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CWG HOLDINGS BERHAD
Registration No. 201601035444 (1206385-W)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-

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

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser

UOB Kay Hian

UOB Kay Hian Securities (M) Sdn Bhd
(Registration No.: 199001003423 (194990-K))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting ("**EGM**") of CWG will be held at The Light Hotel, Lebuhraya 2, Bandar Seberang Jaya, 13700 Seberang Jaya, Penang on Tuesday, 3 October 2023, at 11.30 a.m. The Notice of EGM, together with the Proxy Form and Administrative Guide for the EGM are enclosed herewith.

A member of CWG entitled to attend, participate, speak and vote at the EGM is entitled to appoint a proxy or proxies to attend, participate and vote on his/ her behalf. In such event, the completed and signed Proxy Form should be deposited at the registered office of CWG at 6428, Lorong Mak Mandin Tiga, Mak Mandin Industrial Estate, 13400 Butterworth, Penang, not less than 48 hours before the time stipulated for holding the EGM or any adjournment thereof. Alternatively, the proxy appointment may also be lodged electronically via TIIH Online at <https://tiih.online>. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Sunday, 1 October 2023, at 11.30 a.m.

Date and time of the EGM : Tuesday, 3 October 2023, at 11.30 a.m.

This Circular is dated 11 September 2023

DEFINITIONS

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

"Act"	:	The Companies Act 2016, as amended from time to time and any re-enactment thereof
"Acquisition of SMSB"	:	Acquisition of SMSB by CPSB of the Sale Shares, representing 100% equity interest in SMSB for a purchase consideration of RM0.10 million to be satisfied entirely via cash
"Appropriate Authorities"	:	All governmental, statutory bodies or any other relevant authorities
"Approvals"	:	All relevant approvals as shall be necessary for the implementation up to the completion of the Project
"Board"	:	The Board of Directors of CWG
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"Circular"	:	This circular dated 11 September 2023 in relation to the Proposed Diversification
"Completion Period"	:	Thirty six (36) months from the date of the building plan approval or such further period as SMSB and GMSB may mutually agree in writing
"CPSB" or the "Purchaser"	:	CWG Park Sdn Bhd (Registration No. 202301019534 (1513456-X))
"Current Development"	:	The development of inter alia semi-detached commercial units and detached commercial units on approximately 19,395 square metres of the Land, as part of the Project
"CWG" or the "Company"	:	CWG Holdings Berhad (Registration No. 201601035444 (1206385-W))
"CWG Group" or the "Group"	:	CWG and its subsidiaries, collectively
"CWG Share(s)" or "Share(s)"	:	Ordinary share(s) in CWG
"Director(s)"	:	Has the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the Proposed Diversification were agreed upon:- i. a director of CWG, its subsidiaries; and ii. a chief executive of CWG, its subsidiaries or holding company
"EGM"	:	Extraordinary General Meeting of CWG
"EPS"	:	Earnings per Share

DEFINITIONS (CONT'D)

"Future Development"	:	Future development on approximately 4,045 square metres of the Land, as part of the Project. The specific development plan will only be determined by CWG at a later stage, after taking into account prevailing property market conditions
"FYE"	:	Financial year ended/ ending
"GDC"	:	Gross development cost
"GDV"	:	Gross development value
"GMSB" or the "Vendor" or the "Landowner"	:	Great Marvel Sdn Bhd (Registration No. 200901019636 (862733-M))
"Jade Marvel"	:	Jade Marvel Group Berhad (Registration No. 200201024617 (592280-W))
"JVA"	:	Joint venture agreement dated 24 May 2023, entered into between SMSB and GMSB, wherein GMSB had agreed to grant SMSB, being the Developer, the full development rights to develop the Project at SMSB's own cost and expense in accordance with the plans to be approved by the Appropriate Authorities
"Land"	:	A parcel of freehold land held under Geran 153116, Lot 20395, Mukim 14, South Seberang Perai District, State of Penang, measuring approximately 23,440 square metres
"Landowner's Cash Entitlement"	:	A sum amounting to RM10.00 million in cash
"Landowner's Entitlement"	:	Landowner's Units and Landowners' Cash Entitlement, collectively
"Landowner's Unit 1"	:	A 2-storey detached commercial building with a land area of approximately 2,564 square metres in area and a built up area of approximately 2,430 square metres within the Project
"Landowner's Unit 2"	:	A 2-storey semi-detached commercial building with a land area of approximately 322 square metres in area and a built up area of approximately 267 square metres within the Project
"Landowner's Units"	:	Landowner's Unit 1 and Landowner's Unit 2, collectively
"Laurelcap"	:	Laurelcap Sdn Bhd (Registration No. 200801005326 (806610-U)), being the independent registered valuer for the Land
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	18 August 2023, being the latest practicable date prior to the printing and despatch of this Circular
"Mr. Choong"	:	Mr Choong Seng Chang
"Mr. Tan"	:	Mr Tan Hing Ming @ Chin Hing Ming
"NA"	:	Net assets attributable to equity holders
"PAT/ (LAT)"	:	Profit/ (Loss) after tax
"PBT"	:	Profit before tax

DEFINITIONS (CONT'D)

"PMC"	:	Project Management Consultancies
"Project"	:	Development of the Land comprising the Current Development and Future Development
"Project Management Period"	:	From the date of the Turnkey cum PMC Agreement up to the completion i.e. up to the expiry of the defect liability period of up to eighteen (18) months (as shall be determined by SMSB) from the delivery of vacant possession in respect of all the Units
"Proposed Diversification"	:	Proposed diversification of the existing principal activities of CWG Group to include property development
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"Sale Shares"	:	100 ordinary shares in SMSB, representing the entire equity interest in SMSB
"Services"	:	Services to be supplied and performed by VSB as specified in the Turnkey cum PMC Agreement
"SMSB" or the "Developer"	:	SA Marvel Sdn Bhd (Registration No. 202001036732 (1393053-A))
"SSA"	:	Conditional share sale agreement dated 17 July 2023 entered into between CPSB and GMSB for the Acquisition of SMSB
"Stationery and Printing Materials Business"	:	The manufacture and sale of stationery and printing materials
"Supplemental JVA"	:	Supplemental joint venture agreement between SMSB and GMSB, to amend certain terms of the JVA, to be effected within 7 days from the Unconditional Date
"Supplemental Turnkey cum PMC Agreement"	:	Supplemental turnkey cum project management agreement between SMSB and VSB to amend certain terms of the Turnkey cum PMC Agreement, to be effected within 7 days from the Unconditional Date
"Turnkey cum PMC Agreement"	:	Turnkey cum project management agreement dated 24 May 2023 entered into between SMSB and VSB, wherein SMSB had appointed VSB as the exclusive turnkey cum project management company to manage the planning, implementation and completion up to the expiry of the defect liability period of the Project upon the terms and conditions contained in the Turnkey cum PMC Agreement
"Unconditional Date"	:	The date upon satisfaction of all conditions precedent in the SSA
"Units"	:	Units of commercial properties to be constructed on the Land by the Developer as part of the Project under the terms and subject to the conditions of the JVA
"UOBKH" or the "Principal Adviser"	:	UOB Kay Hian Securities (M) Sdn Bhd (Registration No. 199001003423 (194990-K))
"Valuation Certificate"	:	Valuation Certificate dated 21 June 2023 prepared by Laurelcap, as part of the Valuation Report
"Valuation Report"	:	Valuation Report dated 21 June 2023 prepared by Laurelcap to assess the market value of the Land
"VSB"	:	Viland Sdn Bhd (Registration No. 202301007913 (1501834-A))

DEFINITIONS (CONT'D)

All references to "**you**" or "**your(s)**" in this Circular are made to the shareholders of CWG, 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 Diversification. You 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 Diversification before voting at the forthcoming EGM.

Key information	Description	Reference to Circular
Summary of the Proposed Diversification	<p>The Group's financial performance over the years had mainly relied on the Stationery and Printing Materials Business. As such, the Group had been actively seeking other strategic opportunities to expand its revenue and earnings base and reduce its reliance on its existing Stationery and Printing Materials Business, to enhance shareholders' long term return.</p> <p>In pursuit thereof, CPSB, a wholly-owned subsidiary of the Group had on 17 July 2023 entered into the SSA with GMSB for the Acquisition of SMSB, wherein SMSB (the Developer) had been granted the full development rights for the Project. The Acquisition of SMSB represents a stepping stone for the Group to and mark its first foray to venture into property development business where CWG Group, through CPSB, will be able to undertake the development of the Project as its maiden development project.</p> <p>In conjunction with the Acquisition of SMSB, the Company proposes to diversify the business of the Group to include property development</p>	Section 2
Rationale for the Proposed Diversification	<p>The Proposed Diversification is part of CWG Group's strategic plan to diversify into other viable businesses to enhance profitability in the long term and to provide shareholders with better returns, and to reduce its reliance on its existing Stationery and Printing Materials Business.</p> <p>The development of the Project to be undertaken by SMSB will mark the Group's first foray into the property development business. It serves as an entry point for CWG Group to venture into property development, and is intended to provide a new source of income as well as expected to offer growth prospects for CWG Group. Moving forward, apart from the Project, the Group may also undertake other property development projects as and when the opportunities arise. In turn, property development activities are expected to contribute positively to the future earnings of the Group.</p>	Section 3
Risk factors	<p>The potential risks that may have an impact on the enlarged Group, which may not be exhaustive pertaining to the Proposed Diversification are as follows:-</p> <ul style="list-style-type: none">➤ Business diversification risk➤ Risk of property overhang➤ Unforeseen delays in a completion of a project➤ Dependence on key management personnel➤ Financing and repayment of borrowings risk➤ Competition risk	Section 5
Approvals required	<p>The Proposed Diversification is subject to the following approvals being obtained:-</p> <ul style="list-style-type: none">➤ the shareholders of CWG at an EGM to be convened; and➤ any other relevant authority and/ or party, if required.	Section 7
Interest of Directors, major shareholders and/ or persons connected with them	<p>None of the Directors, major shareholders and/ or persons connected with them have any interest, whether direct or indirect, in the Proposed Diversification.</p>	Section 8

EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference to Circular
Directors' statement and recommendation	<p>The Board having considered and deliberated on all aspects of the Acquisition of SMSB and Proposed Diversification, including but not limited to the basis for arriving at the purchase consideration for the Sale Shares and the Landowner's Entitlement, salient terms of the SSA, JVA, Supplemental JVA, Turnkey cum PMC Agreement and the Supplemental Turnkey cum PMC Agreement, the rationale and pro forma effects of the Acquisition of SMSB and Proposed Diversification, and the prospects of the Project, is of the opinion that the Acquisition of SMSB and Proposed Diversification are in the best interests of the Company.</p> <p>Accordingly, the Board recommends that you vote IN FAVOUR of the ordinary resolution pertaining to the Proposed Diversification to be tabled at the forthcoming EGM.</p>	Section 9



H O L D I N G S B E R H A D

CWG HOLDINGS BERHAD

Registration No. 201601035444 (1206385-W)
(Incorporated in Malaysia)

Registered Office

6428 Lorong Mak Mandin Tiga
Mak Mandin Industrial Estate
13400 Butterworth, Penang

11 September 2023

Board of Directors

Ooi Chin Soon (*Executive Chairman*)
Tan Hing Ming @ Chin Hing Ming (*Group Managing Director*)
Datuk Hong Choon Hau (*Group Executive Director*)
Razmi bin Alias (*Senior Independent Non-Executive Director*)
Loh Seong Yew (*Independent Non-Executive Director*)
Ng Tiang Yong (*Independent Non-Executive Director*)
Cheong Sing Yee (*Independent Non-Executive Director*)

To: The shareholders of CWG

Dear Sir/ Madam,

PROPOSED DIVERSIFICATION

1. INTRODUCTION

On 17 July 2023, UOBKH had, on behalf of the Board, announced that the Company proposes to undertake the Proposed Diversification.

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

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

2. DETAILS OF THE PROPOSED DIVERSIFICATION

As at the LPD, CWG Group is primarily involved in the Stationery and Printing Materials Business. A summary of the Group's financial performance based on its audited consolidated financial statements for the past 3 years up to the FYE 30 June 2022 and the latest unaudited 12-month FYE 30 June 2023 are as follows:-

	<-----Audited FYE 30 June----->			Unaudited 12-month
	2020	2021	2022	FYE 30 June 2023
	RM'000	RM'000	RM'000	RM'000
Revenue	84,905	59,922	68,653	92,624
PAT/ (LAT)	2,577	(1,502)	1,627	5,984

Commentary on historical financial performance

i. FYE 30 June 2021 ("FYE 2021")

The Group recorded revenue of RM59.92 million in the FYE 2021, which represents a decrease of approximately RM24.99 million or 29.43% as compared to the revenue for the preceding year of RM84.91 million. The decline in revenue was mainly due to weak market sentiment in the export market (i.e. Asia and Oceania markets) as a result of the COVID-19 pandemic which had caused supply chain disruptions. Revenue from overseas market declined by RM25.79 million or 38.36% to RM41.44 million in the FYE 2021 (FYE 2020: RM67.23 million).

