a tax exemption of up to RM5,000 for ICT equipment to support WFH activities and individual income tax relief of up to RM2,500 on the purchase of digital devices. For the year, the subsector is anticipated to accelerate by 6.4% as WFH activities, virtual communication and online businesses become the new normal.

In 2021, the subsector is projected to expand by 7.9%, with the fifth-generation cellular network (5G) spectrum facilitating e-commerce and e-learning activities. The roll-out of the National Fourth Industrial Revolution (4IR) Policy and Digital Economy Blueprint in the fourth quarter of 2020 is expected to enhance the productivity and competitiveness of the subsector. The formation of the Malaysian Digital Economy Task Force, which focusses on digital technology, cybersecurity, trade and digital content is expected to support the acceleration of the subsector.

The digital economy in Malaysia grew by 18.5% between 2015 and 2019 per annum. In 2020, Malaysia remains ranked 26th out of 63 countries in the IMD World Digital Competitiveness Ranking 2020. With the Government investing heavily on digital technologies, Malaysians are among the most digitally connected in the world and produce some of Southeast Asia's most recognisable digital start-ups (World Bank, 2018). As digitalisation is the main enabler for the gig economy, the upsurge in digital platforms encourages more millennials to become gig workers and freelancers. As of August 2020, there were around 140 platforms providing gig and freelance opportunities with an estimated 540,000 gig and active freelance workers in Malaysia. Firms, such as Grab and Foodpanda, continue to record an increasing number of gig workers. Furthermore, there were about 190,000 gig workers providing services as riders and drivers on various logistic and delivery platforms in the country.

The implementation of the National Fiberisation & Connectivity Plan which focuses on expanding the existing fibre optic network, installing submarine cables and developing gigabyte networks in several locations in state capitals and selected industrial areas will continue to support the segment.

(Source: Economic Outlook 2021, Chapter 3, Ministry of Finance Malaysia)

In 2020, six digital projects were approved with a committed business spending of RM305.7 million and with creation of 222 high-value job opportunities. Locally, the contribution of the ICT industry to the economy has been expanding over the last five years. In 2019, according to the Department of Statistics' (DOSM) Information and Communication Technology Satellite Account, its contribution grew by 7.1 per cent in 2019 to RM289.2 billion (versus RM 270 billion in 2018). This contributed 19.1 per cent to the GDP (18.7% in 2018), and comprised Gross Value Added of ICT (12.9%) and e-commerce of other industries (6.2%).

(Source: Malaysia Investment Performance Report 2020, MIDA)

Information & Communication and Transportation & Storage segment recorded a decrease in revenue to RM59.8 billion or 3.3% as compared to the fourth quarter of 2020. The decrease was propelled by Information & Communication (-RM1.1 billion; -2.8%) and Transportation & Storage (-RM1.0 billion; -4.3%). Meanwhile, for yearly comparison, revenue contracted by 6.4%.

Number of persons engaged for this segment increased 0.04 per cent to record 452,655 persons as compared to the previous quarter of 2020. Salaries & wages paid also decreased 6.7% to RM4.4 billion. Meanwhile, for comparison against the first quarter of 2020, number of persons engaged and salaries & wages paid recorded negative growths of 4.8% and 10.5% respectively.

(Source: Information & Communication and Transportation & Storage, Revenue for Services Sector First Quarter 2021, Department of Statistics Malaysia)

5.4 Overview and outlook of the agriculture industry in Malaysia

The agriculture sector is forecast to expand by 3.9% in 2022, mainly supported by the commodity segment. The oil palm subsector is anticipated to rebound, in tandem with a higher output of crude palm oil ("**CPO**"), following improved fresh fruit bunches production and better oil extraction rate. The relaxation of cross-border foreign workers restrictions expected during the second half of 2022 will increase the labour supply, thus improving the subsector's output. In addition, the continuation of the national B20 biodiesel programme for the transportation segment, along with higher demand of CPO from India and China, are expected to further support the production of CPO. Meanwhile, rubber output is estimated to expand as tapping activities are anticipated to be buoyed by firm rubber prices. The world demand for natural rubber, which is expected to increase, will stimulate domestic rubber production. The development of the East Coast Latex Corridor and adoption of digitalisation in the industry through the My Rubber Online platform and RRIMniaga smartphone application are anticipated to boost the subsector. The livestock and other agriculture subsectors are expected to record an uptick on account of higher demand for food items, primarily during festivities. Furthermore, the Government's policies, which emphasise the sustainability of agrofood and agricommodity industries will outline strategies to further enhance the agriculture sector to ensure food security

Agrofood remains a vital component of the agriculture sector in achieving food security and sustaining economic development in Malaysia. Over time, its contribution to the agriculture sector rose substantially. The agrofood comprises mainly paddy, fruits, vegetables, livestock and fisheries. During 2016 – 2020, agrofood expanded by an annual average of 3%, mainly supported by the livestock segment. The agrofood's share of the total agriculture sector increased from 45.3% in 2015 to 51.5% in 2020. This was in line with the National Agrofood Policy ("**NAP**") objective to increase the contribution of the agrofood to the economy.

Production of livestock subsector expanded by 6.2% in 2020, following strong growth in eggs and improvement in poultry segments. The production of eggs and poultry in Malaysia is sufficient to meet national demand. Poultry products were exported to countries such as Thailand, China and Brazil. However, the production of other livestock commodities, such as beef and mutton, are still inadequate to meet local demand. Malaysia produced about 43,000 tonnes of beef, much lower than the demand at more than 181,000 tonnes in 2020. The demand for mutton was around 42,000 tonnes, significantly higher than the production of 4,000 tonnes. In addressing the supply deficit, national agriculture strategies emphasise raising domestic supply by intensifying research in genetic enhancement, improving breeding techniques, ensuring sufficient supply of quality animal feeds, strengthening dairy facilities, and transforming small-scale farms.

