

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 Tuesday, 30 May 2023 at 11.45 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Eighteenth Annual General Meeting of the Company which will be held at the same venue on the same day at 11.00 a.m. whichever is later, or at any adjournment thereof, for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:-

ORDINARY RESOLUTION 1

PROPOSED DIVERSIFICATION OF THE EXISTING PRINCIPAL ACTIVITIES OF CHB AND ITS SUBSIDIARIES TO INCLUDE PROPERTY DEVELOPMENT (“PROPOSED DIVERSIFICATION INTO PROPERTY DEVELOPMENT”)

“**THAT** subject to the approvals of all relevant authorities and/or parties being obtained, approval be and is hereby given to the Company and its subsidiaries to diversify its existing principal activities to include property development as described in the Circular to shareholders dated 15 May 2023.

AND THAT the Board of Directors of CHB be and is hereby authorised to sign and execute all documents, do all acts, deeds and things as may be required to give effect to the Proposed Diversification into Property Development with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things in any manner as it may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Diversification into Property Development.”

ORDINARY RESOLUTION 2

PROPOSED DIVERSIFICATION OF THE EXISTING PRINCIPAL ACTIVITIES OF CHB AND ITS SUBSIDIARIES TO INCLUDE AGARWOOD PLANTATION (“PROPOSED DIVERSIFICATION INTO AGARWOOD PLANTATION”)

“**THAT** subject to the approvals of all relevant authorities and/or parties being obtained, approval be and is hereby given to the Company and its subsidiaries to diversify its existing principal activities to include agarwood plantation as described in the Circular to shareholders dated 15 May 2023.

AND THAT the Board of Directors of CHB be and is hereby authorised to sign and execute all documents, do all acts, deeds and things as may be required to give effect to the Proposed Diversification into Agarwood Plantation with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things in any manner as it may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Diversification into Agarwood Plantation.”

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
15 May 2023

Notes:

- 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.*
- 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/zata_da/src/doc/notice_of_egm_20230530.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 TIIH 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 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.*
- In respect of deposited securities, only a member whose name appears on the Record of Depositors on 23 May 2023, shall be eligible to attend, participate and vote at the Meeting or appoint proxy(ies)/ corporate representative(s)/ attorney(s) to attend, participate 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 resolutions set out in this Notice will be put to vote by way of poll.*

Personal data privacy:-

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

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular and makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

COMPUGATES®

COMPUGATES HOLDINGS BERHAD

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

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-

- I. PROPOSED DIVERSIFICATION OF THE EXISTING PRINCIPAL ACTIVITIES OF COMPUGATES HOLDINGS BERHAD ("CHB" OR THE "COMPANY") AND ITS SUBSIDIARIES ("CHB GROUP" OR THE "GROUP") TO INCLUDE PROPERTY DEVELOPMENT BUSINESS ("PROPOSED DIVERSIFICATION INTO PROPERTY DEVELOPMENT"); AND**
- II. PROPOSED DIVERSIFICATION OF THE EXISTING PRINCIPAL ACTIVITIES OF THE GROUP TO INCLUDE AGARWOOD PLANTATION BUSINESS ("PROPOSED DIVERSIFICATION INTO AGARWOOD PLANTATION")**

(COLLECTIVELY REFERRED TO AS THE "PROPOSED DIVERSIFICATIONS")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser

UOBKayHian

UOB Kay Hian Securities (M) Sdn Bhd

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

The Extraordinary General Meeting of the Company ("EGM") 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 an online meeting platform via TIIH Online website at <https://tiih.online> provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia on Tuesday, 30 May 2023 at 11.45 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Eighteenth Annual General Meeting of the Company which will be held at the same venue on the same day at 11.00 a.m. whichever is later, or at any adjournment thereof. The Notice of EGM together with the Form of Proxy is enclosed in this Circular.

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

- (i) In hard copy:
 - (a) By hand or by post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia or 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 lodging of the Form of Proxy shall not preclude you from attending, participating and voting at the EGM should you subsequently wish to do so and in such event, your Form of Proxy shall be deemed to have been revoked.

Last date and time for lodging the Proxy Form : Sunday, 28 May 2023 at 11.45 a.m

Date and time of the EGM : Tuesday, 30 May 2023 at 11.45 a.m

This Circular is dated 15 May 2023

DEFINITIONS

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

"Act"	:	The Companies Act 2016
"Board"	:	The Board of Directors of CHB
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"CITES"	:	Convention on International Trade in Endangered Species of Wild Fauna and Flora
"CDMSB"	:	Compugates Development and Mining Sdn Bhd
"CHB" or the "Company"	:	Compugates Holdings Berhad
"CHB Group" or the "Group"	:	CHB and its subsidiaries, collectively
"CHB Share(s)" or the "Share(s)"	:	Ordinary share(s) in CHB
"Circular"	:	This circular dated 15 May 2023 in relation to the Proposed Diversifications
"Collaboration Agreement"	:	Collaboration agreement entered into on 20 January 2023 between CPSB, MATMSB, KY Loh and TK Yeo for the provision of inoculation, harvesting and distillation services for agarwood trees.
"Cybersouth Lands"	:	Two areas of land in Cybersouth, Dengkil, Selangor measuring 62 and 35 acres respectively
"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
"EPS"	:	Earnings per share
"FRIM"	:	Forest Research Institute Malaysia
"FPE"	:	Financial period ended/ ending
"FYE"	:	Financial year ended/ ending
"GDV"	:	Gross development value
"ICT"	:	Information and communication technology
"JCSB"	:	Jade Classic Sdn Bhd
"JVA"	:	Joint venture agreement signed between CDMSB and JCSB
"JVA Development"	:	Development project on the 62 acres of land on the Cybersouth Lands pursuant to the JVA
"Keane Goh"	:	Keane Goh Yan Han

DEFINITIONS

"KY Loh"	:	Loh Kim Yong
"Land"	:	A parcel of leasehold agriculture land measuring 62 acres held under Title No. PN 98100 Lot No. 47954, Mukim of Dengkil, District of Sepang, Selangor
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	2 May 2023, being the latest practicable date prior to the printing and despatch of this Circular
"MATMSB"	:	Mega Agarwood Trading (M) Sdn Bhd
"MTIB"	:	Malaysian Timber Industry Board
"Mr Goh"	:	Goh Kheng Peow
"NA"	:	Net assets attributable to the owners of the Company
"Oud"	:	Oud oil, which is extracted from agarwood trees, is used to be processed into essential oils, fragrances and medicines
"PAT/ (LAT)"	:	Profit/ (Loss) after taxation
"PBT/ (LBT)"	:	Profit/ (Loss) before taxation
"Proposed Diversification into Agarwood Plantation"	:	Proposed diversification of the existing principal activities of CHB Group to include agarwood plantation business
"Proposed Diversification into Property Development"	:	Proposed diversification of the existing principal activities of CHB Group to include property development business
"Proposed Diversifications"	:	Proposed Diversification into Property Development and Proposed Diversification into Agarwood Plantation, collectively
"Protégé" or the "Independent Market Researcher"	:	Protégé Associates Sdn Bhd
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"TK Yeo"	:	Yeo Tien Kiong
"UOBKH" or the "Adviser"	:	UOB Kay Hian Securities (M) Sdn Bhd

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

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

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

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EXECUTIVE SUMMARY

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

Key information	Description	Reference to Circular
Summary of the Proposed Diversifications	The Proposed Diversifications are undertaken in line with CHB Group's future plans to grow its business operations and reduce its reliance on its Trading and Services Business, which has been its major revenue contributor for the recent financial years, but recording loss making positions. The Board anticipates that both the Group's property development and agarwood plantation business may contribute 25% or more of the net profits of the Group and/ or result in a diversion of more than 25% of the net assets of the Group towards the property development and agarwood plantation business moving forward.	Section 2 and 3
Rationale and justification for the Proposed Diversifications	<p>The Group's intends to grow its business operations and reduce its reliance on its Trading and Services Business, which has been its major revenue contributor for the recent financial years, but recording loss making positions. The Board has identified property development and agarwood plantation as a viable opportunity to venture into, after taking into consideration the following:-</p> <ol style="list-style-type: none"> the Group's major revenue contributor has been its Trading and Services Business, which has been loss making in the recent financial years, recording LAT of RM7.76 million for the FYE 31 December 2022; the estimated GDV of RM585.00 million from the JVA Development, of which CDMSB as the landowner of the 62 acres of Cybersouth Lands is entitled to 20.00%; the Collaboration Agreement, which is expected to contribute to the revenue of the Group's agarwood business; and the favourable property market outlook and agarwood market outlook as highlighted in Sections 5.2, 5.3, and 5.4 of this Circular. 	Section 4
Risk Factors	<p>Pursuant to the Proposed Diversifications, CHB Group will be exposed to the following risks inherent in the property development and agarwood plantation business which include, but not limited to, the following:-</p> <ol style="list-style-type: none"> Business diversification risk; Property industry risks; Dependency on key personnel; and Project completion risk 	Section 6
Approvals required/ obtained	<p>The Proposed Diversifications are subject to the following approvals:-</p> <ol style="list-style-type: none"> Shareholders of CHB at the Company's forthcoming EGM; and Any other relevant authority, if required. <p>The Proposed Diversifications are not conditional upon any other proposals undertaken or to be undertaken by the Company.</p>	Section 8

EXECUTIVE SUMMARY

Interests of directors, major shareholders, chief executives and/ or persons connected with them	None of the Directors, major shareholders of CHB and/ or persons connected with them have any interest, whether direct or indirect, in the Proposed Diversifications.	Section 9
Board's recommendation	The Board recommends that you vote in favour of the resolution pertaining to the Proposed Diversifications to be tabled at the forthcoming EGM.	Section 12

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

Registered Office

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

15 May 2023

Board of Directors

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

To: The shareholders of CHB

Dear Sir/ Madam,

- I. **PROPOSED DIVERSIFICATION INTO PROPERTY DEVELOPMENT; AND**
- II. **PROPOSED DIVERSIFICATION INTO AGARWOOD PLANTATION**

(COLLECTIVELY REFERRED TO AS THE "PROPOSED DIVERSIFICATIONS")

1. INTRODUCTION

On 31 March 2023, UOBKH had, on behalf of the Board, announced that the Company intends to undertake the following:-

- (i) proposed diversification of the existing principal activities of CHB Group to include property development business; and
- (ii) proposed diversification of the existing principal activities of the Group to include agarwood plantation business

collectively referred to as the ("**Proposed Diversifications**")

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

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

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

2. PROPOSED DIVERSIFICATION INTO PROPERTY DEVELOPMENT

As at the LPD, the Group currently operates in two business segments, namely its (i) trading, services & property development segment, and (ii) agriculture segment. The Group derives majority of its revenue contribution from its trading, services & property development segment. For avoidance of doubt, the revenue contribution from the Group's trading, services and property development segment is derived wholly from its trading and services business and the Group has not recorded any revenue contribution from property development related activities. Since obtaining shareholders' approval to diversify into property investment in 2016, the Group has since undertaken the following property investments:-