The Group recorded a LAT of RM1.50 million in the FYE 2021, which represents a decrease of RM4.08 million or more than 100% as compared to the PAT for the preceding year of RM2.58 million, in tandem with the decrease in revenue for the FYE 2021 and as a result of the Group absorbing fixed overheads during the Movement Control Order and lockdown on the Group's premises.

ii. FYE 30 June 2022 ("FYE 2022")

The Group recorded revenue of RM68.65 million in the FYE 2022, which represents an increase of approximately RM8.73 million or 14.57% as compared to the revenue for the preceding year of RM59.92 million. The increase in revenue was mainly attributable to the increase in export market which was slightly offset by the decrease in the sales generated from the domestic market. Revenue from overseas market increased by RM9.09 million or 21.94% to RM50.53 million in the FYE 2022 (FYE 2021: RM41.44 million).

The Group recorded a PAT of RM1.63 million in the FYE 2022, which represents an increase of RM3.13 million or more than 100% as compared to the LAT for the preceding year of RM1.50 million, in tandem with the increase in revenue for the FYE 2022 and a decrease in selling and distribution costs through cost cutting measures implemented by the Group to maintain the cost competitiveness for its operations.

iii. FYE 30 June 2023 ("FYE 2023")

The Group recorded revenue of RM92.62 million in the FYE 2023, which represents an increase of approximately RM23.97 million or 34.92% as compared to the revenue for the preceding year of RM68.65 million. The increase in revenue was mainly attributable to the increase in demand for the Group's products from both the domestic and export markets.

The Group recorded a PAT of RM5.98 million in the FYE 2023, which represents an increase of RM4.35 million or more than 100% as compared to the PAT for the preceding year of RM1.63 million, in tandem with the increase in revenue for the FYE 2023.

The Group's financial performance over the financial years under review had mainly relied on the Stationery and Printing Materials Business. While CWG Group remains focused on enhancing the performance of its existing Stationery and Printing Materials Business, the Group had also been actively seeking other strategic opportunities to expand its revenue and earnings base and reduce its reliance on its existing Stationery and Printing Materials Business, to enhance shareholders' long term return.

In pursuit thereof, CPSB, a wholly-owned subsidiary of the Group had on 17 July 2023 entered into the SSA with GMSB for the Acquisition of SMSB, wherein SMSB (the Developer) had been granted the full development rights for the Project. At this juncture, the Group is not involved in any property development activities and has not undertaken any property development activities in the past. The Acquisition of SMSB represents a stepping stone for the Group to and mark its first foray to venture into property development business where CWG Group, through CPSB, will be able to undertake the development of the Project as its maiden development project. Please refer to **Section 2.1** of this Circular for further details of the Acquisition of SMSB.

Moving forward, CWG Group also intends to embark on other viable property development ventures in the future through organic approaches and/ or strategic arrangements, including but not limited to, strategic businesses/ investments, joint ventures, collaborative arrangements, business agreements, and/ or mergers and acquisitions of suitable businesses/ investments in the property development industry as and when such business opportunities arises. The Company will make necessary announcement(s) in accordance with the Listing Requirements and shareholders' approval will be sought, if required, together with the approval of the other relevant authorities at the material times. Prior to embarking on such ventures, the Group will undertake the relevant feasibility studies to assess the risks and benefits on the viability of such organic approaches and/ or strategic arrangements.

In addition to the above, the Project is expected to yield an estimated gross development profit of RM16.90 million, based on the Developer's estimated selling prices and costs for the Project. As such, the Board anticipates that the property development business may contribute 25% or more of the net profits or result in a diversion of 25% or more of the NA of the Group. Pursuant thereto, the Board proposes to seek the approval from the shareholders of CWG for the Proposed Diversification pursuant to Paragraph 10.13(1) of the Listing Requirements at the forthcoming EGM to be convened.

Notwithstanding the Proposed Diversification, the Board intends to continue with the Group's Stationery and Printing Materials Business 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. The Group remains focused on expanding its products range within the Stationery and Printing Materials Business to improve its value proposition to a wider range of prospective customers, and to explore business opportunities in chain stores by offering Original Equipment Manufacturing ("**OEM**") arrangements which may increase the Group's local market share size over the traditional stores in the market segment. At the export front, the Group's stationery products are exported to overseas countries under Original Brand Manufacturing ("**OBM**"), OEM and Original Design Manufacturing ("**ODM**") arrangements. As the Group's exports are the main contribution to the Group's revenue, the Group actively participates in international trade fairs to explore new business opportunities and enhance the Group's presence and product recognition in global market.

2.1 Details of the Acquisition of SMSB

The Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares free from all charges, liens and encumbrances, and with all rights, benefits and advantages attached thereto for a purchase consideration of RM0.10 million, based upon the terms and conditions contained in the SSA. Please refer to **Appendix II** of this Circular for the salient terms of the SSA.

Subject to the SSA becoming unconditional and upon completion of the Acquisition of SMSB, SMSB will become a wholly-owned subsidiary of CPSB. Through SMSB, the Group shall embark on its maiden development project.

SMSB's involvement as the Developer of the Project

For information purposes, on 24 May 2023, SMSB had entered into the following agreements with the following parties:-

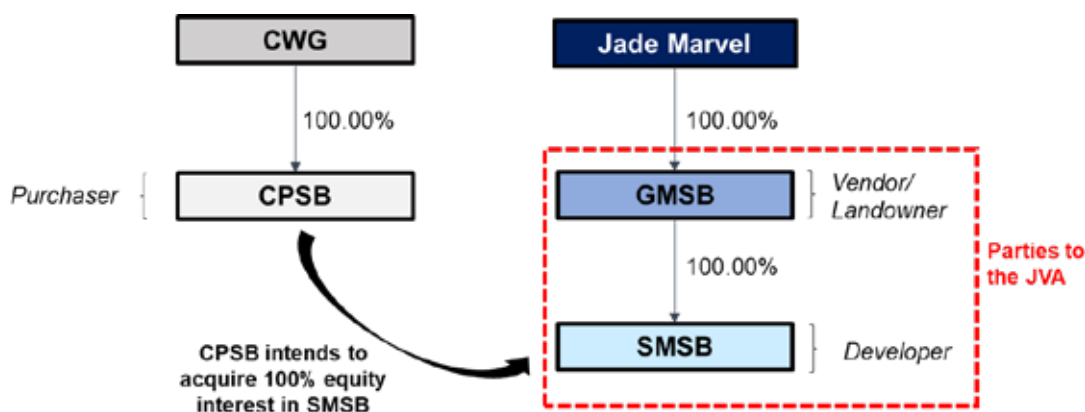
- i. a JVA with GMSB, being the Landowner, wherein GMSB had agreed to grant SMSB, being the Developer, the full development rights to develop the Project at SMSB's own cost and expense according with the plans to be approved by the appropriate authorities; and
- ii. a Turnkey cum PMC Agreement with VSB, wherein SMSB had appointed VSB as the exclusive turnkey cum project management company to manage the planning, implementation and completion up to the expiry of the defect liability period of the Project upon the terms and conditions contained in the Turnkey cum PMC Agreement.

A Supplementary JVA between SMSB and GMSB and a Supplementary Turnkey cum PMC Agreement between SMSB and VSB, to amend certain terms of the JVA and Turnkey cum PMC Agreement, will be effected within 7 days from the date upon satisfaction of all the conditions precedent in the SSA.

Pursuant to the above, SMSB will undertake the role of developer and will be assisted by VSB for the development planning of the Project.

Further details of the JVA, Supplemental JVA, Turnkey cum PMC Agreement and Supplemental Turnkey cum PMC Agreement are set out in **Section 2.1.5** and **Section 2.1.6** of this Circular.

In summary, the structure of the Acquisition of SMSB is depicted in the following diagram:-



2.1.1 Information of SMSB

SMSB was incorporated in Malaysia on 12 November 2020 under the Act as a private limited company. SMSB is principally involved in investment holding, real estate activities with own or leased property and other specialised construction activities.

As at the LPD, SMSB has a total issued share capital of RM100 comprising 100 ordinary shares. As at the LPD, SMSB does not have any convertible securities. SMSB is wholly-owned by GMSB, which in turn is wholly-owned by Jade Marvel.

As at the LPD, the directors of SMSB are Lim Tze Ming and Dennis Chung Vui Ming.

Please refer to **Appendix I** of this Circular for further details on SMSB.

2.1.2 Information of VSB

VSB was incorporated in Malaysia on 6 March 2023 under the Act as a private limited company. VSB is principally involved in housing, commercial and industrial development, construction and property investment.

As at the LPD, VSB has a total issued share capital of RM1 comprising 1 ordinary share.

As at the LPD, Mr Choong is the sole director and shareholder of VSB.

2.1.3 Information on the Project

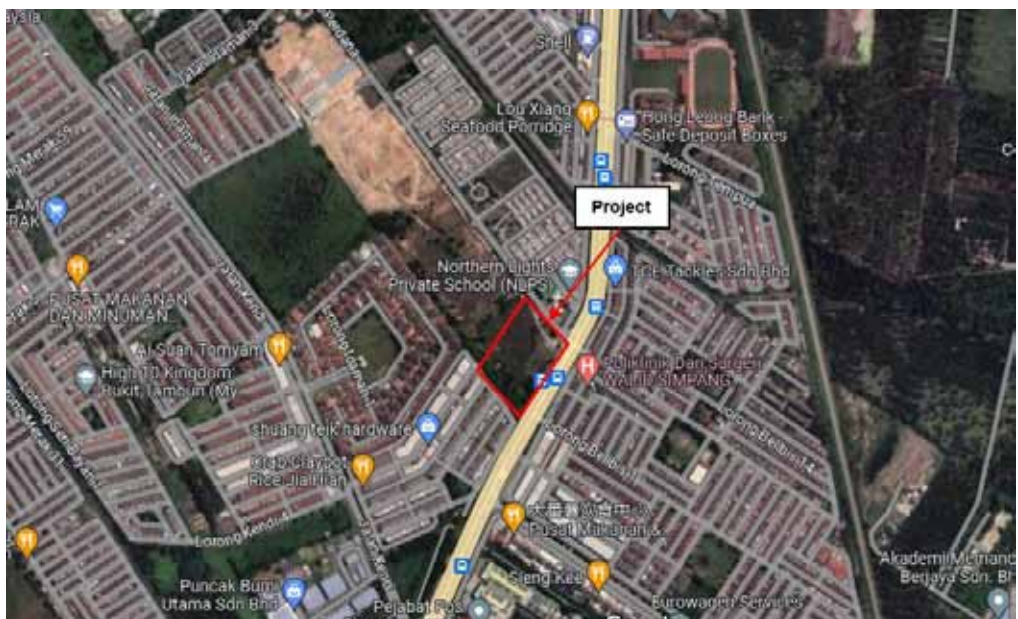
The Project consists of the Current Development and the Future Development on the Land.

The Current Development covers approximately 19,395 square metres of the Land, consists of 22 units of 2 storey semi-detached shops/ offices, 1 unit of 2 storey detached shop/ office, 1 unit of 4 storey detached shop/ office and 1 unit of 2 storey detached shop, to be developed in stages over the expected 3-year development period with a built up area of approximately 9,796 square metres.

The Future Development covers the balance of approximately 4,045 square metres of the Land. For the avoidance of doubt, the specific development plan for the Future Development will only be determined by CWG at a later stage, after taking into consideration the prevailing property market conditions.

The Land for the development of the Project lies approximately 17 kilometres due south-east of Penang First Bridge Interchange and is accessible from Penang First Bridge Interchange via North-South Expressway and exit through the Jalan Sultan Azlan Shah, Lebuhraya Utara-Selatan, Jalan Paboi, Jalan Bukit Tambun, Jalan Kendi, Jalan Perdana and finally onto unnamed road. The surrounding developments of the Land are a mixture of commercial and residential development in character, consisting of terraced houses, semi-detached houses, terraced shops, semi-detached shop offices and detached shops. In addition, the Iconic Point is located approximately 1.80 kilometres due north of the Land.