Increasing population growth will demand more food supply for people to sustain their lives and livelihoods. Thus, Malaysia must ensure its agriculture sector is the main source of food supply. With sizeable arable land, clement weather and natural resources, the country has huge potential for self-sufficiency in food commodities. The Government is currently emphasising the use of technology and mechanisation in the agriculture sector to increase productivity. In this regard, having a dedicated food security agency, particularly to formulate and implement food security policy at a national level, is imperative. This can be done by centralising food security related functions from various existing agencies to optimise resources. At the same time, it is also important to enhance the capacity of current agriculture R&D agencies. These measures will help to capitalise on the full potential of a modern agriculture sector to supply diverse and quality inputs to the economic sectors and develop an integrated food economy. With the collaboration and smart partnership between public and private sectors in addressing the food security issues, Malaysia will have more opportunities and capabilities to ensure sustainable agriculture and enhance the country's food security.

(Source: Economic Outlook 2022, Chapter 2, Ministry of Finance Malaysia)

5.5 Overview and outlook of the global agarwood market

Agarwood, also known by its scientific name *Aquilaria malaccensis*, is resinous heartwood traditionally sourced from the wild in the Southeast Asian countries. Other names known to be used for agarwood includes gaharu, eaglewood and aloeswood. The fragrant resin can be used to produce incense, perfumes and traditional medicines. It is also used for religious and ornamental purposes. The major consumer markets for agarwood products include countries in the Middle East such as Iran and the United Arab Emirates and in Northeast Asia such as Japan, Taiwan, South Korea and China. Examples of raw agarwood products are wood blocks, wood chips and wood dusts while examples of processed agarwood products are essential oils, joss sticks and perfume products.

The price of agarwood varies according to its quality, which is often graded into different classes based on wood colour, weight or density, and its aroma upon burning. Higher quality agarwood is darker in colour with a higher resin content and higher density as well as a stronger aroma. Currently, there is no universal standard grading system in the global agarwood market. Agarwood is traded mainly in the form of wood chips, or distilled oil. Singapore has emerged as one of the major trading hubs for agarwood.

Globally, agarwood resources are depleting due to past indiscriminate harvesting activities to meet market demand. Agarwood has been listed by the International Union for Conservation of Nature as an endangered species, and the global trading of agarwood and its by-products requires a permit from the Convention on International Trade in Endangered Species of Wild Fauna and Flora ("**CITES**"). The harvesting of agarwood from the wild can be conducted legally in Malaysia but is subject to a quota system set and monitored by CITES. The annual export quotas (for agarwood wood chips, wood blocks and essential oils) set by CITES for Malaysia in 2021 were 150,000 kilogrammes ("**kg**") for Peninsular Malaysia and 5,000kg for Sarawak.

Malaysia has already started domestication efforts through mass cultivation of agarwood plantations to ensure the sustainability in the supply of agarwood in the long term. The Malaysian Timber Industry Board ("**MTIB**") is tasked with overseeing and monitoring agarwood plantations and to spur further development in the local agarwood plantation industry. In 2019, it was estimated that there were around 2,234 hectares of agarwood plantations in Malaysia with around 2.2 million planted trees. In 2020, Malaysia exported 8,388.2kg of agarwood chips as compared to 96,992.8kg in 2019 according to CITES Secretariat.

On the demand side, agarwood has a wide range of applications with many parts of the tree usable including the resin, leaves, trunks, roots and wood (in blocks). Agarwood is used in aromatherapy, fragrances as well as religious and cultural ceremonies. It is also believed to possess medical benefits. In traditional Chinese medicine, it is widely used to relieve pain, arrest vomiting and relieve asthma. The widespread applications with wide-ranging end-user markets mitigate the risk of over-reliance on a single end-user market, while also driving the global demand for agarwood. The increasing innovative application of agarwood in the form of essential oils used in personal care products and perfumes also continues to support the growth of the global agarwood market. Innovative and new applications of agarwood can also be found in food and beverages, such as tea, cookies, snacks and soup seasoning. As agarwood continues to be used in more ways and as a key ingredient in more products, the demand for agarwood is expected to contribute towards the growth of the global agarwood market.

On the supply side, continuous supports from the local government and research institutions are driving the implementation of agarwood plantations. In Malaysia, such efforts are led by the Malaysian Government and research institutions such as the Forest Research Institute Malaysia ("**FRIM**") and MTIB. FRIM and MTIB conduct courses and give guidance to planters on the methods of cultivation, conducting research and development on disease treatment, and finding the inoculation techniques to speed up the formation of resin. However, the increase in demand for agarwood has also led to its depletion due to illegal logging. Illegal logging occurs as wild agarwood is usually sold for a higher price due to superior quality as compared to cultivated agarwood. Governments in countries where agarwood are present have begun to take greater steps in preventing illegal loggers from harvesting agarwood. Although the depleting supply of natural agarwood is of concern, this factor is also anticipated to drive further scientific development in growing higher quality agarwood from plantation trees leading to better quality agarwood to minimise the depletion of the naturally occurring agarwood and contribute to a sustainable supply.

Moving forward, the growth momentum in the global agarwood market is expected to continue as a result of the widespread applications of agarwood in end-user markets. On the supply side, continuous support from the local government and research institutions will likely bolster the growth of global agarwood market through the implementation of agarwood plantations for future harvesting. However, the depleting supply of natural agarwood may hamper the growth of the market, and necessary steps must be taken to ensure its sustainability.

(Source: IMR Report by Protégé)

5.6 Future prospects of the Group

As mentioned in **Section 2.6** of this Circular, the gross proceeds raised from the Proposed Private Placement are intended to finance the Group's purchase of the IWSS for the Group's ongoing JVA Development, working capital requirements of the Group, and the estimated expenses in relation to the Proposed Private Placement.

Currently the Group is primarily focused on ensuring the smooth facilitation of Phase 1 of the JVA Development which involves the development of 418 units of houses, 278 units of Rumah Selangorku and other relevant residential infrastructure as illustrated in **Section 2.6** of this Circular. The Board believes that the proceeds allocated from the Proposed Private Placement to fund the purchase of the IWSS is pertinent to unlocking the value from the JVA Development. The JVA Development is expected to provide an estimated GDV of approximately RM230 million, of which CDMSB is entitled to 20%.

The Group has also allocated funds to the working capital requirements of its trading and services segment. As illustrated in **Section 4.3** of this Circular, the Board believes that the incorporation of e-commerce sales methods, that the Group only managed to begin using throughout FYE 31 December 2019, may provide the Group with better sales potential moving forward. As the market returns to normalcy, the Board forecasts that the demand for IT related products will increase, and intends to utilise the funds allocated to be opportunistically positioned to meet this demand. The Board believes that by allocating funds and maintaining the trading and services segment, the Group may benefit in the longer term as the Board anticipates that by using e-commerce as a sales platform, coupled with an improving economy of digitalisation, the Group's earnings is expected to improve moving forward.