Land	62 acres of land	35 acres of land
Registered owner	CDMSB	CDMSB
Tenure	95 years	99 years
NBV (based on CHB Group's latest audited financial statements for the FYE 31 December 2022)	RM48,420,110	RM93,629,077
Date acquired	25 September 2008	25 September 2008

The business activities of the Group's trading and services business involve the Group purchasing products (e.g. printers, cameras, scanners, portable chargers, etc.) from manufacturers and suppliers both locally and internationally (i.e United States of America and Japan), and then later distributing these products to dealers and end users locally and in overseas markets such as China and Hong Kong ("**Trading and Services Business**"). In addition, the Group also operates an agriculture business segment which involves the planting and trading of agarwood trees and agarwood derivatives. The segmental revenue breakdown of the Group for the past 4 financial years up to the FYE 31 December 2022 are as follows:-

	-----Audited-----			
	FYE 31 December 2019 RM'000	FYE 31 December 2020 RM'000	FYE 31 December 2021 RM'000	FYE 31 December 2022 RM'000
Segmental revenue:-				
Trading, services & property development	4,583	4,320	8,975	5,508
Agriculture (i.e. planting and trading of agarwood trees and agarwood derivatives)	7	51	8	2
Revenue	4,590	4,371	8,983	5,510
PAT/ (LAT)	(8,284)	(7,140)	(7,331)	(7,757)

Based on the above, the Group's Trading and Service Business has been its largest revenue contributor for the recent financial years, but has also been loss making. Pursuant thereto, the Group intends to reduce its reliance on its Trading and Services Business, and grow its other business operations (i.e. property development and agarwood plantation). With the Proposed Diversification into Property Development, the Group will be able to expand its income stream to include revenue and/ or share of GDV from its property development business, while reducing reliance on its Trading and Service Business.

2.1 Details of the Proposed Diversification into Property Development

The Group, through its 70% owned subsidiary CDMSB, currently owns the Cybersouth Lands, which are two areas of land in Cybersouth, Dengkil, Selangor measuring 62 acres and 35 acres respectively. Pursuant to a JVA signed between CDMSB and JCSB on 28 November 2017, CDMSB and JCSB have agreed to undertake the JVA Development, a joint venture agreement development project on the 62 acres of land where JCSB will act as the developer to undertake the overall development, construction and completion of the JVA Development. Through the JVA Development, CDMSB will be entitled to a 20% share of the GDV (excluding Rumah Selangorku) derived from the JVA Development, being approximately RM117.00 million.

The JVA Development is a mixed development project comprising of 500 units of houses, 1100 Rumah Selangorku and 3 blocks of 600 units of high rise mixed residential and commercial units and other amenities for a small township to be built over 5 phases spanning approximately 10 years. The estimated GDV of the JVA Development is RM585.00 million (excluding Rumah Selangorku, which has an estimated GDV of RM190.00 million) with the estimated project cost being RM598.00 million, resulting in an estimated profit of RM177.00 million. For information purposes the estimated project cost of RM598.00 million is inclusive of the Rumah Selangorku and the estimated GDV of the JVA Development including Rumah Selangorku is RM775.00 million. The development cost for the JVA Development is expected to be funded by JCSB as the developer of the JVA Development. For clarification purposes, the calculation of CDMSB's GDV entitlement excludes the proceeds from Rumah Selangorku. The Company had obtained shareholders' approval for CDMSB to enter into the JVA to undertake the JVA Development on 17 July 2018.

A salient description of the Land is as follows:-

Type	: A parcel of development land
Location	: Sub-urban area of Cyberjaya situated in the Mukim of Dengkil, in the District of Sepang, Selangor.
Title no.	: PN 98100
Lot no.	: 47954, Mukim of Dengkil, District of Sepang, Selangor
Surveyed land area	: 250,900 sq. m. (or 25.09 hectares/ 62.00 acres)
Tenure	: Leasehold interest for a term of 95 years expiring on 20 July 2104 with a remaining lease of 82 years

The JVA Development is expected to be undertaken in 5 phases (excluding Rumah Selangorku) as follows:-

Phase	Land area	Expected development period	Type of development	GDV RM'000	CDMSB's Entitlement (20% of GDV) RM'000
Phase 1	22 acres	2021 – 2025	418 units landed residential	230,000	46,000
Phase 2	-*	2025 – 2026	82 units landed residential	112,000	22,400
Phase 3	-*	2024 – 2026	200 units high rise	81,000	16,200
Phase 4	-*	2027 – 2029	200 units high rise	81,000	16,200
Phase 5	-*	2029 - 2031	200 units high rise	81,000	16,200
				585,000	117,000

Note:-

* The land area for Phase 2 to Phase 5 cannot be determined at this juncture as JCSB and CDMSB are currently in discussion regarding the master plan for the abovementioned phases. For information purposes, the total land area for the JVA Development is 62 acres.

For information purposes, the following table illustrates all the approvals obtained from the relevant authorities for the JVA Development:-

Approval	Building Plan Approval	Planning Permission Approval
Reference No.	MP.SPG 600-34/4/209(9)	MP.SEPANG 600-43/1/1473 Jld 2 (16)
Date received	11 March 2022	30 September 2022
Name of Authority	Majlis Perbandaran Sepang	Majlis Perbandaran Sepang
Status of approvals	Valid	Valid
Duration and expiry date of approvals	12 months expiry only if development has not commenced	12 months (29 September 2023)

As at the LPD, the JVA Development is in the earthworks stage which is 65% completed and is expected to be completed in the second half of 2023. The Group expects phase 1 of the JVA Development to commence sales in the second half of 2023 once earthworks are completed. Upon successful sales of phase 1 of the JVA Development and the completion of its foundation works, phase 1 of the JVA Development is expected to provide a GDV of approximately RM230.00 million, of which CDMSB as the landowner is entitled to a 20.00% share of the GDV, being approximately RM46.00 million ("**Phase 1 GDV Entitlement**"). For information purposes, CDMSB is entitled to 20.00% share of the GDV for providing the Land for JCSB to undertake the overall development of the JVA Development. Further information on the salient terms of the JVA and JVA Development are set out in **Appendix I** of this Circular.

In view that the JVA Development is expected to commence sales in the second half of 2023, the Group may begin receiving its 20.00% share of GDV by the end of 2023. Furthermore, the Group may continue to receive share of GDV from the remaining phases of the JVA Development moving forward until its completion. For avoidance of doubt, although the Group had obtained shareholders' approval for the JVA Development in 2018, JCSB was only able to commence earthworks of phase 1 of the JVA Development in April 2021 due to COVID-19 and the Movement Control Order restrictions implemented by the Government of Malaysia.

For information purposes, the following table illustrates a brief timeline of the key events of the JVA Development:-

Timing	Key events
17 July 2018	Shareholders approval obtained at an EGM held by CHB for the JVA Development
19 September 2018	Completed transfer of the 62 acres of land (now the JVA Development) from Kumpulan Darul Ehsan Berhad (previous landowner) to CDMSB
13 May 2019	Submission of the development order for the JVA Development to the Sepang Municipal Council
10 February 2020	Announcement on Bursa Securities that CDMSB and JCSB had received approval from the Sepang Municipal Council on 6 February 2020 for the JVA Development.
18 March 2020	Due to COVID-19, the Government of Malaysia implemented nationwide Movement Control Order restrictions. On 10 October 2021, the Government of Malaysia lifted Movement Control Order restrictions for vaccinated individuals.
12 April 2021	Commencement of earthworks for the JVA Development

Pursuant thereto, the Group anticipates that the Phase 1 GDV Entitlement of approximately RM46.00 million and/ or the future share of GDV to be received from the JVA Development may contribute 25% or more to the net profits of the Group and/ or result in a diversion of more than 25% of the NA of the Group moving forward. Additionally, the Group may also undertake future joint venture development projects on its 35 acres on the Cybersouth Lands, which may potentially contribute share of GDV to the Group.

As such, the Board intends to seek the approval from the shareholders of CHB for the Proposed Diversification into Property Development pursuant to Paragraph 10.13 of the Listing Requirements of Bursa Securities at an EGM to be convened.

2.2 Key management personnel

Premised on the property development sector that the Group intends to venture into, the Group has identified Keane Goh as the key management personnel to lead and oversee the operations pertaining to the Group's property development business moving forward.

Further details of the qualification and experience of the key management personnel are set out below:-

- (i) Keane Goh, a Malaysian male aged 34, was appointed as the Group General Manager of CHB in 2017. Keane Goh is responsible for overseeing and managing CHB's interest in the JVA Development including but not limited to overseeing business operations and financial aspects of the Group as well as overseeing the strategic expansion for the Group. Pursuant to the Proposed Diversification into Property Development, Keane Goh will be responsible for the project management, planning and implementation of property development projects.

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

Thereafter, Keane Goh joined Compugates Marketing Sdn Bhd, a wholly-owned subsidiary of CHB incorporated in 1998 which is principally involved in investment holding, planting and trading of agarwood trees, trading of ICT products and agarwood derivatives, as a Consultant in 2012 where he was responsible for overseeing the development and marketing of its agarwood plantation business, including the establishment of its tea product the Treasures Gaharu Tea. He was subsequently promoted to Group General Manager of the CHB Group in 2017, where he was responsible for the operation and strategic planning of the Group's agarwood plantation as well as its land development projects (i.e. on the Cybersouth Lands).

In 2018, he also joined Puncakdana Group as a Project Coordinator, a position he currently holds, where he is responsible for the planning and development of several of Puncakdana Group's property development projects such as the mixed developments of AraTre' Residences and Myara Park in the Ara Damansara area, with a total estimated GDV of RM500 million and RM250 million respectively. For the avoidance of doubt, Keane Goh spends most of his time working in the capacity of Group General Manager of the Group, while he is involved in Puncakdana Group's property development projects from time to time as Project Coordinator.

Through Keane Goh's experience in the property development business through his positions as Group General Manager of CHB Group as well as Project Coordinator of Puncakdana Group, where he has been involved in several property development projects over a span of 5 years, the Board opines that Keane Goh's business acumen coupled with his aforementioned experience and capability will be relevant and beneficial in spearheading the Group's venture into the property development business.

Moving forward, upon successful implementation of the Proposed Diversification into Property Development, the Board intends to appoint additional personnel and key management to assist and support Keane Goh and the Group in the property development business. In the event of resignation of Keane Goh, such personnel and key management will be able to continue and sustain the operations of the Group's property development business until the appointment of a suitable replacement for Keane Goh. Additionally, the Board may also appoint one of the Group's other directors to temporarily oversee the Group's property development business in the event of Keane Goh's resignation.

The Board takes cognisance of the prospects of the JVA Development as mentioned in **Section 2.1** of this Circular, which is expected to contribute approximately RM117.00 million share of GDV to the Group upon its completion and successful sales, and the experience and capability of Keane Goh to manage the Group's property development business. Additionally, the Board also takes note that the share of GDV from the JVA Development may potentially contribute 25% or more to the net profits of the Group and/ or result in a diversion of more than 25% of the NA of the Group moving forward. Based on the above, the Board believes that the Group has the capacity, readiness and resources to venture into the property development business.