The location of the Project is illustrated in the map below:-



(Source: Valuation Report)

Further information on the Project based on the Developer's estimated selling prices and costs is set out below:-

Land area	:	23,440 square metres
Land area for Current Development	:	19,395 square metres
Land area for Future Development ^{*1}	:	4,045 square metres
GDV ^{*2}	:	RM60.50 million
GDC (excluding Landowner's entitlement) ^{*2}	:	RM23.60 million
Landowner's Entitlement	:	RM20.00 million
Estimated gross development profit for the Project	:	RM16.90 million
Expected commencement date of the Current Development ^{*3}	:	First quarter of 2024
Expected completion date of the Current Development ^{*3}	:	Fourth quarter of 2026

Notes:-

^{*1} *The specific development plan for the Future Development will be determined by the Company at a later stage, after taking into account prevailing property market conditions.*

^{*2} *The Company had appointed Laurelcap, as an independent registered valuer, to conduct a valuation on the Land. Based on the Valuation Report prepared by Laurelcap, the total GDV and GDC (including Landowner's Entitlement (as defined below)) of the Project are estimated at RM60.50 million and RM43.60 million respectively. Please refer to **Section 2.1.4** of this Circular for the salient features of the Valuation Report.*

^{*3} *Subject to the approvals being obtained for the development order of the Land and building plan for the Current Development. For information purposes, the Developer had on 26 May 2023 submitted the development order of the Land to Majlis Bandaraya Seberang Perai ("MBSP") and the Developer had on 20 July 2023 obtained the conditional approval for the Development Order. Barring any unforeseen circumstances, the Developer expects to submit the building plan to the relevant authorities in the fourth quarter of 2023.*

2.1.4 Basis and justification of arriving at the purchase consideration for the Sale Shares and the Landowner's Entitlement

Purchase consideration for the Sale Shares

The cash consideration of RM0.10 million for the Sale Shares was negotiated between CPSB and GMSB on a willing buyer-willing seller basis, after taking into consideration, amongst others, the upfront costs that was incurred by SMSB in entering into the JVA with the Landowner (i.e. travel expenses, entertainment expenses and feasibility study expenses), as well as the value of the resources and efforts undertaken by SMSB to carry out the preliminary planning for the Project, which include but are not limited to, the following:-

i. Consultant identification and evaluation

Discussions were conducted to identify and assess suitable consultants for the Project. These consultants include amongst others, surveyors, architects, mechanical and electrical (M&E) engineers, civil and structural (C&S) engineers, and quantity surveyors;

ii. Feasibility studies and market research

Feasibility studies and comprehensive market research were carried out to ascertain the GDV and GDC of the Project, as benchmark to determine the Project's estimated profit;

iii. Collaboration with architects

SMSB had worked closely with architects to develop the initial conceptual design, layout plans, and building plans for submission to the relevant authorities; and

iv. Consultations on amended plans for the Project

SMSB engaged in discussions with consultants to address and incorporate all terms and conditions imposed by the authorities, to ensure that the plans and designs are compliant with regulatory requirements.

Landowner's Entitlement

In consideration of the Landowner entering into the JVA with SMSB and granting SMSB with the full development rights to develop the Project, the Developer agrees that the Landowner shall be entitled to the Landowner's Entitlement (equivalent to the Landowner's Cash Entitlement of RM10.00 million and the Landowner's Units with an estimated combined GDV of RM10.00 million).

For clarification purposes, the arrangement for the Landowner's Entitlement is as follows:-

- i. pursuant to the SSA, the Landowner's Cash Entitlement shall be paid to the Vendor by CPSB for and behalf of SMSB; and
- ii. pursuant to the JVA, the Landowner's Units shall be delivered to the Vendor by the SMSB upon completion of the Project.

The Landowner's Entitlement of RM20.00 million was arrived at on a willing buyer-willing seller basis, after taking into consideration the market value of the Land of approximately RM20.00 million using the Comparison Approach and Residual Method, Income Approach carried out by Laurelcap based on the Valuation Report. For information purposes, under the Residual Method, Income Approach conducted by Laurelcap, the GDV of the Landowner's Unit 1 and the Landowner's Unit 2 are estimated at RM8.00 million and RM2.00 million, respectively.

In addition, the Board has also taken into consideration the development potential and strategic location of the Land given its close proximity to the Penang First Bridge Interchange with surrounding developments of terraced houses, semi-detached houses, terraced shops and semi-detached shop offices.

Salient features of the Valuation Report

Laurelcap was instructed by the Company to conduct a valuation on the Land as a parcel of commercial development land in its existing physical condition with vacant possession and subject to its title being free from encumbrances, good, marketable and registrable.

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

In arriving at the market value of the Land, Laurelcap had adopted the Comparison Approach, which involves comparing the Land with recently transacted development lands of a similar nature or in the area. Adjustments are then made for time factor and land area.

Laurelcap has also cross checked the valuation of the Land using the Income Approach which entails determining the GDV of the Project and deducting from this the costs of construction and site works, professional fees, interest on capital borrowed and the Developer's risk and profit. Laurelcap did not use this methodology as the Development Order for the Land had not been obtained at the material date of valuation (i.e. 21 June 2023) and any further application is subject to changes and conditions which will affect the accuracy of determining the GDV and GDC of the Project. Furthermore, the development costs of the Future Development are based on market estimates and not actual costing. Hence, these factors reduce the accuracy of the Income Approach as compared to the Comparison Method.

Accordingly, the adopted market value of the Land under the Comparison Approach is **RM20,000,000**.

Please refer to **Appendix III** of this Circular for the Valuation Certificate prepared by Laurelcap.

2.1.5 Salient terms of the JVA and the Supplemental JVA

Under the terms of the JVA and the Supplemental JVA, GMSB as the Landowner had agreed to grant SMSB as the Developer, the rights to develop the Land at the sole cost and expense of SMSB.

The salient terms of the JVA after incorporating amendments of the Supplemental JVA are as follows:-

Development of the Project

- i. The Developer warrants and undertakes with the Landowner in relation to the development of the Project as follows:-
 - a. to apply for the approvals by the Appropriate Authorities in relation to the planning permission/ development order, the building plans approval, the conversion, the sub-division and amalgamation of the Land, the extension of the lease of the Land, the sub-division of the Land into individual titles in relation to the commercial units developed under the Project and all Approvals from the Appropriate Authorities at the Developer's cost and expense;
 - b. to undertake all construction costs and other fees costs and expenses payable in relation to the Project whether by means of internal funds, funds raised from financial institutions by charging the Land as security and/ or by means of selling the Units within the Project, upon such terms and conditions as the Developer deems fit; and
 - c. to appoint or engage such architects, structural engineers, quantity surveyors, mechanical and electrical engineers, lawyers and such other professional advisers in providing services in relation to the development of the Project.

- ii. The Developer shall complete the development of the Project in such number of phases as the Developer shall deem fit, within thirty six (36) months from the date of the building plan approval or such further period as SMSB and GMSB may mutually agree in writing.
- iii. The Landowner confirms that the Land is currently zoned as commercial and that there shall be no conversion premium payable by the Developer in relation to converting the category of land use from "Tiada" to "Perniagaan". In the event that the Developer shall be imposed any premium by the relevant authorities, to convert the category of land use from "Tiada" to "Perniagaan" on the issue document of title to the Land, all such premium payable shall be the responsibility of the Landowner and the Developer shall be entitled to deduct and set off all such sums from the Landowner's Cash Entitlement or the Landowner shall reimburse the said sums to the Developer if the Landowner's Cash Entitlement has been paid in full to the Landowner, as the case may be.

Landowner's Entitlement

- i. In consideration of the Landowner entering into the JVA with the Developer, the Developer agrees that the Landowner shall be entitled to the Landowner's Entitlement comprising the following:-
 - a. Landowner's Unit 1;
 - b. Landowner's Unit 2; and
 - c. Landowner's Cash Entitlement.
- ii. The Developer shall pay RM4.00 million as part payment of the Landowner's Cash Entitlement to the Landowner upon execution of the Supplemental JVA.*¹

Note:-

¹ *For information purpose, this amount is deposited by CPSB with the Vendor's solicitors upon the execution of the SSA and will only be released to the Vendor within seven (7) days of the unconditional date of the SSA. Please refer to **Appendix II** of this Circular for further details of the SSA.*

- iii. The Developer shall pay the balance Landowner's Cash Entitlement in the sum of RM6.00 million to the Landowner by way of six equal instalments of RM1.00 million per month. The first instalment shall be paid to the Landowner within one (1) month from the date of execution of the Supplemental JVA.
- iv. The Landowner hereby agrees that the Developer shall be entitled to sell all other Units to be developed within the Project, save and except for the Landowner's Units, at such price as shall be determined by the Developer absolutely and the Developer shall be entitled to all sales proceed therefrom. The Landowner undertakes with the Developer that the Landowner shall only be entitled to sell the Landowner's Unit 2 subject to the Developer having sold all the Units within the Project.
- v. The Landowner agrees that save for the Landowner's Entitlement, the Landowner shall have no rights, titles, interests or benefits to the Land and/ or the Project whatsoever.

Relevant approvals

- i. The Developer covenants, agrees and undertakes with the Landowner that it shall, amongst others:-
 - a. within four (4) months from the date of the JVA, apply to the Appropriate Authorities for all land matters and/ or the planning permission/ development order in relation to the development of the Project upon such terms and conditions as the Developer shall deem fit;
 - b. subject to the approval by the Appropriate Authorities of the planning permission/ development order, to prepare and submit to the Appropriate Authorities for the building plans approval of the Units and the Project within four (4) months from the date of approval of the planning permission/ development order; and
 - c. to apply for all such licenses, approvals and permits as may be necessary for the purposes of the Project.

Appointment of Attorney

- i. To give effect to the intentions of the parties of the JVA and the provisions of the JVA, GMSB upon execution of the JVA shall sign and deliver to SMSB a valid and registrable irrevocable power of attorney in relation to the Land in favour of SMSB and/or its nominee(s).
- ii. For information purpose, pursuant to the above, GMSB on 24 May 2023 executed a power of attorney in favour of SMSB ("**POA**") to undertake certain acts, deed and things on the Land which include but not limited to the following:-
 - a. apply for and sign all documents, letters or applications for planning permission/ development order, building plans approvals of buildings to be built on the Land, conversion of the Land as approved by the relevant authorities, amalgamation and/or subdivision of the Land, settle all land matters in relation to the Land for the purpose of the development and to do all necessary amendments thereto (if any);
 - b. to enter into possession of the Land, give notice to quit, take down, rebuild, alter and/or improve the same in accordance with the JVA;
 - c. sell, assign, transfer or otherwise deal with all or any commercial units developed or to be developed on the Land or such part thereof; and
 - d. to substitute and/or appoint from time to time one or more attorney(s) with the same powers granted by the POA and SMSB shall at its sole discretion be entitled to remove such attorney(s) appointed.

Default by Landowner

- i. If the Landowner shall:-
 - a. by wound-up by an order of the courts, whether voluntary or otherwise;

- b. assign, transfer or encumber the Land in breach of the provisions in the JVA; or
 - c. breaches any of the terms or conditions or obligation in the JVA,
- ii. The Developer shall be entitled to the remedy of specific performance of the JVA and all costs and expenses incurred by the Developer in connection therewith in bringing such action, shall be borne and paid by the Landowner without prejudice to all other remedies available to the Developer for damages.*¹

Note:-

^{*1} *For information purpose, the remedies may include termination and the recovery of damages which, while subject to the decision of the courts, may include the recovery of any Landowner's Entitlement paid by the Developer.*

Default by Developer

- i. If the Developer shall:-
- a. commit a material breach of the terms of the JVA and fails to remedy the same within ninety (90) days from receipt of a written notice from the Landowner of such material breach; or
 - b. before completion of the Project, enters into liquidation whether compulsory or voluntary,

and the Landowner having complied with all the terms and conditions of the JVA, then in any case, the Landowner shall be entitled to re-enter upon and take possession of the Land and to remain thereon and complete the Project and further, the Landowner and the Developer shall mutually agree to a sum (as certified by an independent quantity surveyor appointed by mutual consent of the parties to the JVA) to compensate the Developer on all development costs, improvements and enhancements on the Land and upon settlement thereof, neither party shall have any further claims against the other.

2.1.6 Salient terms of the Turnkey cum PMC Agreement and the Supplemental Turnkey cum PMC Agreement

Under the terms of the Turnkey cum PMC Agreement and the Supplemental Turnkey cum PMC Agreement, SMSB as the Developer had appointed VSB as the exclusive turnkey cum project management company to manage the planning, implementation and completion up to the expiry of the defect liability period of the Project upon the terms and conditions contained in the Turnkey cum PMC Agreement.