In addition, it is the intention of the Board to earmark a portion of the proceeds raised from the Proposed Private Placement to fund the costs related to the inoculation of the Group's agarwood trees to determine the potential for future expansion of the Group's agarwood business. The Group's current agarwood plantation spans over 54 acres of land in Kuala Kangsar, Perak, and houses 23,000 agarwood trees. Upon the successful inoculation of the Group's currently 20 agarwood trees, this may provide the Group with a window to further expand its agarwood capacity as outlined in **Section 4.3** of this Circular. Accordingly, and in conjunction with the factors laid out in **Section 5.4** and **5.5** of this Circular, the Board opines that such expansion may contribute positively to the future earnings of the Group and thus, improving the financial performance of the Group moving forward.

Premised on the above, and barring any unforeseen circumstances, the Board is of the view that the Proposed Private Placement is the most appropriate avenues of fund raising at this juncture to address the Group's financing needs. The Board will continue to monitor the status and progress of COVID-19 and will endeavour, to the extent possible, to review the performance and progress of the Group's operations and financial performance, and to introduce measures to minimise the operating costs, where required.

(Source: Management of CHB)

6. EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

6.1 Issued share capital

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

	No. of Shares	RM
Issued share capital as at the LPD	3,819,701,863	74,554,010
Placement Shares to be issued pursuant to the Proposed Private Placement	763,940,372	11,077,135 ^{*1}
Enlarged issued share capital	4,583,642,235	85,631,145

Note:-

^{*1} Computed based on the indicative issue price of RM0.0145 per Placement Share, which represents a discount of 7.86% to the 5-day VWAP of CHB Shares up to and including the LPD of RM0.0157

6.2 NA per Share and gearing

Based on the latest audited consolidated financial statements of the Group for FYE 31 December 2020, the pro forma effects of the Proposed Private Placement on the NA per Share and gearing ratio of the Group are set out below:-

	Audited as at FYE 31 December 2020 RM'000	I After adjusting for subsequent events ^{*1} RM'000	II After I and the Proposed Private Placement RM'000
Share capital	56,245	74,554	85,631 ^{*2}
Revaluation reserve	31,176	31,176	31,176
Other reserves	(2,100)	(2,100)	(2,100)
Retained earnings	15,379	15,129 ^{*3}	15,054 ^{*4}
Shareholders' equity	100,700	118,759	129,761
Non-controlling interest	29,530	29,530	29,530
Total equity	130,230	148,289	159,291
No. of Shares in issue ('000)	2,828,572	3,819,701	4,583,642
NA per Share (RM)	0.05	0.04	0.03
Total borrowings (RM'000)	4,542	-	-
Gearing ratio (times)	0.03	-	-

Notes:-

^{*1} After adjusting for the issuance of 494,752,500 new CHB Shares pursuant to the Private Placement, and 750,685,543 new CHB Shares pursuant to the Debt Settlement

^{*2} Assuming 763,940,372 Placement Shares are issued at the indicative issue price of RM0.0145 per Placement Share

^{*3} After deducting estimated expenses of RM250,000 in relation to the Debt Settlement

^{*4} After deducting estimated expenses of RM75,000 in relation to the Proposed Private Placement

6.3 Substantial shareholder's shareholding structure

For information purpose, the Proposed Private Placement may have a dilutive effect on the Company's existing shareholders' shareholdings.

The Proposed Private Placement is expected to enlarge the share capital of the Company and increase its shareholders' funds. The pro forma effects of the Proposed Private Placement on the substantial shareholders' shareholdings of the Company as at the LPD are set out below:-

Substantial shareholders	Shareholdings as at the LPD				After the Proposed Private Placement ^{*1}			
	<-----Direct----->	%	<-----Indirect----->	%	<-----Direct----->	%	<-----Indirect----->	%
	No. of Shares		No. of Shares		No. of Shares		No. of Shares	
Goh Kheng Peow	509,289,013	13.33	400,330,940 ^{*2}	10.48	509,289,013	11.11	400,330,940 ^{*2}	8.73
See Thoo Chan	400,330,940	10.48	509,289,013 ^{*3}	13.33	400,330,940	8.73	509,289,013 ^{*3}	11.11
Dato' Khor Chong Hai	211,389,000	5.53	-	-	211,389,000	4.61	-	-
Curate Holdings Sdn Bhd	242,547,500	6.35	-	-	242,547,500	5.29	-	-
Soo Yi Xin	200,000	0.01	242,547,500 ^{*4}	6.35	200,000	0.00	242,547,500 ^{*4}	5.29
Sierra Bonus Sdn Bhd	248,331,300	6.50	-	-	248,331,300	5.42	-	-

Notes:-

^{*1} Assuming the Proposed Private Placement does not give rise to the emergence of any new substantial shareholder(s)

^{*2} Deemed interest by virtue of his spouse, See Thoo Chan's direct interest in CHB

^{*3} Deemed interest by virtue of her spouse, Goh Kheng Peow's direct interest in CHB

^{*4} Deemed interest by virtue of her direct shareholding in Curate Holdings Sdn Bhd

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6.4 Earnings and EPS

The Proposed Private Placement is not expected to have any material impact on the earnings of the Group for the FYE 31 December 2022. However, the EPS of the Group is expected to be diluted upon completion of the Proposed Private Placement as a result of the increase in the number of CHB Shares in issue arising from the Proposed Private Placement.

The Proposed Private Placement is expected to contribute positively to the future earnings of the Group when the benefits from the utilisation of proceeds to be raised from the Proposed Private Placement as set out in **Section 2.6** of this Circular are realised.