3. PROPOSED DIVERSIFICATION INTO AGARWOOD PLANTATION

As mentioned in **Section 2** of this Circular, the Group intends to grow its business operations and reduce its reliance on its existing business segment, being its Trading and Services Business, which has been the major contributor to the Group's revenue for the recent financial years. In view of this, the Group intends to undertake the Proposed Diversification into Agarwood Plantation.

The Proposed Diversification into Agarwood Plantation provides the Group with an opportunity to expand its agriculture segment, with the objective of earning a return on investment from its agarwood plantation through the provision of inoculation services and/ or sale of agarwood resin. The Proposed Diversification into Agarwood Plantation further enables the Group to diversify and create an additional income stream, apart from relying on its Trading and Services Business which has been loss making in the recent financial years.

3.1 Details of the Proposed Diversification into Agarwood Plantation

The Group currently operates an agriculture segment that consists of an agarwood plantation located on a 54 acres parcel of land in Kuala Kangsar, Perak, which houses approximately 20,312 agarwood trees that were planted in 2010. The land is owned by the Company's wholly-owned subsidiary, namely Selama Muda Jaya Sdn Bhd in which the Company acquired 100% equity interest in 2009 for a total purchase consideration of RM16.00 million. For avoidance of doubt, the acquisition of Selama Muda was not subject to shareholders' approval pursuant to the Listing Requirements. The Group later begun agarwood plantation activities on the said land in June 2010.

The Company's indirect wholly-owned subsidiary, namely CPSB, had on 20 January 2023 entered into a Collaboration Agreement with MATMSB, KY Loh and TK Yeo for the provision of inoculation, harvesting and distillation services of agarwood trees. CPSB was deemed to have commenced its principal activity of provision of plantation services for agarwood trees and other agarwood derivatives on 20 January 2023 when it entered into the Collaboration Agreement.

For information purposes, KY Loh founded and managed MATMSB on 19 May 2015, when it commenced its principal activity as a one stop service provider for the provision of services (e.g. inoculation, harvesting, distillation, etc.) to the agarwood industry. Through MATMSB, KY Loh has been involved in agarwood plantation management, the marketing and sale of agarwood products and MATMSB's services since 2015. Pursuant to the Collaboration Agreement, KY Loh was appointed by CPSB as an independent contractor mainly responsible for the management of CPSB's operations and business development, as well as the marketing of its inoculation, harvesting and distillation services to third parties.

TK Yeo founded and manages Rural Asset Development Sdn Bhd on 21 October 2011, which is principally involved in the production of inoculants in the agarwood industry with linkages to distillation factories in several parts of Malaysia. Rural Asset Development Sdn Bhd also manages approximately 30,000 trees for clients locally as well as foreigners. TK Yeo's role in the Collaboration Agreement is to liaise with potential third party customers in order expand CPSB's customer base, as well as to market its inoculation, harvesting and distillation services to third parties.

The directors and shareholders of MATMSB, and their respective shareholdings in MATMSB as at the LPD are set out below:-

Name	Nationality	Designation	<-----Direct----->		<-----Indirect----->	
			No. of MATMSB shares	%	No. of MATMSB shares	%
KY Loh	Malaysian	Director/ Shareholder	60,000	60.00	-	-
Joshua Thong Wing U	Malaysian	Director/ Shareholder	10,000	10.00	-	-
Lium Tau Kiang @ Lim Tau Kiang	Malaysian	Shareholder	10,000	10.00	-	-
Joan Carmen Yuen	Malaysian	Shareholder	10,000	10.00	-	-
Teoh Tit Chai	Malaysian	Shareholder	10,000	10.00	-	-

The specific roles and responsibilities of the parties involved in the Collaboration Agreement are as follows:-

Names	Responsibilities
CPSB	Main contractor responsible for obtaining clients and sourcing products for the inoculation, harvesting and distillation of agarwood trees
MATMSB	Responsible for carrying out the process of inoculation, harvesting and distillation of agarwood trees
KY Loh	Responsible for the management of CPSB's operations and the marketing and sales of CPSB's inoculation, harvesting and distillation services
TK Yeo	Responsible for obtaining and liaising with potential third party customers regarding the usage of CPSB's inoculation, harvesting and distillation services

The salient terms of the Collaboration Agreement include, amongst others, the following:-

- (i) Where CPSB carries out the inoculation, harvesting and distillation services on its customers' agarwood trees, CPSB would be entitled to 50% of the Oud output; or
- (ii) Where CPSB carries out inoculation services on its customers' agarwood trees but not harvesting and distillation, CPSB would be entitled to 25% of the Oud output; and
- (iii) CPSB as the main contractor, will be entitled to 70% of the PBT received from the provision of its services to customers, based on commercially agreed terms between the parties to the Collaboration Agreement taking into account that CPSB is the main contractor responsible for sourcing the products required for inoculation, harvesting and distillation of agarwood trees.

For information purposes, the process of inoculation involves the injection of enzymes and other chemical products into agarwood trees to potentially stimulate and hasten its production capacity. As agarwood trees only produce Oud resin after being pressurised, the inoculation process is a calculated effort to stimulate the quality and quantity of resin generated from the agarwood trees. The resinous wood is subsequently harvested where resinous wood is separated from the uninfected wood. Following this, the process of distillation is undertaken to extract the Oud embedded in the resinous wood and the results of the distillation process will be 100% concentrated Oud, which can be used to produce incense, perfumes and traditional medicines that are highly sought after in North Africa and Middle East markets. Further information on agarwood is illustrated in **Section 5.4** of this Circular.

In addition to providing inoculation services to third party customers, the Group has also commenced the first round of its inoculation trials on its agarwood trees on 7 October 2021, and the results of the inoculation trials are expected to be observable by the second half of 2023. Subsequently, the Group also commenced its second round of inoculation trials on 15 April 2023, which involves the inoculation of an additional 750 agarwood trees which are expected to be harvested and distilled by the second quarter of 2025. For clarification purposes, the Board estimates the abovementioned timeframes as the results of inoculation on agarwood trees are only observable after a minimum of 2 years, after which the Group will harvest resin, leaves, trunks, roots and wood from its agarwood trees and analyse the results of the inoculation on its quality. In the event inoculation is successful, the harvested resin can then be sold to purchasers who may then process the resin into products such as essential oils, medicines and fragrances, etc. For information purposes, the harvesting process spans approximately 1 to 2 months for every 100 agarwood trees, after which the Group can proceed to sell the harvested resin.

The Board opines that in the event the inoculation trials show improvement to the quality and quantity of the resin generated from the Group's agarwood trees, the Group may commence inoculation on a larger scale in order to potentially increase the quantity and quality of resin harvested from the Group's agarwood trees, which may then improve the revenue contribution of the Group's agarwood business. For information purposes, as at the LPD, the Group has not provided inoculation services to any third party customers.

Barring any unforeseen circumstances, and taking cognisance of the Collaboration Agreement, the Group's own inoculation trials and the prospects of the agarwood industry as detailed in **Section 5.4** of this Circular, the Board opines that the Group's agarwood business may potentially improve the Group's earnings potential moving forward and contribute 25% or more of the net profits of the Group and/ or result in a diversion of more than 25% of the NA of the Group in the future. As such, the Board proposes to seek the approval from the shareholders of CHB for the Proposed Diversification into Agarwood Plantation pursuant to Paragraph 10.13 of the Listing Requirements at an EGM to be convened.

3.2 Key management personnel

Premised on the agarwood plantation business that the Group intends to venture into, the Group has identified Mr Goh as the key management personnel to lead and oversee the operations pertaining to the Group's agarwood business moving forward.

Further details of the qualification and experience of Mr Goh are set out below:-

- i. Mr Goh, a Malaysian male aged 63, is currently the Chief Executive Officer of CHB Group. Mr Goh is involved in, amongst others, the operations and day-to-day management of the Group's Trading and Services Business and agarwood business. Pursuant to the Proposed Diversification into Agarwood Plantation, Mr Goh will continue to be responsible for the overall management, operations and business development of the Group's agarwood business.

Mr Goh graduated in 1983 with a Bachelor's Degree with Honours in Economics (Business Administration) from the University of Malaya. From 1983 to 1987, he began his career as a Marketing Executive at Mulpha Trading Sdn Bhd, where he was involved in assisting the Product Manager in formulating marketing plans, strategies, promotions and other marketing activities for Canon products throughout Malaysia. From 1987 to 1990, he transferred to Canon Marketing (Malaysia) Sdn Bhd as Marketing Manager, and was subsequently promoted to Assistant Division Manager in 1989, where he was responsible for managing and growing Canon's product business in Malaysia.

From 1990 to 1992, he left to join the Consumer Division of Rank O'Connor's (Malaysia) Sdn Bhd as General Manager, in which he was involved in managing the Malaysian consumer division in sales turnover, marketing plans, strategies, promotions and other marketing activities. Subsequently, from 1992 to 1997, he was appointed the Managing Director of Jebson & Jessen Marketing Sdn Bhd, where he was responsible for the distribution of Pentax, Leica and Rollie photographic equipment, accessories and supplying of medical equipment to hospitals throughout Malaysia.

From 1999 onwards, he pursued a career into the field of entrepreneurship through joining and subsequently helping to establish the CHB Group, which is primarily involved in the Trading and Services Business and agarwood plantation. Specifically, Mr Goh commenced the Group's agarwood plantation business in 2010 through Compugates Marketing Sdn Bhd (which is principally involved in investment holding, planting and trading of agarwood trees, trading of ICT products and agarwood derivatives), of which he has been overseeing the operations and development of the Group's agarwood plantation since 2010.

Through Mr Goh's extensive experience in overseeing the operations and development of the Group's agarwood plantation since 2010 (12 years), the Board opines that Mr Goh's experience and capability in managing the Group's agarwood plantation is sufficient to ensure the sustainability of the Group's agarwood business moving forward. Additionally, Mr Goh's extensive experience in marketing and business development as well as his business acumen is relevant and beneficial towards the expansion of the Group's agarwood business as Mr Goh will also be able to oversee the marketing of CPSB's inoculation services to third parties.

Moving forward, upon successful implementation of the Proposed Diversification into Agarwood Plantation, the Board intends to appoint additional key management to assist and support Mr Goh and the Group in its agarwood business. In the event of resignation of Mr Goh, such key management will be able to continue and sustain the operations of the Group's agarwood business until the appointment of a suitable replacement for Mr Goh. Furthermore, as CPSB (the Group's main vehicle for the provision of inoculation services) will also be managed by KY Loh as independent contractor, CPSB will be able to continue its business operations in the event of Mr Goh's resignation while the Board appoints a suitable replacement for Mr Goh. Additionally, the Board may also appoint one of the Group's other directors to temporarily oversee the Group's agarwood business in the event of Mr Goh's resignation.

Based on the above, the Board believes that, by leveraging on the expertise of the aforesaid key management personnel, as well as KY Loh and TK Yeo through the Collaboration Agreement, the size of the Group's existing agarwood plantation, and the Group's future plans for its agarwood business as disclosed later in **Section 5.5** of this Circular, the Group has the capacity, capability and resources to venture into the agarwood business.