The salient terms of the Turnkey cum PMC Agreement after incorporating amendments of the Supplemental Turnkey cum PMC Agreement are as follows:-

VSB's obligations

The obligations of VSB, inter alia, consist the following:-

- i. VSB shall supply and perform the Services from the date of the Turnkey cum PMC Agreement and up to the Completion (hereinafter defined), i.e. up to the expiry of the Project Management Period;

- ii. For the duration of the Project Management Period, VSB shall report to and take instructions in respect of the Services from SMSB. In addition, VSB shall prepare a quarterly report on the progress of the Project from the date of the Turnkey cum PMC Agreement up to the date of the issuance of the certificate of completion and compliance in respect of the Project and up to the expiry of the defect liability period of up to eighteen (18) months (as shall be determined by SMSB) from the delivery of vacant possession in respect of the Units ("**Completion**") and shall further provide an annual report and provide the same to SMSB no later than thirty (30) days after the end of each quarter;
- iii. The parties may by mutual agreement in writing vary the scope and contents of the Services;
- iv. VSB shall be entitled to, at the costs of SMSB, engage or procure the services of any third parties for services not provided by VSB, subject to obtaining prior written approval of SMSB, which approval shall not be unreasonably withheld;
- v. VSB shall ensure that the obligations and Services to be provided under the Turnkey cum PMC Agreement are performed by personnel who are suitably qualified to perform such Services and are lawfully registered at all times to perform any of the Services;
- vi. VSB shall use its best endeavours to plan, implement and complete the Project in such manner and time frames in the best interests of SMSB and shall ensure that the GDV for the Project of not less than RM60.00 million;
- vii. VSB shall procure and obtain planning permission approval and the building plans approval within fifteen (15) months from the date of the Turnkey cum PMC Agreement;
- viii. VSB undertakes with SMSB that VSB shall secure sales from the Units amounting to RM25.00 million sales from the properties to be developed on the Land within six (6) months from the date of the approval of the building plan; and
- ix. VSB shall ensure that the Project shall be completed within thirty (30) months from the date of the approval of the building plan.

SMSB's obligations

The obligations of SMSB, inter alia, consist the following:-

- i. SMSB shall provide to VSB all such assistance, information, correspondences, documents, drawings, charts and files relating to the Project for the purposes of properly performing its obligations under the Turnkey cum PMC Agreement;
- ii. SMSB shall provide or procure for VSB and/ or the project manager appointed by VSB at all reasonable times during the Project Management Period, reasonable access to and egress from the site of the Project for the purposes of performing their obligations and Services;
- iii. SMSB shall provide all necessary funding for the Project from the implementation up to the Completion of the Project in accordance to the terms and conditions herein, whether by way of internal funds and/ or through necessary financing arrangements for the Project; and

- iv. SMSB shall upon request by VSB, provide its comments and/ or instructions to VSB in a timely manner so as not to delay the progress of the Project.

Project management profit and payment

- i. In consideration of the performance of the Services by VSB, SMSB shall pay VSB a sum equivalent to 45.00% of the net profit before tax of the Project ("**VSB Profit**") subject to VSB giving to SMSB a minimum profit guarantee of RM10.00 million from SMSB's 55.00% portion of the net profit before tax of the Project ("**Profit Guarantee**"). For the avoidance of doubt, in the event that the aggregate net profit before tax for the entire Project is RM15.00 million, SMSB shall be entitled to the sum of RM10.00 million and VSB shall only be entitled to RM5.00 million.*¹
- ii. VSB hereby undertakes with SMSB that the sum received by VSB, as VSB Profit shall be a net figure and VSB shall be fully responsible to all sales and service tax, goods and services tax (if applicable) and to all corporate and/ or income taxes payable by VSB.
- iii. SMSB hereby agrees that VSB shall be entitled to the aggregate sum of RM1.80 million by way of thirty six (36) equal instalments of RM50,000 per month as part of overall GDC, which covers the warranty period after completion of the Project. The first instalment of RM50,000 shall be paid by SMSB to VSB upon the commencement of the construction works on the Land.
- iv. SMSB shall reimburse VSB for all disbursements actually incurred in connection with performing the Services. VSB shall tender a statement of these disbursements, including but not limited to government taxes, and expenses at the end of each month and SMSB shall make payment within fourteen (14) days of receipt thereof. SMSB shall be entitled to request from VSB further particulars of the disbursements incurred and suspend reimbursement pending receipt and satisfaction of such particulars.

Note:-

*¹ For the avoidance of doubt, SMSB will only receive the Profit Guarantee from VSB if the net profit before tax of the Project amounts to RM10.00 million or more. In the event that the net profit before tax of the Project amounts to less than RM10.00 million, VSB shall not be liable to reimburse SMSB any shortfall in the Profit Guarantee.

The RM10.00 million Profit Guarantee was determined and mutually agreed upon between SMSB and VSB based on the assumption that the Project is able to achieve a minimum sales billings equivalent to 60% of the Units within the Project, which translates to approximately RM10.14 million profit from the total estimated gross development profit for the Project of RM16.90 million. The Board is of the view that it is fair and reasonable for VSB not be liable to reimburse SMSB any shortfall in the Profit Guarantee, as the RM10.00 million Profit Guarantee serves as a threshold and incentive for VSB to achieve its sales goals in order to be entitled to its full 45% share of the net profit before tax of the Project. Further, in the event of a shortfall in the Profit Guarantee, the entire net profit before tax of the Project will accrue to SMSB where VSB will not be entitled to any income in spite of the work that has been performed.

Termination

- i. If any of the following events should occur:-
 - a. a party is in breach of any of the terms of the Turnkey cum PMC Agreement and fails or neglects to take all necessary action to remedy such breach or default within thirty (30) days (or such longer period as specified) after receiving a notice to remedy such breach;
 - b. a party goes into voluntary liquidation otherwise than for the purpose of reconstruction or amalgamation;
 - c. an order of court is made for the compulsory liquidation of a party,

SMSB shall be entitled to terminate the Turnkey cum PMC Agreement immediately or suspend the Services at the option of SMSB, by giving notice in writing and stating a date for the termination or suspension to take effect. SMSB shall be entitled to withhold all payments for services performed after the date of termination.

- ii. Subject to the payment by SMSB of all payments due to VSB under the Turnkey cum PMC Agreement, VSB shall ensure that it hands over to SMSB all documentation on the Project within fourteen (14) days of the termination to ensure that there is no interruption to the Services to be rendered.
- iii. Upon the occurrence of any of the events of termination specified in the Turnkey cum PMC Agreement applies to SMSB and subject to the issuance of the planning permission in relation to the Project being duly obtained, VSB shall be entitled to terminate the Turnkey cum PMC Agreement by the giving of a one (1) month written notice to SMSB, whereby VSB shall be entitled to the sum of RM1.00 million as agreed liquidated damages and upon receipt of the said sum by VSB, VSB shall ensure that it hands over to SMSB all information, documentation and data in relation to the Project to SMSB in exchange for the said payment of liquidated damages and thereafter, neither party shall have any further claims whatsoever against the other and the Turnkey cum PMC Agreement shall determine and be null and void.

2.1.7 Liabilities to be assumed

Save for the obligations and liabilities in and arising from, pursuant to or in connection with the SSA (as stated in items ii, iii and v of **Appendix II** of this Circular), there are no other liabilities including contingent liabilities and/ or guarantees to be assumed by CWG Group arising from the SSA. For information purposes, the existing liabilities of SMSB will be settled by SMSB in its ordinary course of business.

For information purposes, pursuant to the SSA, CPSB will be liable to pay the Vendor the Landowner's Cash Entitlement amounting to RM10.00 million, for and on behalf of SMSB, in addition to the cash consideration of RM0.10 million for the Sale Shares. Furthermore, as set out in **Section 2.1.5** of this Circular, pursuant to the JVA, SMSB shall be liable to deliver the Landowner's Units (with an estimated GDV of RM10.00 million) to the Vendor, upon completion of the Project.

Notwithstanding the foregoing, the Company may be required to provide corporate guarantee for banking facilities to be obtained by SMSB from any licensed financial institution(s), in respect of the Project and/ or any future development projects. Nevertheless, the Company will continuously monitor and review the additional banking facilities to be obtained by SMSB and its cash flows position to ensure SMSB's ability to meet its debt obligations is not compromised throughout the development period of its development project(s).

2.1.8 Source of funding and additional financial commitment required

The Board intends to fund the cash consideration of RM0.10 million for the Sale Shares through internally generated funds and the Landowner's Cash Entitlement of RM10.00 million through internally generated funds and/ or bank borrowings, the exact quantum of which will be determined by the Board at a later date upon obtaining all the necessary approvals.

In addition to the purchase consideration for the Sale Shares and the Landowner's Cash Entitlement, the Board anticipates that additional financial commitments will be required from CWG Group to support the development of the Project, and depending on SMSB's funding requirements. The total estimated GDC for the development of the Project, including the Landowner's Entitlement is estimated at RM43.60 million.

The development cost of the entire development of the Project (excluding the Landowner's Units) shall be funded via a combination of progressive collections from sales billings, internally generated funds, potential equity and/ or debt fundraising options (if necessary), the exact quantum of which will be determined by the Board at a later stage depending on the cost of funding and cash requirements of the Group's business operations.

Save for the above, there are no additional financial commitments to be incurred by CWG Group in relation to the development of the Project.

2.2 Key management personnel

For information purposes, CWG Group's foray into property development will leverage on the skills and expertise of Mr. Tan, who is currently the Group Managing Director of CWG, to lead and oversee the overall development, communication and execution of strategic plans and initiatives for the property development activities of SMSB after the Company has procured the approval of CWG's shareholders for the Proposed Diversification. At this juncture, the property development activities of CWG Group will only involve the Project and Mr. Tan will be the key management personnel in charge of spearheading the initiatives for the Project and to ensure the smooth implementation to the Project. For the avoidance of doubt, Mr. Tan's involvement in the property development activities will not affect the discharge of his duty as the Group Managing Director of CWG. It will be an additional role to be undertaken by him and he will be supported by the management team in CWG Group in overseeing the other functions of property development activities of SMSB.

In respect of the Project and pursuant to the Turnkey cum PMC Agreement, Mr. Tan will receive assistance from Mr. Choong, a director of VSB, in relation to certain aspects of property development such as the development planning, the applications for all the approvals, project management, sales and sales administration up to the delivery of vacant possession of the Units and expiry of the defect liability period in respect of the development, construction, sales and completion of the Units within the Project.

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

- i. **Mr. Tan**, is a Malaysian aged 55, and is currently the Group Managing Director of CWG. He has been a member of the Malaysian Institute of Accountants (MIA) since 1997. He has more than 30 years of working experience in finance-related operations.

In 1989, he began his career as an accounts assistant with Grand Central Enterprise Berhad, where he was responsible for the hotel's financial reporting. He left in 1991 and joined Tanco Resorts Berhad as an accounts executive where he was responsible for all accounting-related matters of the company. From 1993 to 2000, he gained valuable experience working with few public listed companies in Malaysia, including Kretam Holdings Berhad as an internal auditor, Chase Perdana Berhad as a project accountant, and Parit Perak Holdings Berhad as a corporate accountant. After he left Parit Perak Holdings Berhad, he joined a garment manufacturing company, SL Manufacturing Sdn Bhd as a financial controller from 2000 to 2007. He is currently an adviser for Max-Solutions Corporate Services Sdn Bhd, a firm providing advisory, accounting, company secretarial and related services. His current position as an adviser to Max Solutions Corporate Services Sdn Bhd is only limited to providing advisory services to the clients of Max Solutions Corporate Services Sdn Bhd pertaining to company secretarial matters on a project-to-project basis. Accordingly, he is not involved in the management and day-to-day operations of Max Solutions Corporate Services Sdn Bhd.

In 2017, Mr. Tan was appointed to the Board of CWG as an Independent Non-Executive Director and subsequently re-designated as Group Executive Director in 2019. During the same year, he was re-designated as Group Managing Director of CWG.

- ii. **Mr. Choong**, a Malaysian aged 45, is a director of VSB.

He graduated from KDU College in 1999 with a Diploma in Business (Marketing), United Kingdom. After his graduation, he gained a diverse experience working in various part-time jobs in Australia from 2000 to 2008, prior to returning to Malaysia.

In 2009, Mr Choong joined his family's business that was principally involved in the trading of fuel injection and spare parts. Under the guidance and tutelage of his father, he was involved in the sales and marketing aspects of his family's business, where he frequently travelled across various states in Malaysia to promote and expand the footprint of his family business.