6.5 Convertible securities

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

7. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of CHB Shares as traded on Bursa Securities for the past 12 months from January 2021 to December 2021 are set out below:-

	High RM	Low RM
2021		
January	0.025	0.015
February	0.025	0.015
March	0.035	0.015
April	0.025	0.020
May	0.025	0.015
June	0.025	0.015
July	0.020	0.015
August	0.020	0.015
September	0.020	0.015
October	0.020	0.015
November	0.020	0.015
December	0.020	0.010
Last transacted market price of CHB Shares as at 10 November 2021 (being the latest trading day prior to the announcement on the Proposed Private Placement)		RM0.015
Last transacted market price on LPD		RM0.015

(Source: Bloomberg)

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8. APPROVALS REQUIRED/ OBTAINED

The Proposed Private Placement is subject to the following approvals being obtained:-

- (i) Bursa Securities, for which the approval for the listing and quotation for the Placement Shares on the Main Market of Bursa Securities was obtained vide its letter dated 4 January 2022, subject to the following conditions:-

Conditions	Status of compliance
(a) CHB and UOBKH must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement;	To be complied
(b) CHB and UOBKH are required to inform Bursa Securities upon completion of the Proposed Private Placement;	To be complied
(c) CHB/ UOBKH is required to furnish Bursa Securities with certified true copy of the resolution passed by the shareholders approving the Proposed Private Placement, prior to the listing of new shares to be issued pursuant to the Proposed Private Placement;	To be complied
(d) UOBKH is required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed; and	To be complied
(e) UOBKH to submit to Bursa Securities with details of the placees in accordance with Paragraph 6.15 of the Listing Requirements as soon as practicable after each of placement and before the listing of the new shares to be issued pursuant to the Proposed Private Placement.	To be complied

- (ii) the approval of the shareholders of CHB at the EGM to be convened; and
- (iii) any other relevant authority, if required.

The Proposed Private Placement is not conditional upon any other proposals undertaken or to be undertaken by CHB.

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

None of the Directors and/ or major shareholders, chief executive of CHB and/ or persons connected with them have any interest, whether direct or indirect, in the Proposed Private Placement.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Private Placement is expected to be completed by the second quarter of 2022.

11. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Private Placement, the Board is not aware of any other outstanding proposals which have been announced but not yet completed as at the LPD.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposed Private Placement, including the rationale and justification and the effects of the Proposed Private Placement, is of the opinion that the Proposed Private Placement is in the best interest of the Company.

Accordingly, the Board recommends that you **VOTE IN FAVOUR** of the ordinary resolution pertaining to the Proposed Private Placement at the EGM.

13. EGM

The EGM, the notice of which is enclosed in this Circular, is scheduled to be held and conducted on a fully virtual basis through live streaming and online remote voting using remote participation and voting facilities on an online meeting platform via TIIH Online website at <https://tiih.online> provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia on Friday, 4 February 2022 at 11.00 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications, the ordinary resolution to give effect to the Proposed Private Placement.

If you are unable to attend, participate and vote at the forthcoming EGM, you may complete and sign the enclosed Form of Proxy in accordance with the instructions contained therein, and deposit it at the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd in the following manner not less than forty-eight (48) hours before the time for holding the EGM or any adjournment thereof:-

- (i) In hard copy:
 - (a) By hand or by post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia or at the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia; or
 - (b) By fax at 03-2783 9222 or e-mail to is.enquiry@my.tricorglobal.com; or
- (ii) By electronic form:
 - (a) To submit Form of Proxy electronically via TIIH Online at <https://tiih.online>.

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

14. FURTHER INFORMATION

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

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

TAN SRI DATUK ASMAT BIN KAMALUDIN
Independent Non-Executive Chairman

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENT

UOBKH, being the Adviser and the Placement Agent for the Proposed Private Placement, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

Protégé, being the Independent Market Researcher for the Proposed Private Placement, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTERESTS

UOBKH and Protégé have given its written confirmation that as at the date of this Circular, there is no situation of conflict of interests that exists or likely to exist in relation to their respective roles as the Adviser and Independent Market Researcher for the Proposed Private Placement.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed below, as at the LPD, CHB is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board confirms that there are no proceedings pending or threatened against CHB, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of CHB.

CDMSB had on 18 August 2015 entered into a joint venture agreement ("**MUSB JVA**") with Main Uptown Sdn Bhd ("**MUSB**") as the developer for the joint development of a parcel of leasehold land owned by CDMSB identified as H.S. (D) 13828, PT 26800, Mukim of Dengkil, District of Sepang, Selangor Darul Ehsan, measuring approximately 154,990 square metres ("**MUSB JV Land**") into a mixed development. On 13 December 2017, CDMSB received a letter from Lembaga Lebuhraya Malaysia informing that based on the land acquisition plan received from MEX II Sdn Bhd, the MUSB JV Land is affected by the construction of Lebuhraya MEX2. Subsequently, on 15 October 2018, CDMSB received a compensation offer of RM9,397,400.00 ("**Compensation Sum**") for the compulsory acquisition of 0.9892 hectares of the land which was part of the MUSB JV Land and a further sum of RM750,014.25 for incidental costs payable to CDMSB, which CDMSB accepted with objection. The Compensation Sum was paid to the Shah Alam High Court by the land administrator as there is a caveat lodged on the MUSB JV Land by MUSB pursuant to the MUSB JVA.

On 26 March 2019, CDMSB filed an originating summons against MUSB at the Shah Alam High Court for a declaration that CDMSB is entitled to the full Compensation Sum and for the entire Compensation Sum to be released to CDMSB. The matter had been fixed for case management on 16 May 2019. The Company's solicitors have opined that CDMSB has a good chance on its entitlement to the Compensation Sum. In the meantime, CDMSB had on 8 May 2019 served a notice on MUSB to formally terminate the MUSB JVA as MUSB had failed to comply with the terms of the MUSB JVA but MUSB was insisting that though it failed to comply with the conditions precedent, the MUSB JVA was still on-going. The CDMSB's originating summons against MUSB in Shah Alam High Court had been converted to a writ by order of the court and a writ of claims had been filed on 31 October 2019.

APPENDIX I - FURTHER INFORMATION (CONT'D)

The Company's solicitors have opined that CDMSB has a good prospect of success in this matter as MUSB had failed to fulfil the conditions precedent of the MUSB JVA within the stipulated time. The full trial for the matter has been completed and the Court has directed the parties to file their respective written submissions. The matter had been fixed for clarification/ decision on 13 January 2022. In any event, the forfeiture of the RM3,000,000.00 deposits due to the non-compliance of the MUSB JVA is not reflected in the financial statements until the disposal of the case above.