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4. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED DIVERSIFICATION

The Proposed Diversifications are undertaken in line with CHB Group's future plans to grow its business operations and reduce its reliance on its Trading and Services Business, which has been its major revenue contributor for the recent financial years, but recording loss making positions as shown below:-

	<-----Audited----->			
	FYE 31 December 2019 RM'000	FYE 31 December 2020 RM'000	FYE 31 December 2021 RM'000	FYE 31 December 2022 RM'000
Segmental revenue:-				
Trading, services & property development	4,583	4,320	8,975	5,508
Agriculture (i.e. planting and trading of agarwood trees and agarwood derivatives)	7	51	8	2
Revenue	4,590	4,371	8,983	5,510
PAT/ (LAT)	(8,284)	(7,140)	(7,331)	(7,757)

The Group intends to undertake the Proposed Diversifications in order to expand its income stream to include the financial contribution from its property development and agarwood businesses.

As highlighted in **Section 2** of this Circular, the Group's 70% owned subsidiary CDMSB currently owns two areas of land in Cybersouth, Dengkil, of which its 62 acres of land is currently used for the JVA Development. The JVA Development is estimated to contribute GDV of RM585.00 million (excluding Rumah Selangorku), of which CDMSB is entitled to 20%. As at the LPD, the JVA Development has completed 65% of the earthworks stage and the Group expects phase 1 of the JVA Development to commence sales in the second half of 2023 once earthworks are completed. Upon successful sales of phase 1 of the JVA Development and the completion of its foundation works, phase 1 of the JVA Development is expected to provide a GDV of approximately RM230.00 million, of which CDMSB as the landowner is entitled to a 20.00% share of the GDV, being approximately RM46.00 million. As the JVA Development will be undertaken in phases over a 10 year period, this will potentially provide the Group with long term income in the form of share of GDV once the sale of units begin.

The Board has taken into consideration the prospects of the JVA Development, as well as the favourable property market outlook as highlighted in **Section 5.2** of this Circular, where real estate performance is forecasted to improve by 6.6% in 2023 backed by a stronger housing market and rental activities following higher house ownerships and tenancies, as well as higher demand for professional services in line with the expansion of economic activities especially in the services, manufacturing and construction sectors. Premised on the above, the Board opines that as and when the Group receives the Phase 1 GDV Entitlement (estimated to be by the second half of 2023), or the remaining share of GDV from the further phases of the JVA Development, the Group's property development business may contribute 25% or more to the net profits of the Group and/ or result in a diversion of more than 25% of the NA of the Group.

Furthermore, the Company's indirect wholly-owned subsidiary, CPSB had entered in to the Collaboration Agreement, which involves the provision of inoculation, harvesting and distillation services to clients with agarwood tree plantations. As outlined in **Section 3.1** of this Circular, pursuant to the terms of the Collaboration Agreement, through the provision of its services, CPSB will be entitled to the following:-

- i. Where CPSB carries out the inoculation, harvesting and distillation services on its customers' agarwood trees, CPSB would be entitled to 50% of the Oud output; or
- ii. Where CPSB carries out inoculation services on its customers' agarwood trees but not harvesting and distillation, CPSB would be entitled to 25% of the Oud output; and

- iii. CPSB as the main contractor, will be entitled to 70% of the PBT received from the provision of its services to customers, based on commercially agreed terms between the parties to the Collaboration Agreement taking into account that CPSB is the main contractor responsible for sourcing the products required for inoculation, harvesting and distillation of agarwood trees.

In addition to the above, CPSB will also charge its customers a fee for its services provided.

Additionally, the Group currently operates an agarwood plantation which houses approximately 20,312 agarwood trees. As at the LPD, the Group has commenced inoculation trials on 20 its agarwood trees on 7 October 2021, whereby the results of the inoculation is expected to be observable by the second half of 2023. In the event the results of the inoculation trials are successful (whereby the quality and quantity of resin harvested from the Group's agarwood trees are improved), the Group may commence inoculation on a larger scale in order to potentially increase the quantity and quality of resin harvested from the Group's agarwood trees, which the Group can then sell. However, in the event the results of the inoculation trials are unsuccessful, the Group may use alternative types of inoculants and undertake further inoculation trials to determine which types of inoculants are more effective in improving the quality and quantity of the agarwood tree's production capacity. For information purposes, as at the LPD, the Group has undertaken 2 phases of inoculation trials, the first on 7 October 2021 and the second on 15 April 2023, both using several types of inoculants.

Upon successful inoculation of the agarwood trees, which requires a minimum of 2 years to observe the results of inoculation, the resin harvested from agarwood trees can be used to produce incense, perfumes and traditional medicines that are highly sought after in North Africa and Middle East markets, further information as illustrated in **Section 5.4** of this Circular. Premised on the above, and the terms of the Collaboration Agreement, the Board opines that the Group's agarwood business (i.e. provision of inoculation, harvesting and distillation services of agarwood trees, and its own agarwood plantation) may begin to contribute greater revenue contribution to the Group moving forward.

The Board takes cognisance of the following factors in undertaking the Proposed Diversifications:-

- i. the Group's major revenue contributor has been its Trading and Services Business, which has been loss making in the recent financial years, recording LAT of RM7.76 million for the FYE 31 December 2022;
- ii. the estimated GDV of RM585.00 million from the JVA Development, of which CDMSB as the landowner of the 62 acres of Cybersouth Lands is entitled to 20.00%;
- iii. the Collaboration Agreement, which is expected to contribute to the revenue of the Group's agarwood business; and
- iv. the favourable property market outlook and agarwood market outlook as highlighted in **Sections 5.2, 5.3, and 5.4** of this Circular.

Pursuant thereto, the Board opines that it is in the best interest of the Group to expand its income stream by diversifying into the property development business and agarwood plantation business, in order to reduce its reliance on its Trading and Services Business, which has been loss making in the recent financial years. Notwithstanding the Proposed Diversifications, the Board intends to continue with the Group's existing principal activities in the same manner and the Board will review the Group's business operations from time to time with the intention to further improve the Group's financial performance. Barring any unforeseen circumstances, the Board believes that the Proposed Diversifications will potentially contribute positively to the Group's future earnings potential moving forward.

5. INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS

5.1 Overview and outlook of the Malaysian economy

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

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

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

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

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

5.2 Overview and outlook of the property market in Malaysia

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

The property market continued to record growth in 2022, supported by the implementation of various Government initiatives and assistance, improving labour market conditions and higher tourist arrivals.

Several initiatives which outlined under Budget 2022 by the Government to a certain extent helped improve property market activities. These are:

- (i) RM1.5 billion allocation for low-income groups housing projects i.e. rumah mesra rakyat and maintenance assistance programmes;
- (ii) lifting the imposition of Real Property Gains Tax on the disposal of properties in the 6th year onwards by Malaysian citizens, permanent residents and other than companies; and
- (iii) guarantees of up to RM2 billion to banks via Skim Jaminan Kredit Perumahan in assisting gig works, small entrepreneurs and farmers in obtaining home financing.

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

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

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

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

The residential overhang situation improved as the numbers reduced compare to previous year. A total of 27,746 overhang units worth RM18.41 billion recorded in 2022, reduced by 24.7% and 19.2% in volume and value respectively against 2021 (36,863 units worth RM22.79 billion).

Condominium/apartment formed 61.9% (17,162 units) of the national total overhang, followed by terraced houses (20.3%; 5,636 units). By price range, those priced at RM500,001 to RM1.0 million formed 33.6% (9,323 units) of the total, higher than 30.2% in 2021. Price range between RM300,001 and RM500,000 came second, accounting for 29.3% (8,128 units). Meanwhile, houses in the affordable price range of below RM300,000 formed another 23.5% (6,509 units) of the total and followed by more than RM1.0 million price range formed 13.6% (3,786 units).

(Source: Property Market Report 2022, Valuation and Property Services Department Malaysia)

The real estate and business services subsector registered a turnaround of 15.4% in the first half of 2022, supported by improved activities in leasing and renting of properties as well as higher demand for professional services, particularly legal and accounting activities. The subsector is expected to continue its growth momentum by 21.2% in the second half due to robust improvement in business and trade activities. The growth momentum is also supported by the Government's initiatives such as Keluarga Malaysia Home Ownership Initiative (i-MILIKI) and Malaysia Housing Financing Initiative (i-Biaya). The i-MILIKI offers 100% stamp duty exemption for first-time homeowners on the purchase of properties valued at up to RM500,000 while the i-Biaya facilitates access to home financing for households in the bottom 40% of income group (B40) and households in the middle 40% of income group (M40) groups. For the year, the subsector is anticipated to grow by 18.2%.

The development of residential property is expected to remain active supported by continuous implementation of measures under the Budget 2022 including a total government guarantee of up to RM2 billion to banks via Skim Jaminan Kredit Perumahan (SJKP) as well as housing projects for low income group with an allocation of RM1.5 billion. In 2022, the sector is projected to rebound by 2.3%.

The real estate and business services subsector is forecast to expand by 6.6% with business services segment leading the growth of the subsector. The segment is anticipated to increase, driven by higher demand for professional services particularly engineering, legal and accounting in line with expansionary of the economic activities especially in the services, manufacturing and construction sectors. Meanwhile, the real estate segment is projected to rise, backed by stronger housing market and rental activities following higher house ownerships and tenancies, which include among others, the Government's initiatives under the Malaysia Premium Visa Programme and i-MILIKI.

(Source: Economic Outlook 2023, Ministry of Finance Malaysia)

5.3 Overview and outlook of the agriculture industry in Malaysia

The agriculture sector registered a contraction of 1.2% in the first half of 2022 attributed to lower output in most subsectors due to prolonged labour shortage. Nevertheless, the sector is projected to turn around by 1.3% in the second half of the year supported by improvement in crude palm oil (CPO) production following expectation of an increase in mature planted areas and improvement in labour market. In addition, a rise in output of the livestock and other agriculture subsectors is expected to provide further impetus to the sector's performance. However, growth of the rubber subsector is forecast to remain negative following anticipation of decreased tapping activity towards end of the year due to unfavourable weather conditions as well as low demand for natural rubber from China due to lockdowns in certain cities following zero-COVID 19 policy. For the year, the agriculture sector is estimated to turn around by 0.1%, supported by positive growth in the oil palm, livestock and fishing subsectors.

	Share (%)	Change (%)		
	2022 ²	2021	2022 ²	2023 ³
Oil palm	35.6	-5.6	1.5	3.2
Rubber	1.9	-8.4	-15.7	2.8
Livestock	16.8	3.2	0.7	2.7
Other agriculture ^{*1}	29.0	5.8	-0.8	1.9
Fishing	11.7	-0.6	3.3	1.4
Forestry and logging	5.0	0.9	-5.3	-2.3
Agriculture	100.0	-0.2	0.1	2.3

Notes:

¹ Including paddy, fruits, vegetables, coconut, tobacco, tea, flowers, pepper, cocoa and pineapple.

² Estimate.

³ Forecast.