In 2013, Mr Choong left his family's business and embarked on his career as an entrepreneur where he incorporated Ramana Development Sdn Bhd with a partner to undertake the development of Taman Seri Arowana 2, a residential development project in Penang consisting of 8 units of 3 storey terraces. Since then, he has been actively involved in the property development industry in Penang, taking on various roles such as a developer, sub-contractor and/ or project management consultant for these development projects. Throughout his career, he assumed a pivotal role in managing procurement, negotiation, and performance of service agreements and contracts for development projects. His responsibilities encompassed overseeing various aspects of these projects, including marketing, sales, property and facility management, and collaborations with consultants and project partners, all in alignment with company policies and approved business plans. Notably, Mr. Choong played a significant part in the successful implementation of property development strategies, while also supervising the execution of marketing campaigns through third-party consultants.

As for Mr Choong's involvement in the Project, he incorporated VSB in 2023 to participate in the Project. Pursuant to the Turnkey cum PMC Agreement with VSB as highlighted in **Section 2.1** of this Circular, SMSB had appointed VSB as the exclusive turnkey cum project management company to manage the planning, implementation and completion up to the expiry of the defect liability period of the Project upon the terms and conditions contained in the Turnkey cum PMC Agreement.

For information purposes, Mr. Choong has over 10 years of experience in the property development industry in Penang, and has been involved in projects involving the development of commercial buildings, residential and mixed development projects. Some of the recent key projects he was involved in are set out below:-

Project/ Location	Type of development	Project duration	GDV (RM'000)
Metropol, Bandar Baru Perda, Penang	Mixed residential development of 326 residential units and 16 retail units.	2018 – 2022	130,000
Casa Simpang Perdana, Ampat, Penang	On-going residential development comprising 75 units of 2-storey terraces and 20 units of 2-storey semi-detached houses	2019 – 2023	50,000
Ritze Simpang Perdana, Ampat, Penang	On-going residential development comprising 97 units of 3-storey terraces	2021 – 2023	55,000

Mr. Choong has no family relationship with any director and/ or major shareholder of CWG Group.

Moving forward, CWG Group may potentially recruit additional manpower to assist the aforesaid key management personnel to manage the property development business. Details and size of the recruitment can only be determined at a later stage depending on the nature and scale of its future property development portfolio as well as the Group's operating requirements at the material time. At this juncture, the Group has not identified any new recruits, and that the Group's transition into this venture will be monitored and overseen by the aforesaid key management personnel in the interim.

In view that CWG Group does not have any historical track record in the property development business, the Board believes that, by leveraging on the expertise and experience of the aforesaid key management personnel, the Group has the capacity, capability and resources to venture into the property development business.

Accordingly, the Group's transition into this venture will be monitored and overseen by the Mr. Tan in the interim. Moving forward, upon successful implementation of the Proposed Diversification as well as the intended expansion of the Group to include property development as part of its business segment, CWG Group may potentially recruit additional manpower to assist the aforesaid key management personnel to manage the property development business activities.

In line with complementing the present management team and the expansion of the property development business segment in the future, the Board may also consider undertaking a more comprehensive role in the implementation of its property development projects by undertaking the project management role in-house. Further details on the size of the recruitment can only be determined at a later stage depending on the nature and scale of its future property development portfolio as well as the Group's operating requirements at the material time. This strategy will possibly mitigate the risk of dependency on external parties involved in such activities. Further, in the event of resignation of any key management personnel, the Board will appoint one of its executive directors to temporarily oversee the Group's property development business until the appointment of suitable replacements of key management personnel for the property development business by the Group.

Based on the above, the Board believes that, by leveraging on the expertise of the aforesaid key management personnel, the Group has the capacity, capability and resources to diversify into property development.

3. RATIONALE AND JUSTIFICATION FOR THE PROPOSED DIVERSIFICATION

CWG Group has mainly relied on its Stationery and Printing Materials Business with revenue from this segment contributing solely to the Group's total revenue for the past 3 financial years. As stated in **Section 2** of this Circular, the Proposed Diversification is part of CWG Group's strategic plan to diversify into other viable businesses to enhance profitability in the long term and to provide shareholders with better returns, and to reduce its reliance its existing Stationery and Printing Materials Business.

The Board has identified property development as a strategic venture as the Project undertaken by SMSB will provide an alternative source of income for the Group in addition to its existing Stationery and Printing Materials Business. The Board acknowledges that the Group does not have any historical track record in property development and thus the Acquisition of SMSB represents an opportunity for CWG Group to actively participate in the Project and to benefit from the potential and prospects of the Project, depending on the sale of the Units. The prospects of the Project are expected to be favourable as the Land is strategically located within close proximity to the Penang First Bridge Interchange with surrounding developments of terraced houses, semi-detached houses, terraced shops and semi-detached shop offices.

The active participation of CWG Group in the Project will enable the Group to leverage on the experiences of Mr Choong, a director of VSB, with an established track record in the property development market in Penang. By partnering with VSB, CWG Group will also be able to minimise risks inherent to the property development industry under the guidance of Mr Choong.

The development of the Project to be undertaken by SMSB will mark the Group's first foray into the property development business. It serves as an entry point for CWG Group to venture into property development, and is intended to provide a new source of income as well as expected to offer growth prospects for CWG Group. Moving forward, apart from the Project, the Group may also undertake other property development projects as and when the opportunities arise. In turn, property development activities are expected to contribute positively to the future earnings of the Group, premised on the prospects of the property market in Malaysia as set out in **Section 4.2** of this Circular.

Premised on the foregoing, the Board is of the view that the diversification and expansion of the Group's existing business activities to include property development is expected to enhance its prospect moving forward and possibly, create a credential for CWG Group in the property development industry. Barring any unforeseen circumstances, the Board believes that the Proposed Diversification will also contribute positively to the Group's future earnings.

4. INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS

4.1 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: Updates on Economic & Fiscal Outlook and Revenue Estimates 2023, Ministry of Finance Malaysia)

4.2 Overview and outlook of the property market in Malaysia

The construction sector rebounded by 5% in 2022, mainly attributed to the positive performance of non-residential buildings and specialised construction activities subsectors. The increasing demand for industrial buildings was supported by the improvement in private investment and robust domestic economic activities. The acceleration of infrastructure projects such as East Coast Rail Link (ECRL) and Rapid Transit System (RTS) Link also support the sector's performance.

In addition, the development of residential property remains active which boded well with the implementation of measures under the Budget 2022, including a total government guarantee of up to RM2 billion via Skim Jaminan Kredit Perumahan (SJKP) as well as housing projects for low-income group with an allocation of RM1.5 billion.

The construction sector is anticipated to increase by 6.1% in 2023 with all subsectors recording a better performance. The implementation of new projects such as upgrading the Klang Valley Double Track (KVDT) Phase 2 and acceleration of ongoing infrastructure projects which include ECRL, LRT3 and fifth-generation cellular network (5G) rollout will spearhead the civil engineering subsector. In addition, the approved investment for projects in the manufacturing sector is anticipated to come on stream and subsequently create a greater demand for non-residential buildings. Activities in the residential buildings subsector are projected to grow steadily, supported by an increase in the supply of affordable houses in line with the 12MP strategy. In addition, continuous i-MILIKI incentive to encourage home ownership is expected to spur demand for residential buildings.

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

4.3 Future prospects of CWG Group

Presently, CWG Group operates primarily through its Stationery and Printing Materials Business, which involves the sale and manufacturing of stationery and printing materials from its manufacturing facilities and sales office primarily based in Malaysia. The Stationery and Printing Materials Business operates and exports products to about 58 countries around the world.

As most countries, including Malaysia, have entered the endemic stage of the pandemic, the Group intends to grow its market share and customer base in new regions through improving innovation, building and satisfying customer loyalty, employing talented and dedicated workforce and pricing products and services efficiently. The Group remains focused on expanding its products range within the Stationery and Printing Materials Business, thereby improving its value proposition to a wider range of prospective customers.

In Malaysia, the Group has a vast domestic distribution network of wholesalers and retailers countrywide which include prominent hypermarket chains, bookstores, speciality stores and supermarkets. As part of the Group's business objective to be a leading supplier of the stationery and paper products, the Group remains focused on exploring business opportunities in chain stores by offering OEM arrangements which may increase the Group's local market share size over the traditional stores in the market segment.

At the export front, the Group's stationery products are exported to overseas countries under OBM, OEM and ODM arrangements. Notwithstanding the fact that the Group's exports are the main contribution to the Group's revenue, the Group actively participates in international trade fairs to explore new business opportunities and enhance the Group's presence and product recognition in global market. Over the years, the Group has successfully expanded its market share in the Middle East and European countries with competitively priced functional and well-crafted products that meet the expectations of these niche markets. This is complemented by the Group's ongoing marketing strategies with key distributors in major regions.

Notwithstanding the above and in order to mitigate its reliance on the Stationery and Printing Materials Business, the Group had identified the Acquisition of SMSB as part of its diversification strategy to diversify and expand its earnings base. In conjunction with the Proposed Diversification, CWG Group intends to undertake the development of the Project as its maiden development project. Based on the cash flow projection for the Project that was prepared by the management of SMSB, the Project is expected to start contributing profit to CWG Group in the third quarter of 2024. Moving forward, CWG Group intends to leverage on the successful completion of the Project and accumulate sufficient experience to embark on additional viable ventures relating to property development through organic and/ or inorganic approaches.

Premised on the positive market outlook of the property market and barring any unforeseen circumstances, the Board believes that the Proposed Diversification will allow the Group to reduce the dependency on its Stationery and Printing Materials Business, in which the successful implementation of the Project and future development projects is expected to contribute positively to the Group's financial performance, strengthen the Group's financial position and enhance shareholders' long term return.

(Source: Management of CWG)

5. RISK FACTORS

The potential risk factors that may arise from the Proposed Diversification, which may not be exhaustive, are set out as below:-

5.1 Business diversification risk

Pursuant to the Proposed Diversification, CWG Group's business will be subject to business or operational risks relating to the property development industry. Such risks may include, adverse changes in real estate market prices, changes in demand for types of residential and commercial properties, competition from other property developers, changes in economic, social and political condition, delay in completion of property development projects against the scheduled completion, performance of third-party sub-contractors, labour and material supply shortages, fluctuations in the prices of building materials and costs of labour charges and adverse changes in property tax assessments and other statutory charges. Any adverse change in such conditions may have an adverse material effect on future property development projects to be undertaken by the Company.

Land cost constitutes the major component of a property development project. The recent drastic increase in property market value has caused a great challenge to property developer to develop projects that are affordable to the general public, especially those new comers of the property development industry that do not own sizable land bank. Failure in acquiring the right priced lands that offer competitive pricing may cause the development project to be sluggish.

Building materials is another significant portion of the 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 higher selling price which would eventually affect the project sellout rate.

Notwithstanding this, the Group seeks to closely monitor the prevailing property market conditions 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 the Group may be adversely affected.

5.2 Risk of property overhang

The Group may face risk of property overhang, commonly caused by over-supply and low demand for properties and other factors such as economic downturns and unfavourable financial conditions. There may be possibility of occurrence of property overhang at the time of completion of its development projects in the future, of which is inevitable. This will affect the sale of the properties which CWG Group may develop in the future and in turn affect CWG Group's financial performance. As such, the Company will closely monitor the developments in the property market as well as take careful management planning prior to finalisation and/ or launches of any property development projects. Nevertheless, there can be no assurance that there will be any adverse impact on CWG Group's financial performance.

5.3 Unforeseen delays in the completion of a project

The timely completion of the construction projects is dependent on various external factors, which are beyond the management's control which include, inter-alia, the timely receipt of requisite licenses, permits or regulatory approvals, the work performance of the appointed building contractors, sub-contractors and consultants, availability of financing and availability of building materials, equipment and labour. Any adverse developments may lead to interruptions or delays in the completion of a project, which may consequently result in cost overruns that affect the CWG Group's profitability and cash flow. The Group seeks to limit this risk by careful planning, close monitoring of project progress and endeavoring prompt actions to ensure the overall positive progress of the projects.

5.4 Dependence on key management personnel

The financial and business performance of SMSB is dependent to a certain extent on the skills, abilities, experience and competencies of its key management personnel managing the business. There can be no assurance that the loss of any key management personnel through the possibility of resignation without suitable and timely replacement would not affect the financial and business performance of the Group.

The Company seeks to mitigate the risk above by adopting appropriate measures to attract and retain key management personnel by offering, amongst others, competitive remuneration packages and ongoing training and development programmes. The Company will strive to retain qualified experienced personnel who are essential to the Group's succession plan to ensure continuity and competency in the management team.