For shareholders' information, subsequent to the LPD, on 13 January 2022 the Shah Alam High Court had ruled in favor of CDMSB and declared that CDMSB was entitled to the whole Compensation Sum in respect of the land acquisition of 0.9892 hectares of land and that the MUSB JVA is terminated, not valid and binding. The sum of RM3,000,000.00 from the deposit paid by MUSB is forfeited as liquidated damages and the balance sum of RM2,000,000.00 paid under the MUSB JVA is to be refunded. The private caveat is to be removed/ cancelled immediately and the counter claim is dismissed with cost of RM30,000.00 to be paid by MUSB to CDMSB

5. MATERIAL COMMITMENTS

As at the LPD, the Board confirms that there are no material commitments entered into or known to be entered into by the Group that has not been provided for which, may have a material impact on the financial results/ position of the Group:

6. CONTINGENT LIABILITIES

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

	RM'000
Corporate guarantees issued for credit facilities granted by supplier of CHB	1,300
Total	<u>1,300</u>

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of CHB at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia, during the normal business hours from Monday to Friday (except public holidays) from the date hereof up to the time stipulated for the holding of the EGM:-

- (i) Constitution of CHB;
- (ii) Audited consolidated financial statements of CHB Group for the past 2 financial years up to the FYE 31 December 2020 and the latest unaudited quarterly report of CHB Group for the 9-month FPE 30 September 2021;
- (iii) The IMR Report; and
- (iv) The letter of consent and declaration of conflict of interests referred to in Sections 2 and 3 of Appendix I above, respectively.

COMPUGATES®

COMPUGATES HOLDINGS BERHAD

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Compugates Holdings Berhad ("CHB" or the "Company") ("EGM" or "Meeting") will be held and conducted on a fully virtual basis through live streaming and online remote voting using remote participation and voting facilities on an online meeting platform via TIIH Online website at <https://tiih.online> provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia on Friday, 4 February 2022 at 11.00 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications the following ordinary resolution:-

ORDINARY RESOLUTION

PROPOSED PRIVATE PLACEMENT OF UP TO 763,940,372 NEW ORDINARY SHARES IN CHB, REPRESENTING APPROXIMATELY 20% OF THE EXISTING TOTAL NUMBER OF ISSUED SHARES OF CHB ("PROPOSED PRIVATE PLACEMENT")

"THAT subject to the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board of Directors of CHB ("Board") to allot and issue up to 763,940,372 new ordinary shares in CHB ("CHB Share(s)") ("Placement Share(s)"), representing approximately 20% of the existing total number of issued shares of CHB by way of private placement to independent third party investor(s) to be identified later upon such terms and conditions as disclosed in the circular to the shareholders of the Company dated 20 January 2022 ("Circular");

THAT approval be and is hereby given to the Board to determine the issue price for each tranche of the Placement Shares at a later date based on not more than 10% discount to the 5-day volume weighted average market price of the CHB Shares immediately preceding the price-fixing date;

THAT the Placement Shares will, upon allotment and issuance, rank equally in all respects with the existing CHB Shares, save and except that the Placement Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution where the entitlement date precedes the relevant date of allotment and issuance of the Placement Shares;

THAT the proceeds of the Proposed Private Placement be utilised for the purpose as set out in the Circular, and the Board be and is hereby authorised with full power to vary the manner and/ or purpose of utilisation of such proceeds in such manner as the Board deems fit, necessary and/ or expedient or in the best interest of the Company, subject (where required) to the approval of the relevant authorities;

AND THAT the Board be and is hereby empowered and authorised to sign, execute, deliver and cause to be delivered on behalf of the Company all such documents and/ or arrangements as may be necessary, and to do all acts, deeds and things as may be required to give effect to and to complete the Proposed Private Placement with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps to enter into all such agreement, arrangement, undertaking, indemnities, transfer, assignment and guarantee with any party or parties and to do all acts and things in any manner as the Board may deem necessary or expedient to implement, finalise and give full effect to and to complete the Proposed Private Placement."

BY ORDER OF THE BOARD

CHEN WEE SAM (LS0009709)
(SSM PC NO. 202008002853)
HEW CHEE HAU (MIA 21967)
(SSM PC NO. 201908001291)

Company Secretaries
Kuala Lumpur
20 January 2022

Notes:-

1. All members, proxy(ies), corporate representative(s) and attorney(s) shall attend the EGM online via TIIH Online website at <https://tiih.online>. The online meeting platform at <https://tiih.online> is recognised as the main venue of the Meeting in Malaysia under Section 327(2) of the Companies Act 2016.
2. A member of the Company entitled to attend and vote is entitled to appoint another person as his/her/its proxy(ies) to exercise all or any of his/her/its rights to attend, participate (including to pose questions to the Board of Directors of the Company) and vote in his/her/its stead.

A member or his/her/its proxy(ies)/corporate representative(s)/attorney(s) must register himself/herself via the TIIH Online website at <https://tiih.online> to attend, participate and vote remotely via the remote participation and voting facilities. Please follow the procedures and timeframe as set out in the Administrative Guide of the EGM which is available from Company's announcement on Bursa Malaysia Berhad's website at www.bursamalaysia.com or Company's website at <http://www.compuqates.com/wp-content/uploads/Notice-of-Extraordinary-General-Meeting-2022.pdf>
3. A member of the Company may appoint not more than two (2) proxies to attend the Meeting, provided that the member specifies the proportion of his/her/its shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
4. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
5. Where a member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
6. The appointment of a proxy may be made in hard copy form or by electronic form in the following manner and the Form of Proxy submitted must be received by the Company not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof at which the person named in the Form of Proxy proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
 - (i) In hard copy:-
 - (a) By hand or by post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia or at the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia; or
 - (b) By fax at 03-2783 9222 or e-mail to is.enquiry@my.tricorglobal.com; or
 - (ii) By electronic form:-
 - (a) To submit Form of Proxy electronically via TIIH Online at <https://tiih.online>
7. The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof. An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his/her attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.
8. In respect of deposited securities, only members whose names appear on the Record of Depositors on 26 January 2022, shall be eligible to attend, speak and vote at the Meeting or appoint proxy(ies)/corporate representative(s)/attorney(s) to attend, speak and vote on his/her/its behalf.
9. 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 vote by way of poll.