(Source: Department of Statistics and Ministry of Finance, Malaysia)

For 2023, the agriculture sector is forecast to increase by 2.3% attributed to an improvement in labour supply within the sector. The oil palm subsector is expected to expand on account of higher CPO output following increase in fresh fruit bunches production and better oil extraction rate. The establishment of Mechanisation and Automation Research Consortium of Oil Palm (MARCOP), a government–industry platform to promote further adoption of mechanisation and automation, is also expected to enhance efficiency, especially the harvesting process, thus increasing the productivity of the subsector. The CPO price is forecast to average at RM4,300 per tonne in 2023 compared with RM5,000 per tonne in 2022, higher than the last 10–year average of RM2,685 per tonne as supply of global edible oils and fats is anticipated to remain tight. The rubber subsector is projected to turn around in anticipation of an increase in rubber tapping activity in line with the sustained high price following stronger global demand from automotive industry, especially in China. Furthermore, the Government's initiative to promote the usage of RRIM Hydrobest technology among smallholders, is expected to increase the productivity of rubber subsector. The SMR20 rubber price is anticipated to average at RM6.50 per kilogramme (kg) in 2023 compared with RM7.00 per kg in 2022.

In addition, the other agriculture and livestock subsectors are anticipated to grow further, backed by higher demand, particularly from households and food-related businesses. Various efforts to increase domestic production are anticipated to support the segment, among others, developing idle lands through fertigation technique and intensifying adoption of smart farming using top-notch technologies.

(Source: Economic Outlook 2023, Ministry of Finance)

5.4 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.

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). For agarwood in Malaysia, MTIB is the 'Management Authority' and the Ministry of Natural Resources, Environment and Climate Change is the 'Scientific Authority'. 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 2022 were 50,000 kilogrammes (2021: 150,000kg) for Peninsular Malaysia and 5,000kg (2021: 5,000kg) for Sarawak.

Over the years, efforts have been made to develop techniques that can induce the development of agarwood and hasten its production as the natural production of agarwood may take a decade or more, if it takes place at all. The artificial inoculation technique is one of the developed techniques (to further improve the production of agarwood) that is commonly used in agarwood plantations today. There are 2 key actions involved under this technique namely physically wounding the tree and subsequently pouring stimulative agent (also known as inoculant) into the 'injured' area to induce the production of agarwood. The physical wounding of tree typically involves dispersing wounding by mechanical injury through the drilling of several tens of holes into in which the inoculant is poured or internal wounding in which a transfusion set is used to transfuse inoculant directly into the water conducting tissue of the tree. Examples of the main components of the inoculant used are some fungi, phytochemicals (chemicals produced by plants) and phytohormones (plant hormones). The agarwood is formed as a result of the resinous compounds produced by the tree involved as a defence mechanism after being stimulated by the inoculant transfused. The yield and quality of the resulting cultivated agarwood is dependent on the composition of the inoculant used as well as the inoculant transfusion method used.

Agarwood of lesser quality is generally used for oil extraction. There are 2 common methods that can be used to extract oil from agarwood namely hydro-distillation or steam distillation. Both methods involve the use of dried chipped wood that is ground into a pulp and boiled in a still. The hydro-distillation method is the most labour-intensive and it involves soaking the agarwood, boiling it in water and removing the oil from the water surface. The oil extracted from this method is considered 'protected' to a certain extent with the surrounding water acting as a barrier to prevent it from overheating. The steam distillation method involves the use of pressurised steam and it is considered the best method for extracting and isolating oils. Steam is passed through the boiler unit containing the agarwood, allowing the heat to open the pores of the wood that contain the aromatic molecules and subsequently resulting in the release of the latter. The released aromatic molecules then rise along with the steam and travel within a closed system towards the cooling device where they are cooled with cold water and subsequently become condensed and transformed into a liquid state.

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. MTIB is tasked with overseeing and monitoring agarwood plantations and to spur further development in the local agarwood plantation industry. There were 217 companies and individuals that had registered with the MTIB as planters for the production of agarwood involving 2,398 hectares and 2.3 million trees as of December 2019. In 2021, Malaysia exported 11,502.5kg of agarwood chips as compared to 32,892.6kg in 2020 according to the database of CITES Secretariat (downloaded on 13 March 2023).

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 outlook of the global agarwood market is positive. 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 along with the continuing innovative and new applications of agarwood particularly for applications in personal care products, perfumes as well as food and beverages. The rarity, high quality and unique fragrance of agarwood are expected to remain a strong value proposition that can drive effective marketing efforts and appeal to more end-users. 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. Besides that, the continuing development of agarwood inoculation and distillation techniques through sustained research and development activities is expected to further drive the yield, quality and supply of agarwood in the market. 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: Independent Market Research Report by Protégé)

5.5 Prospects of the Group

Presently, the Group is principally involved in its Trading and Services Business (which has been its major revenue contributor) and its agriculture segment, which involves the management of the Group's agarwood plantation. However in the recent years, the Group's Trading and Services Business has been affected by various changes in the economic and operational landscape of the ICT industry, such as increased competitiveness, stringent financing requirements implemented by financial institutions on ICT companies, and the implementation of Movement Control Orders by the Malaysian Government in response to COVID-19 from 18 March 2020 to 10 October 2021, whereby the Malaysian Government lifted the movement control order restrictions for vaccinated individuals. These factors have resulted in the Trading and Services Business being loss making in the recent financial years. In view of the above, the Board opines that it is in the best interest of the Group to undertake the Proposed Diversifications in order to provide the Group with additional income streams in order to reduce the Group's reliance on its Trading and Services Business.

Prospects of the property development business

In view of the positive property market outlook in Malaysia where real estate performance is forecasted to improve in 2023 backed by stronger housing market and rental activities following higher house ownerships and tenancies (as shown in **Section 5.2** of this Circular), and that the JVA Development is expected to commence sales in the second half of 2023, the Board opines that the Proposed Diversification into Property Development is in the best interest of the Group to allow the Group to obtain a more diversified income stream moving forward. Phase 1 of the JVA Development is expected to commence sales in the second half of 2023 once the earthworks stage is completed and upon successful sales, the Group will receive its Phase 1 GDV Entitlement, which is approximately RM46.00 million or 20.00% of the GDV of phase 1 of the GDV Development (i.e. RM 230 million).

The Board also takes cognisance that the JVA Development is estimated to contribute a total GDV of RM585.00 million over 5 phases (excluding Rumah Selangorku), where its completion is estimated to be in 10 years. Throughout the 5 phases of the JVA Development, the Group will receive a share of GDV as and when milestones of the JVA Development are completed, providing the Group with a long term income stream of approximately RM117.00 million, being CDMSB's 20.00% share of the total GDV of the JVA Development excluding Rumah Selangorku. Upon the successful implementation of the Proposed Diversification into Property Development and the receipt of its Phase 1 GDV Entitlement and share of GDV from the further phases of the JVA Development, the Group may potentially utilise the funds obtained from the Phase 1 GDV Entitlement and share of GDV to potentially expand its landbank in order to further grow the Group's property development business, should such suitable opportunities arise. Additionally, the Group also has its 35 acres of land on the Cybersouth Lands which currently is not utilised for any property development projects, of which the Group may potentially seek to commence property development projects on in the future, as and when such opportunities arise. As and when any such property development projects are undertaken, the Group will make the requisite announcement on Bursa Securities in accordance with the Listing Requirements and seek the approval of CHB's shareholders if so required by the Listing Requirements. For information purposes, the Group will potentially fund the purchase of additional landbank and/ or any further property development projects through a combination of internally generated funds, bank borrowings and through the funds received through the share of GDV from the JVA Development, the breakdown of which can only be determined by the Board at a later stage.

Premised on the above, the Group intends to undertake the Proposed Diversification into Property Development as the Group's property development business may contribute significantly to the financial performance of the Group moving forward.

Prospects of the agarwood plantation business

Moving forward, the Group also intends to focus its efforts towards its agarwood business and intends to undertake the Proposed Diversification into Agarwood Plantation, taking into consideration the Collaboration Agreement and the Group's existing agarwood plantation (which houses approximately 20,312 agarwood trees). As highlighted in **Section 3.1** of this Circular, the Group intends to expand its agarwood business through the Collaboration Agreement which allows CPSB to provide inoculation, harvesting and distillation services to third-party agarwood plantation operators. In the event CPSB successfully secures contracts with agarwood plantation operators to provide inoculation, harvesting and distillation services, the Group's agarwood business may potentially generate a steadier income stream moving forward. For information purposes, as illustrated in **Section 3.1** of this Circular, CPSB is principally involved in the provision of plantation services for agarwood trees and other agarwood derivatives since entering into the Collaboration Agreement on 20 January 2023. CPSB is managed by Mr Goh and KY Loh, both of which have extensive experience in the agarwood business, where Mr Goh has been involved in the Group's agarwood business since 2010, and KY Loh has been involved in MATMSB's agarwood business since 2015, further information on Mr Goh and KY Loh of which has been set out in **Section 3** of this Circular.

Additionally, the Group has commenced 2 phases of inoculation trials on its agarwood trees, the first on 7 October 2021 and the second on 15 April 2023. The results of the Group's first agarwood inoculation trials are expected to be observable by the second half of 2023, and the results of the second inoculation trials are expected to be observable by the second half of 2025. In the event the results of the inoculation trials are successful (whereby the quality and quantity of resin harvested from the Group's agarwood trees are improved), the Group may commence inoculation on a larger scale in order to potentially increase the quantity and quality of resin harvested from the Group's agarwood trees, which the Group can then sell.

Additionally, the Group had completed a private placement exercise on 23 February 2023 which involves the issuance of 916,728,447 Shares, raising proceeds of approximately RM9.87 million ("**Private Placement**"), of which approximately RM0.32 million was allocated towards the working capital requirements of the Group's agarwood business. The abovementioned funds will enable the Group to purchase additional inoculants in order to undertake further inoculation trials simultaneously using different inoculants in order to test the efficacy of the inoculants in a more expeditious manner, as the results of inoculation are only observable after a minimum period of 2 years. For information purposes, the Group's current 2 inoculation phases have been undertaken using several types of inoculants. Moving forward, in the event the results of the Group's current inoculation trials are successful, the Group may inoculate its agarwood trees on a larger scale using the same inoculants which have shown positive results. In the event the Group requires further funds for its agarwood business, the Group may finance this via internally generated funds, bank borrowings, and/ or advances from the directors/ shareholders of the Company, the exact breakdown of which can only be determined by the Board at a later date.

Premised on the above, the Board also takes cognisance of the demand for resin harvested from agarwood as highlighted in **Section 5.4** of this Circular and opines that the Group's agarwood business may generate larger revenue contribution moving forward, taking in to consideration the Collaboration Agreement, and the Group's agarwood plantation.