5.5 Financing and repayment of borrowings risk

Pursuant to the Proposed Diversification, the Group may need to incur additional borrowings to fund the development costs of future development projects. In view of the foregoing, any additional borrowings and/ or unexpected increase in interest rates may result in an increase in interest expense, which may affect the Group's profitability and debt repayment obligations. There can be no assurance that the Group will be able to meet its borrowing commitments imposed by the financial institutions in the event of any unexpected increase in interest rates in the future. In addition, the Group's credit facilities may also be subject to review by the financial institutions and contain certain covenants, which may limit the Group's operating and financing flexibility. Nonetheless, the Group will take all reasonable steps (i.e. monitor its debt levels and adopt cost-effective financing actions) to prevent the failure of the Group to fulfil its payment obligations and thereby mitigating the aforesaid risks.

5.6 Competition risk

The Group faces competition from existing and established property developers as well as new market entrants to the property development industry. The Group will be subject to competition with its competitors to secure strategically located and reasonably priced land bank, the supply of labour and raw materials. In addition, the Group faces competition with other property development projects within the vicinity of the Land. Although the Project is strategically located within close proximity to the Penang First Bridge, the demand for the Units within the Project will also depend on various factors, which include but is not limited to pricing, design and quality of properties as well as the supporting infrastructure of the Units. Further, the property market is highly competitive and any oversupply of properties and/or low take-up rate of new property launches due to a mismatch in supply and demand, economic downturn and unfavourable market conditions, will intensify the level of competition which may, amongst others, affect pricing of the properties.

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

6. EFFECTS OF THE PROPOSED DIVERSIFICATION

For information purposes, the Acquisition of SMSB does not have any effect on the issued share capital and the shareholding of the substantial shareholders of CWG as there is no issuance of new ordinary shares in CWG. In addition, the Acquisition of SMSB will not have any material effect on the consolidated earnings and EPS, NA and gearing of CWG Group for the FYE 30 June 2023.

6.1 Issued share capital and substantial shareholder's shareholdings

The Proposed Diversification will not have any effect on the issued share capital and the shareholding of the substantial shareholders of CWG as there is no issuance of new ordinary shares in CWG.

6.2 Earnings and EPS

The Proposed Diversification will not have any material effect on the consolidated earnings and EPS of CWG for the FYE 30 June 2023. Nevertheless, the development of the Project is expected to contribute positively to the Group's future earnings as and when the Project progresses and the launched units are sold.

6.3 NA per Share and gearing level

The Proposed Diversification is not expected to have any immediate material impact on the NA and gearing of CWG Group for the FYE 30 June 2023. However, it is expected that the NA of the Group will be enhanced and the gearing will be improved when the profits attributable to CWG Group are realised from the development of the Project. Further, the future NA per share and/ or gearing of CWG Group will depend on the future profit contribution arising from the Group's property development business as and when the profit is realised from the future property development-related project and/ or plan of CWG Group.

7. APPROVALS REQUIRED/ OBTAINED

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

- i. the shareholders of CWG at an EGM to be convened; and
- ii. any other relevant authority and/ or party, if required.

For information purposes, the Acquisition of SMSB is not subject to the approval from the shareholders of CWG or any relevant regulatory authorities and/ parties. Pursuant to Paragraph 10.02(g) of the Listing Requirements, the highest percentage ratio applicable to the Acquisition of SMSB is approximately 20.05%, being the purchase consideration and the liabilities to be assumed by CWG, over the latest audited net assets of CWG as at 30 June 2022.

The Proposed Diversification and Acquisition of SMSB are inter-conditional upon each other. The Proposed Diversification and Acquisition of SMSB is not conditional upon any other proposals undertaken or to be undertaken by the Company.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders and/ or persons connected with them have any interest, whether direct or indirect, in the Proposed Diversification.

For information purposes, Mr. Loh Seong Yew is an Independent Non-Executive Director of CWG. He was also a Non-Independent Non-Executive Director of Jade Marvel (resigned on 6 June 2023). Despite Mr. Loh Seong Yew's common directorship in CWG and Jade Marvel, the Acquisition of SMSB is not regarded as a related party transaction under Paragraph 10.08(11)(c) of the Listing Requirements as:-

- i. as at the LPD, he holds 0.15% direct equity interest in CWG and 0.09% direct equity interest in Jade Marvel; and
- ii. he does not have any interest such as commission or other kinds of benefits received from CWG or Jade Marvel in relation to the Acquisition of SMSB.

Save for the above, none of the Directors, major shareholders and/ or persons connected to them have any interests, whether direct or indirect, in the Acquisition of SMSB.

9. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board having considered and deliberated on all aspects of the Acquisition of SMSB and Proposed Diversification, including but not limited to the basis for arriving at the purchase consideration for the Sale Shares and the Landowner's Entitlement, salient terms of the SSA, JVA, Supplemental JVA, Turnkey cum PMC Agreement and the Supplemental Turnkey cum PMC Agreement, the rationale and pro forma effects of the Acquisition of SMSB and Proposed Diversification, and the prospects of the Project, is of the opinion that the Acquisition of SMSB and Proposed Diversification are in the best interests of the Company.

Accordingly, the Board recommends that you vote **IN FAVOUR** of the ordinary resolution pertaining to the Proposed Diversification to be tabled at the forthcoming EGM.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Diversification will take immediate effect after obtaining the approval from the shareholders of CWG at the forthcoming EGM to be convened, and upon the completion of the Acquisition of SMSB.

11. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Diversification and the Acquisition of SMSB, the Board is not aware of any other outstanding proposals which have been announced but not yet completed as at the date of this Circular.

12. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at The Light Hotel, Lebuh Tenggiri 2, Bandar Seberang Jaya, 13700 Seberang Jaya, Penang on Tuesday, 3 October 2023, at 11.30 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposed Diversification.

If you are unable to attend, participate, speak and vote in person at the EGM, the completed and signed Proxy Form should be deposited at the registered office of CWG at 6428, Lorong Mak Mandin Tiga, Mak Mandin Industrial Estate, 13400 Butterworth, Penang, not less than 48 hours before the time stipulated for holding the EGM or any adjournment thereof. Alternatively, the proxy appointment may also be lodged electronically via TIIH Online at <https://tiih.online>. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

13. FURTHER INFORMATION

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

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

OOI CHIN SOON
Executive Chairman

APPENDIX I – INFORMATION ON SMSB

1. HISTORY AND BUSINESS

SMSB was incorporated in Malaysia on 12 November 2020 under the Act as a private limited company. SMSB is principally involved in investment holding, real estate activities with own or leased property and other specialised construction activities.

2. ISSUED SHARE CAPITAL AND CONVERTIBLE SECURITIES

As at the LPD, SMSB has a total issued share capital of RM100 comprising 100 ordinary shares. As at the LPD, SMSB does not have any convertible securities. SMSB is wholly-owned by GMSB, which in turn is wholly-owned by Jade Marvel.

3. DIRECTORS AND SHAREHOLDERS

As at the LPD, the directors of SMSB and their shareholding in SMSB are as follows:-

Name	Designation	Nationality	<-Direct interest->		<-Indirect interest->	
			No. of shares	%	No. of shares	%
Lim Tze Ming	Director	Malaysian	-	-	-	-
Dennis Chung Vui Ming	Director	Malaysian	-	-	-	-

As at the LPD, the substantial shareholders of SMSB and their shareholding in SMSB are as follows:-

Name	Place of incorporation	<-----Direct interest----->		<-----Indirect interest----->	
		No. of shares	%	No. of shares	%
GMSB	Malaysia	100	100.00	-	-
Jade Marvel	Malaysia	-	-	100	100.00 ^{*1}

Note:-

^{*1} Deemed interest pursuant to Section 8 of the Act by virtue of its shareholdings in GMSB.

4. SUBSIDIARIES AND ASSOCIATE COMPANIES

As at the LPD, SMSB does not have any subsidiaries, associate, or joint venture companies.

5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, SMSB is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the board of directors of SMSB is not aware and does not have any knowledge of any proceedings pending or threatened against SMSB, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of SMSB.

6. MATERIAL CONTRACTS

SMSB has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the past 2 years immediately preceding the date of this Circular.

7. MATERIAL COMMITMENTS

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

APPENDIX I – INFORMATION ON SMSB (CONT'D)

8. CONTINGENT LIABILITIES

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

9. SUMMARY OF FINANCIAL POSITION

A summary of the audited financial information of SMSB for the period from 12 November 2020, being the date of incorporation of SMSB, to 31 March 2022 is set out below:-

	<-----Audited----->
	For the period from 12
	November 2020 to
	31 March 2022
	RM'000
Revenue	-
LBT	(6)
LAT	(6)
Shareholders' deficit	(6)
Total interest-bearing borrowings	-
Gearing (times)	-

For the period from 12 November 2020 to 31 March 2022, there was no:-

- i. exceptional or extraordinary item during the financial years under review;
- ii. accounting policy adopted by SMSB which are peculiar to SMSB because of the nature of its business or the industry it is involved in; and
- iii. audit qualification of the financial statements of SMSB for the financial years under review.

Commentary on past performance:-**For the period from 12 November 2020 to 31 March 2022**

For the period from 12 November 2020 to 31 March 2022, SMSB recorded auditors' remuneration of RM1,500 and incorporation and secretarial fees of RM4,388, being the pre-operating expenses, which sums up to a LBT of RM5,888.

APPENDIX II – SALIENT TERMS OF THE SSA

The following is a summary of the salient terms of the SSA:-

i. Sale and Purchase of the Sale Shares

The Vendor as legal and beneficial owner of 100 ordinary shares representing the entire issued and paid up share capital of SMSB ("**Shares**") agreed to sell the Shares to the Purchaser and the Purchaser has agreed to purchase the Shares from the Vendor free from all charges, liens and encumbrances and with all rights, benefits and advantages attaching thereto and upon the terms and conditions as set out in the SSA.

ii. Conditions precedent

Completion of the SSA is conditional upon:-

- a. the finalization of a legal and financial due diligence into SMSB to the Purchaser's satisfaction;
- b. the approval of the shareholders of the CWG by way of an extraordinary general meeting to inter alia approve the diversification of the existing principal activities of CWG and its subsidiaries to include property development upon the term and conditions as set out in the SSA. The Purchaser will endeavour to cause its holding company to call for the extraordinary general meeting, within 90 days from the date of the SSA, subject to the consent/approval being obtained from the relevant authorities/regulators;
- c. the simultaneous execution of the Supplemental JVA in escrow upon such terms and conditions therein contained between the Vendor and SMSB to supplement the existing JVA and the same being deposited with the Vendor's solicitors as stakeholders; and
- d. the simultaneous execution of the Supplemental Turnkey cum PMC Agreement in escrow upon such terms and conditions therein contained between SMSB and Viiland Sdn Bhd to supplement the Turnkey cum PMC Agreement and the same being deposited with the Vendor's solicitors as stakeholders.

The Purchaser hereby agrees and undertakes to cause and procure the satisfaction of the Conditions Precedent in accordance with **item ii(a) and (b) in Appendix II** of this Circular, at the Purchaser's costs and expense, within 6 months from the date of the SSA or such further extension and/ or extensions of time as the parties herein may mutually agree ("**Conditional Period**"), failing which the Purchaser shall be entitled to terminate the SSA by a notice in writing to the Vendor whereupon the following shall ensue:-

- a. all monies paid by the Purchaser to the Vendor and/ or the Vendor's solicitors as stakeholders, as the case may be, towards the Purchase Price and/ or towards the Landowner's Cash Entitlement pursuant to the SSA and the Supplemental JVA, shall be refunded free of interest to the Purchaser within 14 days from the date of the termination notice, failing which the Vendor shall pay interest at the rate of 8% per annum on such sum which has not been duly refunded to the Purchaser, calculated on a daily basis, from the date the refund thereof is due to the date of full refund;
- b. the Purchaser shall upon receipt of the said refund, return the Completion Documents (defined herein) to the Vendor (if the same has been delivered); and
- c. the SSA shall thereafter be rendered null and void and the parties shall have no further claim or claims whatsoever against each other save for any antecedent breach of the SSA.

The SSA shall be unconditional upon satisfaction of all the Conditions Precedent ("**Unconditional Date**").

APPENDIX II – SALIENT TERMS OF THE SSA (CONT'D)

iii. Purchase Price

The consideration for the Shares shall be the sum of **Ringgit Malaysia One Hundred Thousand (RM100,000.00) Only ("Purchase Price")** and shall be paid by the Purchaser to the Vendor's solicitors as stakeholders upon execution of the SSA.

Simultaneously with the execution of the SSA, the Purchaser shall further deposit a sum amounting to **Ringgit Malaysia Four Million (RM4,000,000.00) Only** with the Vendor's solicitors as stakeholders ("**Part Payment towards the Landowner's Cash Entitlement**"). The balance of the Landowner's Cash Entitlement in the sum of **Ringgit Malaysia Six Million (RM6,000,000.00) Only** shall be paid by the Purchaser for and on behalf of SMSB to the Vendor in accordance with the Supplemental JVA.