Personal data privacy:-

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

COMPUGATES®

COMPUGATES HOLDINGS BERHAD

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

FORM OF PROXY

(To be completed in block letters)

No. of Shares Held	CDS Account No.

*I/We
(Full name in Block Letters)

NRIC/Passport/Company No. of
.....
(Full Address)

(Contact No./Email:.....) being a *member/members of Compugates Holdings Berhad (Registration No. 200401030779 (669287-H)), hereby appoint:

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

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

or failing him/her, THE CHAIRMAN OF THE MEETING as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the Extraordinary General Meeting of the Company to be held and conducted on a fully virtual basis through live streaming and online remote voting using remote participation and voting facilities on an online meeting platform via TIIH Online website at <https://tiih.online> provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia on Friday, 4 February 2022 at 11.00 a.m. and at any adjournment thereof.

ORDINARY RESOLUTION		For	Against
1.	Proposed Private Placement		

Please indicate with an "X" in the space above on how you wish to cast your vote. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit, or at his/her discretion, abstain from voting.

*Delete if not applicable.

Dated thisday of.....2022

Signature(s) of member(s)



Notes:-

1. All members, proxy(ies), corporate representative(s) and attorney(s) shall attend the EGM online via TIIH Online website at <https://tiih.online>. The online meeting platform at <https://tiih.online> is recognised as the main venue of the Meeting in Malaysia under Section 327(2) of the Companies Act 2016.
2. A member of the Company entitled to attend and vote is entitled to appoint another person as his/her/its proxy(ies) to exercise all or any of his/her/its rights to attend, participate (including to pose questions to the Board of Directors of the Company) and vote in his/her/its stead.

A member or his/her/its proxy(ies)/corporate representative(s)/attorney(s) must register himself/herself via the TIIH Online website at <https://tiih.online> to attend, participate and vote remotely via the remote participation and voting facilities. Please follow the procedures and timeframe as set out in the Administrative Guide of the EGM which is available from Company's announcement on Bursa Malaysia Berhad's website at www.bursamalaysia.com or Company's website at <http://www.compugates.com/wp-content/uploads/Notice-of-Extraordinary-General-Meeting-2022.pdf>

3. A member of the Company may appoint not more than two (2) proxies to attend the Meeting, provided that the member specifies the proportion of his/her/its shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
4. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
5. Where a member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
6. The appointment of a proxy may be made in hard copy form or by electronic form in the following manner and the Form of Proxy submitted must be received by the Company not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof at which the person named in the Form of Proxy proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

(iii) In hard copy:-

- (c) By hand or by post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia or at the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia; or
- (d) By fax at 03-2783 9222 or e-mail to is.enquiry@my.tricorglobal.com; or

(iv) By electronic form:-

- (b) To submit Form of Proxy electronically via TIIH Online at <https://tiih.online>

7. The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof. An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his/her attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.
8. In respect of deposited securities, only members whose names appear on the Record of Depositors on 26 January 2022, shall be eligible to attend, speak and vote at the Meeting or appoint proxy(ies)/corporate representative(s)/attorney(s) to attend, speak and vote on his/her/its behalf.
9. 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 vote by way of poll.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

**THE SHARE REGISTRAR OF
COMPUGATES HOLDINGS BERHAD
TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD**
Registration No. 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
Malaysia

1st fold here



NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Compugates Holdings Berhad ("**CHB**" or the "**Company**") ("**EGM**" or "**Meeting**") will be held and conducted on a fully virtual basis through live streaming and online remote voting using remote participation and voting facilities on an online meeting platform via TIH Online website at <https://tiih.online> provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia on Friday, 4 February 2022 at 11.00 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications the following ordinary resolution:-

ORDINARY RESOLUTION**PROPOSED PRIVATE PLACEMENT OF UP TO 763,940,372 NEW ORDINARY SHARES IN CHB, REPRESENTING APPROXIMATELY 20% OF THE EXISTING TOTAL NUMBER OF ISSUED SHARES OF CHB ("PROPOSED PRIVATE PLACEMENT")**

"THAT subject to the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board of Directors of CHB ("**Board**") to allot and issue up to 763,940,372 new ordinary shares in CHB ("**CHB Share(s)**") ("**Placement Share(s)**"), representing approximately 20% of the existing total number of issued shares of CHB by way of private placement to independent third party investor(s) to be identified later upon such terms and conditions as disclosed in the circular to the shareholders of the Company dated 20 January 2022 ("**Circular**");

THAT approval be and is hereby given to the Board to determine the issue price for each tranche of the Placement Shares at a later date based on not more than 10% discount to the 5-day volume weighted average market price of the CHB Shares immediately preceding the price-fixing date;

THAT the Placement Shares will, upon allotment and issuance, rank equally in all respects with the existing CHB Shares, save and except that the Placement Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution where the entitlement date precedes the relevant date of allotment and issuance of the Placement Shares;

THAT the proceeds of the Proposed Private Placement be utilised for the purpose as set out in the Circular, and the Board be and is hereby authorised with full power to vary the manner and/ or purpose of utilisation of such proceeds in such manner as the Board deems fit, necessary and/ or expedient or in the best interest of the Company, subject (where required) to the approval of the relevant authorities;

AND THAT the Board be and is hereby empowered and authorised to sign, execute, deliver and cause to be delivered on behalf of the Company all such documents and/ or arrangements as may be necessary, and to do all acts, deeds and things as may be required to give effect to and to complete the Proposed Private Placement with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps to enter into all such agreement, arrangement, undertaking, indemnities, transfer, assignment and guarantee with any party or parties and to do all acts and things in any manner as the Board may deem necessary or expedient to implement, finalise and give full effect to and to complete the Proposed Private Placement."