Prospects of the Trading and Services Business

At this juncture, notwithstanding the Proposed Diversifications, it is the intention of the Board to continue with the Group's existing Trading and Services Business. Pursuant to the Private Placement as abovementioned, the Group had allocated approximately RM7.83 million towards the working capital requirements of the Group's Trading and Services Business. The Group had allocated funds to the working capital requirements of the Group's Trading and Services Business in order to sustain the segment in view that the Group's suppliers for its Trading and Services Business had begun implementing shorter credit payment terms since 2021 for the purchase of supplies and a higher cash to credit payment scheme where the credit limit available to purchasers was significantly decreased. In order to ensure the sustainability of the Group's Trading and Services Business, the Group had in the second half of 2022 began purchasing ICT products (i.e. printers, laptops, and ink and toner cartridges) from new suppliers, which will enable the Group to distribute a wider range of ICT product models in order to potentially improve the Group's ICT product offering and sales volume. The Group had also begun providing discounts to its customers that purchase certain of the Group's products on cash payment terms beginning in the second half of 2022.

Notwithstanding that the Group's Trading and Services Business has been loss making for the recent financial years as shown in **Section 4** of this Circular, recording LAT of RM7.76 million, the Board opines that by implementing the abovementioned strategies and expanding the Group's ICT product offering, the financial performance of the Group's Trading and Services Business may potentially improve moving forward. Additionally, the Group has also implemented certain cost rationalisation strategies internally for its Trading and Services Business (i.e. staff cost reductions which include temporary reduction of pay increments, downsizing and streamlining of internal administrative and human resource operations) since 2022, in order to better position the Group's Trading and Services Business moving forward.

Pursuant to the above, the Board opines that the Proposed Diversifications are in the best interest of the Group in order to provide the Group with an additional income stream that may contribute positively to the Group's earnings potential moving forward, while also reducing the Group's reliance on its Trading and Services Business. Notwithstanding this, the Group will continue to focus on its Trading and Services Business in order to reduce its loss making position and improve the Group's financial position moving forward.

(Source: Management of CHB)

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6. RISK FACTORS

Pursuant to the Proposed Diversifications, CHB Group will be exposed to risks inherent in the property development and agarwood plantation related activities which include, but are not limited to the following:-

6.1 Business diversification risk

(a) Property development industry

Pursuant to the Proposed Diversification into Property Development, the Group's business may be subject to risks inherent in the property development industry. These include but are not limited to, changes in the supply and demand of properties, changes in the regulatory framework relating to property development, increase in building materials or labour costs, downturns in the global, regional and/ or national economies, changes in law and tax regulations, and changes in business and credit conditions.

Notwithstanding the above, the Group intends to conduct a periodic review of its business and site operations and also adopt prudent financial management and efficient operating procedures to limit the impact of the aforementioned risks. However, there can be no assurance that the Group may be able to successfully mitigate the various risks inherent in the property development industry, and if unable to do so, the business operation and financial performance of CHB Group may be adversely affected.

(b) Agarwood plantation

The Proposed Diversification into Agarwood Plantation may expose the Group to risks inherent to the agarwood plantation industry which include, but are not limited to, competition from other similar industry players, factors that affect the quantity and/ or quality of Oud (such as adverse climate change, outbreaks of plant diseases, damages from pests, fire or other natural disasters), changes in demand and supply for Oud and/or Oud related products, fluctuation of prices of raw materials and/ or commodity prices of Oud and/ or Oud related products, supply of seedlings and labour as well as changes in the legal and environmental framework within the agarwood plantation industry. There can be no assurance that the anticipated benefits of the Proposed Diversification into Agarwood Plantation will be realised.

The Group will conduct periodic review of the agarwood plantation business and adopt prudent financial management and efficient operating procedures to mitigate the impact of the aforementioned risks. To ensure long-term sustainability of the agarwood plantation business, the Group will tap into the technical expertise of its key personnel for the agarwood plantation segment (as disclosed in **Section 3.2** of this Circular) and/ or engage with professional consultants for studies of crop cultivation on the land, if required, to increase plantation yield. As and when the need arises, the Group will also consider replanting agarwood trees on the land.

6.2 Property industry risks

Pursuant to the Proposed Diversification into Property Development, the Group's performance would be affected by the performance and inherent business risks associated with the property development industry, which include, amongst others, increase in land cost, shortages of building materials, increases in labour costs e.g. minimum wages implementation, shortages of labour including foreign workers, default by purchasers and availability of funds to finance the purchase of property.

Building materials is another significant portion of development costs. Any significant increase in the costs of raw materials and fluctuation in costs could have an adverse effect on the profit margin of the project or force the project to be sold at a higher selling price which would eventually affect the project's take-up rate.

The Group seeks to limit these risks by, inter-alia, prudent financial policies, continuous review of operations, effective resources management and cost-control policies, and monitoring the price trends of building materials. However, no assurance can be given that any changes to the said risk factors will not have a material adverse effect on CHB Group's business.

6.3 Dependency on key personnel

The success of the Proposed Diversifications will depend to a significant extent upon the abilities, skills, experience, competency, and continued efforts of key management personnel. The loss of the key management personnel without suitable and timely replacement, or the inability of the Group to attract and retain other qualified personnel, could adversely affect the acquisition and consequently, its revenue and profitability.

Recognising the importance to retain key management personnel, the Group will adopt appropriate approaches, including incentives, remuneration packages as well as provide a good working environment to promote productivity and loyalty. Suitable consultant(s), partner(s) and/ or third-party service provider(s) will be engaged in the areas necessary for the operation and/ or management of the property development and agarwood plantation business to manage the risk arising from dependency on key management personnel. Notwithstanding that, there is no assurance that the loss of any such key personnel will not adversely affect the Group's ability to succeed in the Proposed Diversifications.

6.4 Project completion risk

The property development business is exposed to the risk that there may be delays in the completion of the development projects. Such events include, amongst others, natural disasters, adverse weather conditions, delay in obtaining approvals/ permits necessary for the development projects, shortage or unavailability of building materials and/ or labour workforce and other unforeseen circumstances.

The non-commencement of the project or delay in the completion of project may affect the profitability of the Group as the landowner. The Group will mitigate such risks by conducting close monitoring or supervision on the progress of the development projects as well as leveraging on its key management personnel's experience in the property development industry to ensure meeting completion deadlines of the development projects.

7. EFFECTS OF THE PROPOSED DIVERSIFICATIONS

7.1 Issued share capital and substantial shareholders' shareholdings

The Proposed Diversifications will not have any effect on the issued share capital and the substantial shareholders' shareholdings in the Company as there is no issuance of CHB Shares involved.

7.2 NA and gearing level

Barring any unforeseen circumstances, the Proposed Diversifications are not expected to have any immediate material effect on the NA and gearing level of CHB Group for the FYE 31 December 2023.

7.3 Earnings and EPS

The Proposed Diversifications are not expected to have any immediate material effect on the earnings of CHB Group for the FYE 31 December 2023. Nevertheless, barring any unforeseen circumstances, the Proposed Diversifications may contribute positively to the earnings and EPS of the Group in the future financial years upon commencement.

8. APPROVALS REQUIRED

The Proposed Diversifications are subject to the following approvals:-

- iii. Shareholders of CHB at the forthcoming EGM; and
- iv. Any other relevant authority, if required.

The Proposed Diversifications are not conditional upon any other proposals undertaken or to be undertaken by the Company.

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

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 Diversifications.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Diversifications will take immediate effect upon obtaining the approval from the shareholders of the Company at the forthcoming EGM to be convened.

11. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

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, after having considered all aspects of the Proposed Diversifications including but not limited to the rationale and justification, industry overview, outlook, prospects and risk factors of the Proposed Diversifications, is of the opinion that the Proposed Diversifications are in the best interest of the Company.

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

13. EGM

The EGM, the notice of which is enclosed in this Circular, will be held and conducted on a fully virtual basis through live streaming and online remote voting using remote participation and voting ("**RPV**") 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 Tuesday, 30 May 2023 at 11.45 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Eighteenth Annual General Meeting of the Company which will be held at the same venue on the same day at 11.00 a.m. whichever is later, or at any adjournment thereof, for the purpose of considering, and if thought fit, passing with or without modifications, the resolutions to give effect to the Proposed Diversifications.

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

(i) In hard copy:

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

14. FURTHER INFORMATION

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

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

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

APPENDIX I – SALIENT TERMS OF THE JVA

(Unless otherwise defined in this Appendix I, capitalised terms used herein without definition shall have the meaning assigned to them in this Circular.)

Pursuant to the JVA entered into between CDMSB and JCSB on 28 November 2017, CDMSB as the landowner of the parcel of leasehold agriculture land measuring 25.09 hectares held under Title No. PN 98100 Lot No. 47954, Mukim of Dengkil, District of Sepang, Selangor ("**Land**"), is to provide the Land and that JCSB, shall be the developer for the JVA Development to undertake the overall development, construction and completion in accordance with the relevant approved plans. The following are the salient terms of the JVA:-

1. Joint Venture on the Land

- (i) The parties agree that CDMSB shall provide the Land and that JCSB, shall be the developer to undertake the overall development, construction and completion in accordance with the approved plans for the JVA Development.
- (ii) Upon the execution of the JVA, JCSB shall pay directly to CDMSB, a sum of RM100,000 only being the deposit and part of the CDMSB's entitlement ("**Deposit**").

2. Conditions Precedent

- (i) The JVA Development is subject to the following conditions precedent having been obtained or fulfilled in accordance with the JVA:-
 - (a) the written consent from the relevant state authority for the transfer of land by Kumpulan Darul Ehsan Berhad to CDMSB ("**Transfer**") must be obtained by CDMSB within 12 months from the date of the JVA;
 - (b) the Transfer with the title of the Land free from encumbrances and caveat must be presented and accepted for registration by the relevant;
 - (c) the written consent of the owners of the neighbouring lots must be obtained by CDMSB within 12 months from the date of the JVA;
 - (d) the approval of the relevant authority and/ or consent from the owner of the neighbouring lot for direct access to the Land must be obtained by CDMSB within 12 months from the date of the JVA or any further extension of time to be mutually agreed upon;
 - (e) the approval from the board of directors of CDMSB;
 - (f) the approval from the Board must be obtained by CDMSB for it to enter, execute and/ or proceed with the JVA;
 - (g) the approval from the shareholders of CHB, must be obtained by CDMSB within 12 months from the date of the JVA to undertake the JVA Development;
 - (h) the construction of the access road leading to the Land located on the neighbouring lot must have commenced and completed up to 50% of the road works stage;

APPENDIX I – SALIENT TERMS OF THE JVA

- (i) the approval for planning permission for the JVA Development (Development Order) must be obtained at the costs and expenses of JCSB within 2 years from the date of submission of the planning application, commencing 6 months from date of the approval of the relevant authority and/ or consent from MCT Berhad or its development company having been obtained in accordance with **Section 2(d) of Appendix I** as above; and
- (j) approval for conversion of the Land within 2 years from the date of submission of planning application.
- (ii) The respective conditions precedent shall be deemed to have been fulfilled upon the receipt of a letter from the relevant parties/ authorities granting the relevant consent/ approving the relevant application irrespective of any conditions imposed. For avoidance of doubt, JCSB shall be at liberty to appeal for variation of any conditions imposed. Notwithstanding such appeal, the condition precedent is deemed to have been obtained.
- (iii) In the event any of the condition precedent is not fulfilled or waived within the period prescribed, the JVA shall automatically terminate and, in which event CDMSB shall immediately refund the Deposit and the cash portion of the CDMSB's Entitlement (as defined below) paid, if any, free of interest, to JCSB. Upon refund, neither party shall have any further rights or claims against the other save for antecedent breaches.