The Vendor's solicitors as stakeholders shall be irrevocably authorised by the parties herein as follows:-

- a. to release the Purchase Price to the Vendor within seven (7) days of the Unconditional Date; and
- b. to date the Supplemental JVA and the Supplemental Turnkey cum PMC Agreement and to release the same to the Purchaser and simultaneously to release the Part Payment towards the Landowner's Cash Entitlement to the Vendor within seven (7) days of the Unconditional Date.

In the event that the SSA is terminated due to the failure to satisfy the Conditions Precedents within the Conditional Period, the Vendor's solicitors as stakeholders shall be irrevocably authorised by the parties herein to refund the Purchase Price and the Landowner's Cash Entitlement to the Purchaser within fourteen (14) days from the date of receipt of the termination notice by the Vendor's solicitors.

iv. Events on Completion

Upon execution of the SSA, the Vendor shall execute the following documents and deliver the same to the Vendor's solicitors as stakeholders:-

- a. original share certificates to the Shares;
- b. original Section 105 forms of transfer of securities prescribed by the Companies Act 2016 duly executed by the Vendor and duly witnessed in relation to the transfer of the Shares in favour of the Purchaser;
- c. a certified true copy of the circular resolutions of the board of directors of SMSB authorizing the transfer and registration of the Shares from the Vendor to the Purchaser and the issuance of the corresponding new share certificates in respect of the Shares in the name of the Purchaser;
- d. a certified true copy of the circular resolutions of the board of directors of SMSB approving the appointment of such persons nominated by the Purchaser as its nominees to the board of directors of SMSB;
- e. the undated resignation letters of all the current directors of SMSB together with a confirmation that there are no sums whatsoever due to them respectively by SMSB;
- f. the undated resignation letters of the company secretary, auditors and the tax consultant of SMSB together with a confirmation that there are no sums whatsoever due to them respectively by SMSB;

APPENDIX II – SALIENT TERMS OF THE SSA (CONT'D)

- g. the resolutions of the board of directors of SMSB approving the change of mandate on all of SMSB's accounts maintained with all licensed financial institutions in such form as shall be required by the Purchaser;
- h. the assignment of all advances made by the Vendor or any third party to SMSB upon such terms and conditions acceptable to the Purchaser; and
- i. all financial statements and documents, letters, working documents and working files of SMSB.

(collectively referred to as "**the Completion Documents**").

The Vendor agrees that the Purchaser shall be entitled to register the Shares in favour of the Purchaser and to effect the Completion Documents on the Unconditional Date and the Vendor's solicitors shall be irrevocably authorised to release the Completion Documents to the Purchaser on the Unconditional Date. The SSA shall deemed completed upon registration of the Shares in favour of the Purchaser ("**Completion**").

v. **Breach/ Termination**

Breach by Vendor

In the event that the Vendor shall fail, neglect and/ or refuse to complete the sale and/ or transfer the Shares to the Purchaser in accordance with the provisions of the SSA and fails to remedy the same within 14 days from the date of the Purchaser's notice requiring such remedy, the Purchaser shall be entitled to the remedy of specific performance against the Vendor without prejudice to the Purchaser's rights to damages.

In the event that the Vendor shall breach of any term or condition of the SSA and/ or any breach of the Vendor's covenants, undertakings and/ or warranties herein contained, including but not limited to the Vendor's warranties contained in the SSA, the Vendor shall indemnify the Purchaser against and save the Purchaser harmless against all and any actual and direct claims, liabilities, losses, damages, costs, expenses and deficiencies, including legal fees, suffered, incurred or sustained by the Purchaser and/ or SMSB.

Breach by Purchaser

In the event that the Purchaser shall fail and/ or refuse to complete the SSA in accordance to the terms and conditions of the SSA and fails to remedy the same within 14 days from the date of the Vendor's notice requiring such remedy, the Vendor shall be entitled to terminate the SSA and forfeit the Purchase Price as agreed liquidated damages whereupon the Purchaser shall undertake the following:-

- a. the Purchaser shall return the Completion Documents to the Vendor in exchange for the refund of the Part Payment towards the Landowner's Cash Entitlement by the Vendor's Solicitors, free of interest within 14 days from the date of the termination notice, failing which the Vendor shall pay interest at the rate of 8% per annum on such sum which has not been duly refunded to the Purchaser, calculated on a daily basis, from the date the refund thereof is due to the date of full refund; and
- b. the SSA shall thereafter be rendered null and void and the parties shall have no further claim or claims whatsoever against each other save for any antecedent breach of the SSA.



Trust | Integrity | Expertise

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VALUATION CERTIFICATE

Date : June 21st, 2023
Our Ref : LC/VAL/23/014748/RE

PRIVATE & CONFIDENTIAL

CWG Holdings Berhad
6428, Lorong Mak Mandin Tiga,
Mak Mandin Industrial Estate,
13400 Butterworth, Malaysia

Dear Sirs,

VALUATION CERTIFICATE OF A PARCEL OF COMMERCIAL DEVELOPMENT LAND BEARING POSTAL ADDRESS LOT 20395, MUKIM 14, 14100 SIMPANG AMPAT, PULAU PINANG HELD UNDER TITLE NO. GRN 153116, LOT 20395, MUKIM OF 14, DISTRICT OF SEBERANG PERAI SELATAN, STATE OF PULAU PINANG (“SUBJECT PROPERTY”)

We refer to the instructions by **CWG Holdings Berhad** to advise on the current **Market Value (“MV”)** of the abovementioned property (“**Subject Property**”) for the purpose of Internal Management.

The Subject Property was inspected on June 21st, 2023. The relevant date of valuation for this valuation exercise coincides with the date of inspection, i.e. June 21st, 2023.

The Valuation had been carried out in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards (MVS) issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia and with the necessary professional responsibility and due diligence.

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

The Valuation Certificate should be read in conjunction with the full Report (Ref No: LC/VAL/23/014748/RE prepared by Laurelcap Sdn. Bhd. which detailed the basis under which the valuations have been prepared.

IDENTIFICATION OF THE PROPERTY	
Name and Address:	Lot 20395, Mukim 14, 14100 Simpang Ampat, Pulau Pinang
Type of Property:	A parcel of commercial development land
Date of Inspection:	June 21 st , 2023
Date of Valuation:	For the purpose of this valuation exercise, the material date of valuation is the date of inspection, i.e. June 21 st , 2023
Registered Owner:	The registered owner of the Subject Property is Great Marvel Sdn. Bhd. (1/1 share)



- Registered Valuers
- Property Managers
- Estate Agents
- Development Consultants
- Project Managers
- Researchers



APPENDIX III – VALUATION CERTIFICATE (CONT'D)



Title Particulars:	GRN 153116, Lot 20395, Mukim of 14, District of Seberang Perai Selatan, State of Pulau Pinang
Tenure:	Grant in perpetuity
Category of Land Use:	Not stated
Express Condition:	<p>(First Grade) The Land comprise in this title: a) shall not be affected by any provision of the National Land Code limiting the compensation payable on the exercise by the State Authority of a right of access or use conferred by Chapter 3 of Part Three of the Code or on the creation of a Land Administrator's right way; and b) subject to the implied condition that land is liable to be re-entered if it is abandoned for more than three years shall revert to the State only if the proprietor for the time being dies without heirs; and the title shall confer the absolute right to all forest produce and to all oil, mineral and other natural deposits on or below the surface of the land (including the right to work or extract any such produce or deposit and remove it beyond the boundaries of the land)</p>
Restriction in Interest:	"Tiada"
Titled Land Area :	2.344 hectare/ 5.792acre/ 23,439.29square metres/ 252,300.57 square feet
Current Usage	The land is zoned for commercial use
Location:	<p>The Subject Property is situated along Mukim 14 within Simpang Ampat, Pulau Pinang. It lies approximately 17.00 kilometres due south-east of Penang First Bridge Interchange. The Subject Property is accessible from Penang First Bridge Interchange via North-South Expressway and exit through the Jalan Sultan Azlan Shah, Lebuhraya Utara - Selatan, Jalan Paboi, Jalan Bukit Tambun, Jalan Kendi, Jalan Perdana and finally onto unnamed road to where the Subject Property is located.</p> <p>The surrounding developments are a mixture of commercial and residential development in character, consisting of terraced houses, semi-detached houses, detached houses, terraced shop, semi-detached shop office and detached shop. The Iconic Point is located approximately 1.80 kilometres due north of the Subject Property. Some notable educational premises located within the vicinity include Sekolah Menengah Kebangsaan Mutiara Impian and Sekolah Menengah Kebangsaan Simpang Ampat.</p> <p>Established housing estates located within a 5.00-kilometres radius include Taman Tangling Jaya, Taman Merak Jaya, Bandar Tasek Mutiara, Taman Pewira Indah, Taman Tempua, Taman IKS, Taman Merak and Kawasan Perindustrian Valdor. Major connecting roads servicing the areas are North-South Expressway and Jalan Simpang Ampat.</p>



<p>Proposed Development:</p>	<p>An application to develop the Subject Property into a commercial development comprising 25 units of shop/offices has been submitted to Majlis Bandaraya Seberang Perai (MBSP).</p> <p>The proposed development comprises of the following:-</p> <ul style="list-style-type: none"> i. 22 Units of 2-Storey Semi-Detached Shop/Office (LA: 322.645sqm, BU: 267.30sqm) ii. 1 Unit of 2-Storey Detached Shop/Office (LA: 601.779sqm, BU: 495.05sqm) iii. 1 Unit of 2-Storey Detached Shop (LA: 2,564.873sqm, BU: 2,430.82sqm) iv. 1 Unit of 4-Storey Detached Shop/Office (LA: 696.075sqm, BU: 990.00sqm) <p>Held on a 2.344 hectares (approximately 5.792 acres) parcel of development land, and sited within Lot 20395, Mukim 14, Simpang Ampat, Seberang Perai Selatan, Penang.</p> <p><i>Note: It should be noted that the Proposal Development is pending for approval by the relevant authorities.</i></p>
<p>Planning Details:</p>	<p>The Subject Property is situated within an area designated for commercial use.</p>

JOINT VENTURE AGREEMENT (JVA)

Agreement Between Landowner (Great Marvel Sdn Bhd) and SA Marvel Sdn Bhd

On May 24th, 2023, a Joint Venture Agreement was signed between the Landowner/Donor (Great Marvel Sdn Bhd) and Developer (SA Marvel Sdn Bhd).

In consideration of the Landowner entering into the Joint Venture Agreement with the Developer, the Developer hereby agrees that the Landowner shall be entitled to the following:-

- a) A two (2) storey detached commercial building with a land area of approximately 2,564 square metres in area and a built up area of approximately 2,430 square metres within the Project (hereinafter referred to as "the Landowner's Unit 1")
- b) A two (2) storey semi-detached commercial building with a land area of approximately 322 square metres in area and a built up area of approximately 267 square metres within the Project (hereinafter also referred to as "the Landowner's Unit 2");
- c) A sum amounting to Ringgit Malaysia Ten Million (RM10,000,000.00) Only in cash (hereinafter referred to as "the Landowner's Cash Entitlement") payable in the manner.

METHOD OF VALUATION

Income Approach by way of “Residual Method”. A summary of approaches used are as follows:-

COMPARISON APPROACH

We have adopted the Comparison Approach in valuing the Subject Property. This approach involves comparing the Subject Property with recently transacted property of a similar nature or offers for sale/rental of similar properties in the area. Adjustments are then made for differences in location, size and shape of the lot, size, condition and design of the building, site facilities available, market conditions and other factors in order to arrive at a common basis for comparison.

Recent transactions of similar properties situated within the neighbourhood which are pertinent to substantiate a value indication for the subject are reviewed and these sales are listed overleaf:

COMPARABLES	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)
Type	Commercial development land	Commercial development land	Commercial development land
Address	Lot 21590, Lebuhraya Bandar Cassia, Pulau Pinang	PT 6025, Persiaran Cassia Barat 3, Pulau Pinang	Lot 1698, Off Sg Bakap / Valdor, Pulau Pinang
Title Particulars	Geran 167235, Lot 21590, Mukim of 13, District of Seberang Perai Selatan	HS(D) 50861, Lot PT 6025, Mukim of 13, District of Seberang Perai Selatan	Geran Mukim 710, Lot PT 1698, Mukim of 12, District of Seberang Perai Selatan
Transaction Date	29/11/2018	06/12/2021	29/12/2022
Vendor	KDU University College (PG) Sdn Bhd	Aspen Vision City Sdn Bhd	Lee Kean Chung+2
Purchaser	Paramount Property (PW) Sdn Bhd	Pixel Valley Sdn Bhd	Khoy Engineering Sdn Bhd
Tenure	Grant in perpetuity	Grant in perpetuity	Grant in perpetuity
Land Area	20,399.81 square metres (219,583.56 square feet or 5.041 acres)	19,699.82 square metres (212,048.83 square feet or 4.868 acres)	9,307.91 square metres (100,190.38 square feet or 2.3 acres)
Type of Title (Individual / Strata)	Individual	Individual	Individual
Consideration	RM 15,400,000.00	RM 27,565,700.00	RM 8,516,150.00
Price P.s.f.	RM 70.13 p.s.f.	RM 130.00 p.s.f.	RM 85.00 p.s.f.
Adjustments	General adjustments are made for time and various factors inclusive of size, accessibility, tenure, availability of development order, shape of land and terrain		
Adjusted Price P.s.f.	RM 66.28 p.s.f.	RM 92.82 p.s.f.	RM 77.26 p.s.f.