BY ORDER OF THE BOARD**CHEN WEE SAM** (LS0009709)

(SSM PC NO. 202008002853)

HEW CHEE HAU (MIA 21967)

(SSM PC NO. 201908001291)

Company Secretaries

Kuala Lumpur

20 January 2022

Notes:

- All members, proxy(ies), corporate representative(s) and attorney(s) shall attend the EGM online via TIH Online website at <https://tiih.online>. The online meeting platform at <https://tiih.online> is recognised as the main venue of the Meeting in Malaysia under Section 327(2) of the Companies Act 2016.*
- A member of the Company entitled to attend and vote is entitled to appoint another person as his/her/its proxy(ies) to exercise all or any of his/her/its rights to attend, participate (including to pose questions to the Board of Directors of the Company) and vote in his/her/its stead.*
A member or his/her/its proxy(ies)/corporate representative(s)/attorney(s) must register himself/herself via the TIH Online website at <https://tiih.online> to attend, participate and vote remotely via the remote participation and voting facilities. Please follow the procedures and timeframe as set out in the Administrative Guide of the EGM which is available from Company's announcement on Bursa Malaysia Berhad's website at www.bursamalaysia.com or Company's website at <http://www.compugates.com/wp-content/uploads/Notice-of-Extraordinary-General-Meeting-2022.pdf>
- A member of the Company may appoint not more than two (2) proxies to attend the Meeting, provided that the member specifies the proportion of his/her/its shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.*
- A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.*
- Where a member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
- The appointment of a proxy may be made in hard copy form or by electronic form in the following manner and the Form of Proxy submitted must be received by the Company not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof at which the person named in the Form of Proxy proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.*
 - In hard copy:-*
 - By hand or by post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia or at the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia; or*
 - By fax at 03-2783 9222 or e-mail to is.enquiry@my.tricorglobal.com; or*
 - By electronic form:-*
 - To submit Form of Proxy electronically via TIH Online at <https://tiih.online>*
- The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notorially certified copy thereof. An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his/her attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.*
- In respect of deposited securities, only members whose names appear on the Record of Depositors on 26 January 2022, shall be eligible to attend, speak and vote at the Meeting or appoint proxy(ies)/corporate representative(s)/attorney(s) to attend, speak and vote on his/her/its behalf.*
- 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 vote by way of poll.*

Personal data privacy:-

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



COMPUGATES HOLDINGS BERHAD

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

Administrative Guide for the Extraordinary General Meeting (“EGM” or “Meeting”)

Day, Date and Time : Friday, 4 February 2022 at 11.00 a.m.

Venue : Online Meeting Platform via TIIH Online website at <https://tiih.online> provided by Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) in Malaysia

PRECAUTIONARY MEASURES AGAINST THE CORONAVIRUS DISEASE (“COVID-19”)

- The Company will conduct its EGM on an online meeting platform via TIIH Online website at <https://tiih.online> provided by Tricor. This fully virtual EGM through live streaming and online remote voting via the remote participation and voting (“RPV”) facilities will allow the members or proxy(ies)/corporate representative(s)/attorney(s) to exercise their rights remotely.
- The Securities Commission Malaysia had on 16 July 2021, revised the Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers which encourage the listed issuers to conduct virtual general meetings. All meeting participants of a fully virtual general meeting including the Chairperson of the meeting, members of Board of Directors (“Board”), senior management and shareholders are to participate in the meeting online. An online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia.
- We **strongly encourage** you to attend the EGM via the RPV facilities. You may also consider appointing the Chairman of the Meeting as your proxy to attend and vote on your behalf at the EGM.
- Due to the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our EGM at short notice. Kindly check the latest updates at the Company’s website at www.compugates.com or announcements on Bursa Malaysia Berhad’s website at www.bursamalaysia.com.
- The Company will continue to observe the guidelines issued by the Ministry of Health, Malaysian National Security Council, Securities Commission Malaysia and other relevant authorities, and will take all relevant precautionary measures as advised.

RPV FACILITIES

- The RPV facilities are available on Tricor’s TIIH Online website at <https://tiih.online>.
- A member or his/her/its proxy(ies)/corporate representative(s)/attorney(s) is/are to attend, participate (including to pose questions in the form of real time submission of typed texts) and vote remotely at the EGM using RPV facilities.
- Kindly refer to procedures and requirements for RPV as set out below.

PROCEDURES TO REMOTE PARTICIPATION AND VOTING VIA RPV FACILITIES

- Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the EGM using the RPV facilities:

COMPUGATES HOLDINGS BERHAD

Registration No. 200401030779 (669287-H)

Administrative Guide for the Extraordinary General Meeting (“EGM” or “Meeting”) (Cont’d)

Before the EGM Day

Procedure	Action
i. Register as a user with TIIH Online	<ul style="list-style-type: none">Using your computer, access to website at https://tiih.online. Register as a user under the “e-Services” select “Create Account by Individual Holder”. Please refer to the tutorial guide posted on the homepage for assistance.Registration as a user will be approved within one (1) working day and you will be notified via e-mail.If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.
ii. Submit your request to attend EGM remotely	<ul style="list-style-type: none">Registration is open from Thursday, 20 January 2022 at 11.00 a.m. until the day of EGM on Friday, 4 February 2022. Member(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the EGM to ascertain their eligibility to participate at the EGM using the RPV facilities.Login with your user ID (i.e. e-mail address) and password and select the corporate event: (Registration) COMPUGATES HOLDINGS BERHAD EGM 2022.Read and agree to the Terms & Conditions and confirm the Declaration.Select “Register for Remote Participation and Voting”.Review your registration and proceed to register.System will send an e-mail to notify that your registration for remote participation is received and will be verified.After verification of your registration against the Record of Depositors as at 26 January 2022, the system will send you an e-mail after 2 February 2022 to approve or reject your registration for remote participation. <p><i>(Note: Please allow sufficient time for approval of new user of TIIH Online and-registration for the RPV) .</i></p>

On the EGM Day

Procedure	Action
i. Login to TIIH Online	<ul style="list-style-type: none">Login with your user ID and password for remote participation at the EGM at any time from 10.30 a.m. i.e. 30 minutes before the commencement of Meeting at 11.00 a.m. on Friday, 4 February 2022.
ii. Participate through Live Streaming	<ul style="list-style-type: none">Select the corporate event: (Live Stream Meeting) COMPUGATES HOLDINGS BERHAD EGM 2022 to engage in the proceedings of the EGM remotely. <p>If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will try to respond to questions submitted by remote participants during the EGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the Meeting.</p>
iii. Online remote voting	<ul style="list-style-type: none">Voting session commences from 11.00 a.m. on Friday, 4 February 2022 until a time when the Chairman announces the end of the session.Select the corporate event: (Remote Voting) COMPUGATES HOLDINGS BERHAD EGM 2022 or if you are on the live stream meeting page, you can select “GO TO REMOTE VOTING PAGE” button below the Query Box.Read and agree to the Terms & Conditions and confirm the Declaration.Select the CDS account that represents your shareholdings.Indicate your votes for the resolution that are tabled for voting.Confirm and submit your votes.
iv. End of remote participation	<ul style="list-style-type: none">Upon the announcement by the Chairman on the conclusion of the EGM, the Live Streaming will end.