3. CDMSB's and JCSB's respective entitlements

- (i) CDMSB is entitled to a sum equivalent to 20% of the guaranteed GDV of RM550.00 million ("**Guaranteed GDV**") or 20.00% of the actual GDV excluding the development of "Rumah Selangorku", whichever is the higher ("**CDMSB's Entitlement**") which shall comprise both in cash ("**Cash Portion**") and in kind ("**CDMSB's Units**");
- (ii) The balance or any residue after deducting CDMSB's Entitlement shall belong to JCSB ("**JCSB's Entitlement**");
- (iii) CDMSB's Entitlement shall be paid/ settled/ satisfied in the following manner:-

Cash Portion

- (a) Upon the execution of the JVA, the Developer shall pay directly to CDMSB, a sum of RM100,000 only being the deposit and part of CDMSB's Entitlement;
- (b) A further sum of RM5,000,000 shall be paid within 1 month from the last fulfilment of the conditions precedent stipulated in **Section 2 of Appendix I**;

CDMSB's Units

- (c) CDMSB shall be entitled to such number of units of building within the JVA Development in accordance with CDMSB's Entitlement but less the Cash Portion, the value of which is to be determined based on the nett sales launch price of the units selected subject to the following:-
 - (1) "nett sales launch price" shall mean the price after deducting all promotion packages (e.g. promotion packages shall include rebates, discounts, interest bearing schemes, free legal fees/ stamp duties, etc.);
 - (2) CDMSB shall not be entitled for any Rumah Selangorku products;

APPENDIX I – SALIENT TERMS OF THE JVA

- (3) the selection/ allocation of CDMSB's Units should be spread out proportionately over all types of building products and over all phases in the JVA Development based on the Guaranteed GDV for each phase and CDMSB is only entitled to select from each phase such number of units of buildings where the total value of the units so elected at the time of selection shall not exceed 20.00% of the GDV for that particular phase.

For removal of doubt:-

- (4) In respect of CDMSB's entitlement for Phase 1 of the JVA Development, the total value of the units entitled by CDMSB plus half of the Cash Portion already received by CDMSB at the time of the selection shall not exceed 20.00% of the GDV for Phase 1; and
- (5) In respect of CDMSB's entitlement for Phase 2 of the JVA Development, the total value of the units entitled by CDMSB plus half of the Cash Portion already received by CDMSB at the time of the selection shall not exceed 20.00% of the GDV for Phase 2.
- (d) CDMSB shall select the CDMSB's Units before the units are launched for sale to the public for every phase on a proportionate basis and shall represent a fair and even distribution of locations, intermediate and corner type, designs, of the units. In the event the parties are unable to mutually agree upon CDMSB's Units, then the selection shall be by way of ballot;
- (e) The Bumiputera quota within the JVA Development shall be allocated proportionately between CDMSB and JCSB; and CDMSB shall be solely liable for any costs and expenses to be incurred in releasing the Bumiputera quota in respect of CDMSB's Units provided that JCSB shall assist CDMSB to sell the Bumiputera quota's units comprised in CDMSB's Units. All Bumiputera units sold by JCSB shall be deemed/ treated as sold and allocated between the parties in the proportion of JCSB's units – 80% : CDMSB's Units – 20% and **Section 3.1(f) of Appendix I** shall apply;
- (f) CDMSB is entitled to dispose any of its units at any time (including at launch or even prior to completion of the JVA Development) and JCSB shall assist in the sale without any administrative charges. All proceeds of sales derived from CDMSB's Units less the amount of GST for commercial units, if applicable, shall be paid over to CDMSB within 14 days upon receipt from the purchaser (for non-residential units) or the housing development account (for residential units), whichever applicable;
- (iv) Any balance of CDMSB's Entitlement shall be accounted for and fully settled (if by cash) and/ or delivered with the relevant certificate of completion and compliance duly obtained (if in kind) latest by the end of the 10th year from the last date of fulfilment of all the conditions precedent and all approvals referred to in **Section 4(i) of Appendix I** below are obtained ("**Due Date**") with an extension of 4 years from the Due Date if the JVA Development has been launched and construction of the units are in progress.

APPENDIX I – SALIENT TERMS OF THE JVA

4. JCSB's covenant

JCSB agrees and covenants with CDMSB as follows:-

- (i) Submission and approval
 - (a) To submit at its own costs and expenses all necessary application for conversion (including surrender and realienation) of the Land for the development within 6 months from the fulfilment of all the conditions precedent as stipulated in **Section 2 of Appendix I** above other than **Section 2(i)(h) of Appendix I** above;
 - (b) Within 12 months, with an extension of 3 months from the conversion approval referred to in **Section 4(i) of Appendix I** above being obtained, JCSB shall at its own costs and expenses procure the Development Order for the Land from the relevant authority for the purpose of the JVA Development, the Development Order and/ or concept of which shall, as practicable as possible, be consistent with the Guaranteed GDV and which shall be agreed/ approved by CDMSB (which agreement approval cannot be unreasonably withheld); and
 - (c) Subject to the conversion and subdivision approval and the Development Order having been obtained and accepted by CDMSB, within 30 months from the date of the JVA, JCSB shall on its own costs and expenses obtain the relevant Advertising Permit and Developer's License and approval for building and other necessary plans from the relevant authority for the purpose of the JVA Development.
- (ii) Commencement of works
 - (d) Upon the approval of the building and other necessary plans for the construction of the buildings in the JVA Development and the Advertising Permit and JCSB's License (for residential units) being obtained, JCSB shall within 6 months from the date of the last approval being obtained commence construction of the buildings within the JVA Development.

5. Cost of construction

JCSB shall bear and pay:-

- (i) all costs, expenses and fees whatsoever in connection with the construction and completion of CDMSB's Units;
- (ii) all costs and expenses for the construction of all the relevant infrastructure in connection with the JVA Development including but not limited to entrance culverts, drains, bridges, service roads, back lanes, substation and septic tank and all infrastructure and supporting facilities in accordance with the requirements and standards of the relevant authority;
- (iii) all costs, expenses and fees for the application for conversion and subdivision (which include surrender and alienation) of the Land, Development Order, the Advertising Permit and JCSB's License, all relevant plans and the issuance of individual titles for the subdivided plots/parcels in accordance with the lay-out/ building plans; and
- (iv) all costs, expenses and fees to obtain and maintain such insurance policy(ies) as may be relevant or required in connection with the JVA Development.

6. Quit rent

All quit rent assessment, assessment and other outgoings due under the Land shall be borne and paid by JCSB as from the unconditional date of the JVA. Should the JVA be terminated or rescinded due to any reason whatsoever, CDMSB shall reimburse JCSB all payments made to account of the quit rent and assessment (if any). At the request of CDMSB, JCSB may advance payment of the outstanding quit rent and assessment and such sum advanced shall be set off against CDMSB's Entitlement.

7. Default by JCSB

JCSB shall default in respect of one or more of the following:-

- (i) fails to carry out the JVA Development in accordance with the JVA, or persistently neglects to carry out its obligations under the JVA;
- (ii) assigns the whole or part of the JVA without the written consent of CDMSB;
- (iii) goes into liquidation whether compulsory or voluntary (except for the purpose of reconstruction, amalgamation or other similar purpose not involving the realisation of assets) suffers its goods, assets or property to be taken in execution or become insolvent or compound with or make arrangements with its creditors or do any act jeopardising the position of JCSB in any way;
- (iv) fails to rectify its default in any term or condition on its part contained in the JVA within 30 days from the date of receipt of a written notification from CDMSB;
- (v) fails or defaults in the payment to CDMSB of any part of CDMSB's Entitlement payable on its due date whether formerly demanded or not;
- (vi) a distress or execution or other process of a court of competent jurisdiction is levied upon or issued against any property of JCSB and is not satisfied or discharged within 14 days of such execution; and/or
- (vii) after commencement of the construction works, suspends works on site for a period of more than 2 months, or ceases or threatens to cease to carry out the JVA Development or fails to complete the JVA Development within the timeframe stipulated;

then CDMSB may serve on JCSB a notice by prepaid registered post specifying the default and if JCSB shall fail to remedy the default within 30 days from the delivery of receipt of such notice, CDMSB shall be entitled to enter upon and take possession of the Land and deal with the same as CDMSB in its absolute discretion shall deem fit and expedient, and CDMSB shall be entitled to terminate the JVA, and in such event the following consequences shall take effect:-

- (i) the sum of RM5,000,000 paid by JCSB pursuant to the JVA shall be forfeited by CDMSB;
- (ii) JCSB shall surrender possession of the Land back to CDMSB together with such fixtures, additions, works and material on site which may have been done by JCSB;
- (iii) CDMSB is not liable to reimburse any cost and expenses incurred by JCSB with respect to the Land;
- (iv) CDMSB shall revoke the Power of Attorney and JCSB must not refuse to assist and/ or to co-operate with CDMSB on the revocation of the Power of Attorney;

APPENDIX I – SALIENT TERMS OF THE JVA

- (v) JCSB shall withdraw any caveat that they may have entered onto the title deed of the Land at their own costs and expenses; and
- (vi) JCSB shall, in order to permit CDMSB to complete the JVA Development, handover to CDMSB all records, plans approvals, accounts books, payment vouchers, receipts, tender documents, letters and whatsoever documents in the custody of JCSB relating to the JVA Development and shall have no claims whatsoever against CDMSB and/or the Land and/or the JVA Development.

8. Creation of legal charge

CDMSB shall at the written request by JCSB, make available the document of title as collateral/ security for any loan or financial facilities to be obtained by JCSB from any financial institution for the purpose of raising the necessary funds to enable JCSB to pay development charges, conversion premium and earthwork of the Land.

9. Default by CDMSB

In the event of a breach or default on the part of CDMSB of any of its obligations, JCSB shall also be entitled to the relief of specific performance and all costs and expenses incurred shall be borne by CDMSB.

10. Salient terms of the Power of Attorney

CDMSB irrevocably appoints JCSB or any of JCSB's employees, managers, officers or agents (from time to time duly appointed or authorised in writing by JCSB for the purposes of the JVA Development) to be its true and lawful attorney (with full power to appoint and remove substitutes and to sub-delegate) on behalf of CDMSB to do and perform, amongst others, the following acts and deeds in respect of the Land:-

- (i) to transact, commence, manage, carry out and complete the joint venture to develop the Land in to a residential or commercial or mixed development and to do all and every business, matters and things requisite and necessary for or in any manner connected with or having reference to the Land or part thereof, for the purposes of carrying out and completing the JVA Development,
- (ii) to have and to grant unlimited and unencumbered access to the Land;
- (iii) to make and sign the application to the appropriate authority or other competent authority for all and any licences, permissions and consents required by any act of Parliament, order, statutory instrument, regulation, by-law or otherwise in connection with the management, improvement and development of the Land or part thereof including the recovery or compensation where such is recoverable with power to give receipts and full discharges;
- (iv) to liaise with town planners, surveyors, architects, engineers, contractors, advertising agency, legal advisers and other consultants or specialists ("**Consultants and Contractors**") and engage their appointment at JCSB's own costs and expenses, upon terms and conditions as JCSB deem fit and appropriate;
- (v) to make all necessary payments, consultancy fees, levies, premiums and all other incidental costs and expenses to the Consultants and Contractors as and when the same is payable out of JCSB's own account at such appropriate time that JCSB deem expedient;

APPENDIX I – SALIENT TERMS OF THE JVA

- (vi) to pay any statutory outgoings and expenses, levies and taxes whatsoever incurred or imposed by the appropriate authority arising from the Land;
- (vii) to deal with the appropriate authority in connection with any application or submission made, including attendance at meetings, responding to any queries that may arise and agreeing to any variation required or conditions imposed by the appropriate authority in relation to such application or submission;
- (viii) to sell, market, promote and advertise for sale to any person any part of or any sub-divided lots of the Land or units of buildings whether residential or commercial, comprised in the JVA Development to be carried out on the Land;
- (ix) to assign, sell, lease, let or otherwise dispose to any person all or any part of or any sub-divided lots of the Land or units of buildings whether residential or commercial comprised in the JVA Development whether separate issue document of title has or has not been issued and for that purpose, to sign and execute all transfers, all relevant sale and purchase agreements ("**Sale Agreements**"), letters of confirmation, undertakings and other instruments necessary to purchasers, lessees, tenants, financiers and all relevant parties deemed necessary by JCSB;
- (x) to collect and receive all payments, proceeds, instalments, fees and levies, interests and all other payments payable under the Sale Agreements from purchasers, lessees, tenants, relevant parties and to issue valid acknowledgment and receipts;
- (xi) to sign or otherwise execute the document or instrument of transfer, assignment, conveyance, novation and other documents of whatsoever nature for the purpose of dealing, transferring, assigning, novating, parting and/ or vesting the legal title or interest and beneficial ownership of the Land or part thereof or units of buildings whether residential or commercial, comprised in the JVA Development to be carried out on the Land or part thereof, in favour of any of the person that JCSB shall deem fit and to liaise with the appropriate authority for or in connection with the matters set out above;
- (xii) to have custody and retain all the original sub-divided titles or individual title issued in respect of the Land and JCSB shall be entitled to deal with the same in any manner that it deems fit; and
- (xiii) generally exercise all rights, power and privileges and to do all such other acts, things and deeds as may be necessary or expedient which may now or hereafter be required in relation to any of the matters set out above.

CDMSB and JCSB agree that the Power of Attorney shall not confer on JCSB any power, authority or right to represent or to act as CDMSB's attorney in executing the charge or lien of the Land or any part of it.

The Power of Attorney shall be deemed to have been revoked in the event the JVA is legally terminated for whatsoever reason.

APPENDIX II – FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENT

UOBKH, being the Adviser for the Proposed Diversifications, 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 Diversifications, 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 INTEREST

UOBKH and Protégé have given their written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to their respective role as the Adviser and Independent Market Researcher to CHB for the Proposed Diversifications.

4. MATERIAL COMMITMENTS

As at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by the Group that has not been provided for which, upon becoming enforceable, may have a material impact on the Group's financial results/ position.

5. CONTINGENT LIABILITIES

As at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by CHB Group which, upon becoming enforceable, may have a material impact on the financial results/ position of CHB Group.

6. DOCUMENTS AVAILABLE FOR INSPECTION

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

- i. Constitution of CHB;
- ii. the audited consolidated financial statements of CHB for the past 2 financial years up to the FYE 31 December 2022 and the unaudited quarterly report of CHB Group for the 3-month FPE 31 March 2023;
- iii. the letter of consent and declaration of conflict of interest referred to in **Sections 2 and 3** hereinabove, respectively; and
- iv. the Independent Market Researcher's report prepared by Protégé dated 29 March 2023.

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 TIH Online website at <https://tiih.online> provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia on Tuesday, 30 May 2023 at 11.45 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Eighteenth Annual General Meeting of the Company which will be held at the same venue on the same day at 11.00 a.m. whichever is later, or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:-

ORDINARY RESOLUTION 1

PROPOSED DIVERSIFICATION OF THE EXISTING PRINCIPAL ACTIVITIES OF CHB AND ITS SUBSIDIARIES TO INCLUDE PROPERTY DEVELOPMENT ("PROPOSED DIVERSIFICATION INTO PROPERTY DEVELOPMENT")

"**THAT** subject to the approvals of all relevant authorities and/or parties being obtained, approval be and is hereby given to the Company and its subsidiaries to diversify its existing principal activities to include property development as described in the Circular to shareholders dated 15 May 2023.

AND THAT the Board of Directors of CHB be and is hereby authorised to sign and execute all documents, do all acts, deeds and things as may be required to give effect to the Proposed Diversification into Property Development with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things in any manner as it may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Diversification into Property Development."

ORDINARY RESOLUTION 2

PROPOSED DIVERSIFICATION OF THE EXISTING PRINCIPAL ACTIVITIES OF CHB AND ITS SUBSIDIARIES TO INCLUDE AGARWOOD PLANTATION ("PROPOSED DIVERSIFICATION INTO AGARWOOD PLANTATION")

"**THAT** subject to the approvals of all relevant authorities and/or parties being obtained, approval be and is hereby given to the Company and its subsidiaries to diversify its existing principal activities to include agarwood plantation as described in the Circular to shareholders dated 15 May 2023.

AND THAT the Board of Directors of CHB be and is hereby authorised to sign and execute all documents, do all acts, deeds and things as may be required to give effect to the Proposed Diversification into Agarwood Plantation with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things in any manner as it may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Diversification into Agarwood Plantation."

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
15 May 2023

Notes:-

1. All members, proxy(ies), corporate representative(s) and attorney(s) shall attend the EGM online via TIH Online website at <https://tiah.online>. The online meeting platform at <https://tiah.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 TIH Online website at <https://tiah.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/zata_da/src/doc/notice_of_egm_20230530.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 TIH Online at <https://tiah.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 a member whose name appears on the Record of Depositors on 23 May 2023, shall be eligible to attend, participate and vote at the Meeting or appoint proxy(ies)/corporate representative(s)/attorney(s) to attend, participate 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 resolutions set out in this Notice will be put to vote by way of poll.

Personal data privacy:-

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

COMPUGATES®

COMPUGATES HOLDINGS BERHAD

Registration No. 200401030779 (669287-H)

(Incorporated in Malaysia)

FORM OF PROXY

(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 of Compugates Holdings Berhad (Registration No. 200401030779 (669287-H)), hereby appoint:

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

and (if more than one (1) proxy)

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

or failing him/her, THE CHAIRMAN OF THE MEETING as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the Extraordinary General Meeting ("EGM" or "Meeting") of the Company to be held 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://tjih.online> provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia on Tuesday, 30 May 2023 at 11.45 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Eighteenth Annual General Meeting of the Company which will be held at the same venue on the same day at 11.00 a.m. whichever is later, or at any adjournment thereof.

ORDINARY RESOLUTIONS		For	Against
1.	Proposed Diversification into Property Development		
2.	Proposed Diversification into Agarwood Plantation		

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.....2023

Signature(s)/ Common Seal of member



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/zata_da/src/doc/notice_of_egm_20230530.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 a member whose name appears on the Record of Depositors on 23 May 2023, shall be eligible to attend, participate and vote at the Meeting or appoint proxy(ies)/corporate representative(s)/attorney(s) to attend, participate 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 resolutions set out in this Notice will be put to vote by way of poll.

Personal data privacy:-

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

Fold this flap for sealing

Then fold here

**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

AFFIX
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CIRCULAR REQUEST FORM

Dear Shareholder,

Should you wish to receive a copy of the printed circular, please complete your particular below and return this form to us via Fax: +603-7880 6133 or email it to corporateaffairs@compugates.com. Alternatively, you may submit your request on-line via the Share Registrar's website at <https://tiih.online>. The hardcopy will be posted to you as soon as possible from the receipt of your request.

Particular of Shareholder

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

Signature of Member:

--

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

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** : Tuesday, 30 May 2023 at 11.45 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Eighteenth Annual General Meeting of the Company which will be held at the same venue on the same day at 11.00 a.m. whichever is later.
- Venue** : Online Meeting Platform via TIIH Online website at <https://tiih.online> provided by Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) in Malaysia

REMOTE PARTICIPATION AND VOTING (“RPV”) FACILITIES

- 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 using RPV facilities will allow the members or proxy(ies)/corporate representative(s)/attorney(s) to exercise their rights remotely.
- 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.
- 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.

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:

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 Monday, 15 May 2023 at 11.45 a.m. until the day of EGM on Tuesday, 30 May 2023. 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.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 23 May 2023, the system will send you an e-mail after 28 May 2023 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>

COMPUGATES HOLDINGS BERHAD

Registration No. 200401030779 (669287-H)

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

On the EGM Day

Procedure	Action
i. Login to TIH Online	<ul style="list-style-type: none">• Login with your user ID and password for remote participation at the EGM at any time from 10.45 a.m. i.e. 1 hour before the commencement of Meeting at 11.45 a.m. on Tuesday, 30 May 2023.
ii. Participate through Live Streaming	<ul style="list-style-type: none">• Select the corporate event: (Live Stream Meeting) COMPUGATES HOLDINGS BERHAD EGM to engage in the proceedings of the EGM remotely. 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.
iii. Online remote voting	<ul style="list-style-type: none">• Voting session commences from 11.50 a.m. on Tuesday, 30 May 2023 until a time when the Chairman announces the end of the session.• Select the corporate event: (Remote Voting) COMPUGATES HOLDINGS BERHAD EGM 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 resolutions 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.

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 TIH 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 15 May 2023, only a member whose name appears on the Record of Depositors on 23 May 2023 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 Circular to Shareholders on 15 May 2023.
- 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 Sunday, 28 May 2023 at 11.45 a.m.:**

COMPUGATES HOLDINGS BERHAD

Registration No. 200401030779 (669287-H)

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

(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. Steps for Individual Shareholders	
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 15 May 2023 by the Company, login with your username (i.e. email address) and password.Select the corporate event: COMPUGATES HOLDINGS BERHAD EGM - “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.
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 - “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.

COMPUGATES HOLDINGS BERHAD

Registration No. 200401030779 (669287-H)

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

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 11.45 a.m. on 28 May 2023.**
- 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).
- Kindly refer to “Procedures to Remote Participation and Voting via RPV Facilities” provided above for guidance on the time and method 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 resolutions are 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 11.45 a.m. on Sunday, 28 May 2023.** The Board will endeavor to address the questions received at the EGM.

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

Email : is.enquiry@my.tricorglobal.com

Contact persons :

Dina Qistina Binti Zulkarnain : +603-2783 9165 / email : Dina.Qistinal@my.tricorglobal.com

Mohamad Khairudin Bin. Tajudin : +603-2783 7973 / email : Mohamad.Khairudin@my.tricorglobal.com