COMPUGATES HOLDINGS BERHAD

Registration No. 200401030779 (669287-H)

Administrative Guide for the Extraordinary General Meeting (“EGM” or “Meeting”) (Cont’d)

Note to users of the RPV facilities:

- (i) Should your registration for RPV be approved, we will make available to you the rights to join the live stream Meeting and to vote remotely. Your login to TIIH Online on the day of Meeting will indicate your presence at the virtual Meeting.
- (ii) The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
- (iii) In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the Meeting day, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

Entitlement to Participate and Appointment of Proxy

- With reference to the Notice of EGM dated 20 January 2022, only members whose names appear on the Record of Depositors on 26 January 2022 shall be eligible to attend, participate and vote at the EGM or appoint proxy(ies)/corporate representative(s)/attorney(s) to attend, participate and vote on his/her/its behalf.
- Any member who has yet to appoint any proxy(ies) and wishes to appoint proxy(ies) is advised to deposit the Form of Proxy which was circulated together with the Notice of EGM dated 20 January 2022.
- The appointment of a proxy may be made in hard copy form or by electronic form in the following manner and the Form of Proxy and/or documents relating to the appointment of proxy(ies)/corporate representative(ies)/attorney(s) for the EGM must be received by the Company not later than **Wednesday, 2 February 2022 at 11.00 a.m.:**

(i) In hard copy:

- a) By hand or post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia; or

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

(ii) By electronic form:

All members can have the option to submit Form of Proxy electronically via TIIH Online at <https://tiih.online> and the steps to submit are summarised below:

Procedure	Action
i. <u>Steps for Individual Shareholders</u>	
Register as a User with TIIH Online	<ul style="list-style-type: none">• Using your computer, please access the website at https://tiih.online. Register as a user under the “e-Services”. Please refer to the tutorial guide posted on the homepage for assistance.• If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of Form of Proxy	<ul style="list-style-type: none">• After the release of the Notice of EGM dated 20 January 2022 by the Company, login with your username (i.e. email address) and password.• Select the corporate event: COMPUGATES HOLDINGS BERHAD EGM 2022 - “Submission of Proxy Form”.• Read and agree to the Terms and Conditions and confirm the Declaration.• Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf.• Indicate your voting instructions – FOR or AGAINST, otherwise your proxy(ies) will decide on your votes.• Review and confirm your proxy(ies) appointment.• Print the Form of Proxy for your record.

COMPUGATES HOLDINGS BERHAD

Registration No. 200401030779 (669287-H)

Administrative Guide for the Extraordinary General Meeting (“EGM” or “Meeting”) (Cont’d)

ii. Steps for corporation or institutional shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none">Access TIIH Online at https://tiih.onlineUnder e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects “Create Account by Representative of Corporate Holder”.Complete the registration form and upload the required documents.Registration will be verified, and you will be notified by email within one (1) to two (2) working days.Proceed to activate your account with the temporary password given in the email and re-set your own password. <p>Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.</p>
Proceed with submission of Form of Proxy	<ul style="list-style-type: none">Login to TIIH Online at https://tiih.online<ul style="list-style-type: none">Select the corporate exercise name: COMPUGATES HOLDINGS BERHAD EGM 2022 - “Submission of Proxy Form”.Agree to the Terms & Conditions and Declaration.Proceed to download the file format for “Submission of Form of Proxy” in accordance with the Guidance Note set therein.Prepare the file for the appointment of proxy(ies) by inserting the required data.Proceed to upload the duly completed proxy(ies) appointment file.Select “Submit” to complete your submission.Print the confirmation report of your submission for your record.

Revocation of Proxy

- Any member who has submitted the Form of Proxy but subsequently wishes to revoke his/her/its proxy(ies) must contact Tricor at +603-2783 9263 or +603-2783 7973 or e-mail to is.enquiry@my.tricorglobal.com before **11.00 a.m. on Wednesday, 2 February 2022**.
- In order to ensure the whole registration process of EGM is smooth, the member who wishes to attend, participate and vote at the EGM himself/herself is advised not to submit any Form of Proxy.

POLL VOTING

- The voting at the EGM will be conducted by poll in accordance with Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor as Poll Administrator to conduct the poll by way of electronic voting (e-voting).
- Members or proxies/corporate representatives/attorneys can proceed to vote on the resolution at any time from 11.00 a.m. on Friday, 4 February 2022 until the end of the voting session which will be announced by the Chairman of the Meeting. Kindly refer to “Procedures to Remote Participation and Voting via RPV Facilities” provided above for guidance on how to vote remotely via TIIH Online.
- Upon completion of the voting session for the EGM, the Independent Scrutineer will verify the poll results followed by the Chairman’s declaration whether the resolution is duly passed.

PRE-MEETING SUBMISSION OF QUESTIONS

- The Board recognises that the EGM is a valuable opportunity for the Board to engage with members. In order to enhance the efficiency of the proceedings of the EGM, members may in advance, before the EGM, submit questions to the Board via Tricor’s TIIH Online website at <https://tiih.online>, by selecting “e-Services” to login, pose your questions and submit it electronically no later than Wednesday, 2 February 2022. The Board will endeavor to address the questions received at the EGM.

COMPUGATES HOLDINGS BERHAD

Registration No. 200401030779 (669287-H)

Administrative Guide for the Extraordinary General Meeting (“EGM” or “Meeting”) (Cont’d)

NO DOOR GIFTS/FOOD VOUCHERS

- There will be no distribution of door gifts or food vouchers for the EGM as the Meeting will be conducted on a fully virtual basis.
- The Company would like to thank all its members for their kind co-operation and understanding in these challenging times.

ENQUIRIES

- If you need any assistance, kindly contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line : +603-2783 9299

Fax Number : +603-2783 9222

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