In determining the Market Value of the development land, we have taken into consideration some recent transactions within a 20-kilometre radius to form a pattern of values within the vicinity. After making adjustment for time factor and land area to all of comparables, it is noted that comparable price transactions (price/land area) were hovering between RM 70.13 p.s.f. to RM 130.00 p.s.f.

Taking into consideration of the differences of the development land and the comparables, we have adopted Comparable 3 as the best comparable due to the following characteristics: -

Comparable 3 has similar land area and has similar characteristics with the Subject Property.

INCOME APPROACH (BY WAY OF "RESIDUAL METHOD")

This method entails the determining of the total Gross Development Value (GDV) and deducting from this the costs of construction and site works, professional fees, interest on capital borrowed, contingencies and developer's risk and profit. The residual is the value of the site and this is deferred for the period of development to arrive at the current market value of the site today.

In arriving at the GDV of the proposed development, we have taken into consideration recent transactions of similar type of properties within the nearest vicinity. These properties are pertinent to substantiate a Market Value indication for the development contents which are reviewed and shown below.

Semi-Detached Shop Offices

COMPARABLES	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)
Address	No. 30, Jalan Icon City, Icon City, Pulau Pinang	No. 37, Jalan Iconic Point, Iconic Point, Pulau Pinang	No. 39, Jalan Iconic Point, Iconic Point, Pulau Pinang
Type	Semi-Detached Shop Offices	Semi-Detached Shop Offices	Semi-Detached Shop Offices
Tenure	Grant in perpetuity	Grant in perpetuity	Grant in perpetuity
Transaction Date	8/7/2021	19/8/2022	7/9/2022
Land Area	299.00 square metres (3,218.41 square feet)	234.00 square metres (2,518.75 square feet)	234.00 square metres (2,518.75 square feet)
Consideration	RM 2,200,000.00	RM 2,300,000.00	RM 2,200,000.00
Price PSF	RM 435.00 p.s.f.	RM 636.82 p.s.f.	RM 597.12 p.s.f.
Adjustments	Adjustments have been made for time, location, accessibility, tenure, size and condition		
Adjusted Price PSF	RM 465.88 p.s.f.	RM 514.55 p.s.f.	RM 482.47 p.s.f.

Detached Shop/ Shop Offices

COMPARABLES	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)
Address	No. 1, Jalan Perda Jaya, Kawasan Perniagaan Perda Jaya, Pulau Pinang	No. 1, Jalan Perniagaan Santuari, Pusat Perniagaan Santuari, Pulau Pinang	No. 1, Lorong Daya Maju 1, Pusat Perniagaan Daya Maju, Pulau Pinang
Type	Detached Shop/ Shop Offices	Detached Shop/ Shop Offices	Detached Shop/ Shop Offices
Tenure	Grant in perpetuity	Grant in perpetuity	Grant in perpetuity
Transaction Date	15/8/2019	12/7/2019	16/11/2022
Land Area	2,309.98 square metres (24,864.61 square feet)	783.99 square metres (8,438.90 square feet)	540.99 square metres (5,823.27 square feet)
Consideration	RM 3,788,000.00	RM 2,880,000.00	RM 2,800,000.00
Price PSF	RM 107.30 p.s.f.	RM 227.52 p.s.f.	RM 343.45 p.s.f.
Adjustments	Adjustments have been made for time, location, accessibility, tenure, size and condition		
Adjusted Price PSF	RM 217.61 p.s.f.	RM 236.62 p.s.f.	RM 242.82 p.s.f.

Residual Method

The GDV calculation is based on transactions of similar property within the surrounding neighbourhood. We have compiled an array of comparables from different property class in order for us to analyse and to arrive at a meaningful valuation outcome. From our compilation, adjustments have been made for time, location, accessibility, tenure, size, building condition (where applicable), shape of land, terrain and material valuation uncertainty to arrive at the proposed selling price of the factory buildings, office block and vacant industrial land.



1. Semi-Detached Shop/Office (22 Units)

From our analysis, we have placed greater emphasis on Comparable 3 (No. 39, Jalan Iconic Point, Iconic Point) as a result of the to the following factors :-

Taking into consideration of the differences of the **semi-detached shop/office** and the comparables, we have adopted Comparable 3 as the best comparable due to the following characteristics: -

- a) Comparable 3 was the nearest to the Subject Property.
- b) Comparable 3 has similar characteristics with the Subject Property.

From the above analysis, we have adopted a proposed selling price after adjustments of **RM 695.12 p.s.f.** on the built-up area. However, we have imputed the construction cost in our Residual Method computation.

2. Detached Shop & Shop/Offices (2 Unit)

From our analysis, we have placed greater emphasis on Comparable 2 (No. 1, Jalan Perniagaan Santuari) as a result of the to the following factors :-

Taking into consideration of the differences of the **double storey detached shop/office** and **four (4) storey detached shop/office** and the comparables, we have adopted Comparable 2 as the best comparable due to the following characteristics:-

- a) Comparable 2 has similar land area to the Subject Property.
- b) Comparable 2 has similar characteristics with the Subject Property.

From the above analysis, we have adopted a proposed selling price (double storey detached shop/office) after adjustments of **RM 450.39 p.s.f.** on the built-up area, whilst on proposed selling price (double storey detached shop) after adjustments of **RM 305.75 p.s.f.** on the built-up area.

For the four (4) storey detached shop/office, the proposed selling price after adjustents of **RM 328.44 p.s.f.** on the built-up area.

Summary Residual Method

The Residual Method computation is preliminary, subject to approval from relevant authorities. In arriving at the Market Value using this method, we have taken into consideration the following:-

- a. The bumi-putra quota is 60% with a 10% discount for double storey semi-detached shop/office;
- b. An application to develop the Subject Property into a commercial development comprising 25 units of shop/offices has been submitted and pending approval by Majlis Bandaraya Seberang Perai (MBSP).
Nevertheless, we view the Proposed development to be physically possible, legally permissible and financially feasible thus, a residual method is adopted.
- c. We have made reference to the JUBM And Arcadis Construction Handbook Malaysia 2022 and also engaged AQS Serviced Sdn. Bhd., a registered Quantity Surveying firm and obtained their opinion in our adoption of the GDC. We have also taken into consideration general market practices and industry standards in terms of pricing and rates.
- d. The average development cost is about RM 141.99 p.s.f. (based on total gross floor area);
- e. We have adopted the development period of 3 years;

APPENDIX III – VALUATION CERTIFICATE (CONT'D)



- f. We have adopted a Present Value rate of 10% to reflect the commercial risk involved in property development;
- g. According to the Joint Venture Agreement (JVA), the landowner and developer have mutually agreed upon a Landowner's Entitlement list, which includes the allocation of two (2) units, specifically Unit 22 and Unit 25, as outlined in the Development Plan. The agreed-upon price for a sum amounting to Ringgit Malaysia Ten Million (RM10,000,000.00).

A summary of the Residual Method is tabulated below for easy reference.

Description		Total
	Total Gross Development Value (GDV)	RM 60,500,000.00
Less	Total Gross Development Cost (GDC)	(RM 23,595,468.76)
	Total Land Value In 3 Years Time Before Developer's Profit	RM 36,904,531.24
Less	Developer's Profit (18% of GDV)	(RM 10,890,000.00)
	Land Value In 3 Years Time	RM 26,014,531.24
	Present Value for 3 years @ 10% p.a	0.751314801
	Market Value	RM 19,545,102.36
	Say	RM 20,000,000.00

RECONCILIATION OF VALUE

Method Of Valuation	Derivation Of Values
Comparison Approach	RM 20,000,000.00
Income Approach By Way of "Residual Method"	RM 20,000,000.00

From the above approaches, we have concluded that the best approach in arriving at the Market Value of the Subject Property is the Comparison Approach. This approach is the most suitable in this instance due to the abundant comparable sales available which helps us to form a pattern of values, and directly enable us to widen the accuracy in establishing the Market Value of the Subject Property. On hindsight, the Income Approach by way of Residual Method is only suitable to serve as a secondary approach (cross check), due to the following:-

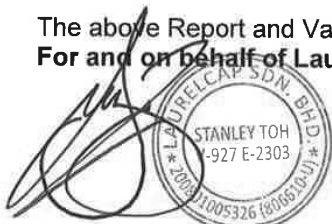
- i. The Subject Property has not obtained a Development Order from the relevant authorities and any further application is subject to changes and conditions which will affect the accuracy of determining the GDV and GDC;
- ii. The development costs are based on market estimates and not actual costing; and
- iii. There are sufficient sale transactions of similar property within the surrounding neighbourhood to form a consistent pattern of values which enhances the accuracy of the valuation.



As such, we have adopted the value derived using the Comparison Approach. Having taken into consideration all the relevant and pertinent factors, we are of the opinion that the Market Value of the grant in perpetuity in a parcel of commercial development land bearing postal address Lot 20395, Mukim 14, 14100 Simpang Ampat, Pulau Pinang held under Title No. GRN 153116, Lot 20395, Mukim of 14, District of Seberang Perai Selatan, State of Pulau Pinang, in its existing physical condition with vacant possession and subject to its title being free from encumbrances, good, marketable and registrable as of June 21st, 2023 is:

Market Value : RM 20,000,000.00 (Ringgit Malaysia : Twenty Million Only)

The above Report and Valuation has been carried out by Sr Stanley Toh Kim Seng,
For and on behalf of Laurelcap Sdn. Bhd.



Sr STANLEY TOH KIM SENG
BSc (Hons) Estate Management,
MRISM, MRICS, MPEPS, MMIPFM, ICVS, MBVAM
Registered Valuer (V-927)

Note : This Report was peer reviewed by Mr Tan San Yew (Peer Reviewer)(V-607) from Laurelcap (HQ) Sdn. Bhd.

APPENDIX IV – 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 Diversification, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

Laurelcap, being the independent registered valuer for the Land, has given and has not subsequently withdrawn its written consent to the inclusion of its name, valuation certificate and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTEREST

UOBKH has given its written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Adviser for the Proposed Diversification.

Laurelcap has given its written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the independent registered valuer for the Land.

4. MATERIAL COMMITMENTS

Save as disclosed below, 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 financial results/ position of the Group:-

Material commitments of the Group as at the LPD	RM'000
Capital expenditure in respect of purchase of property, plant and equipment:-	
- Contracted but not provided for	2,088

5. CONTINGENT LIABILITIES

Save as disclosed below, as at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a material impact on the financial results/ position of the Group:-

Contingent liabilities of the Group as at the LPD	RM'000
The Company provides corporate guarantee to licensed banks for banking facilities granted to a subsidiary. The amount of the banking facilities utilised by the said subsidiary	8,612

APPENDIX IV – FURTHER INFORMATION (CONT'D)

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of CWG at 6428, Lorong Mak Mandin Tiga, Mak Mandin Industrial Estate, 13400 Butterworth, Penang, during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the EGM:-

- i. Constitution of CWG;
- ii. Audited consolidated financial statements of CWG Group for the past 2 financial years up to the FYE 30 June 2022, and its latest unaudited quarterly report for the 12-month FYE 30 June 2023;
- iii. Letters of consent and declaration of conflict of interest referred to in **Sections 2 and 3** above respectively;
- iv. SSA as referred to in **Appendix II** of this Circular;
- v. JVA, Supplemental JVA, Turnkey cum PMC Agreement, and Supplemental Turnkey cum PMC Agreement;
- vi. Valuation Certificate; and
- vii. Valuation Report.



H O L D I N G S B E R H A D

CWG HOLDINGS BERHAD

Registration No. 201601035444 (1206385-W)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**EGM**") of CWG Holdings Berhad ("**CWG**" or the "**Company**") will be held at The Light Hotel, Lebuhraya 2, Bandar Seberang Jaya, 13700 Seberang Jaya, Penang on Tuesday, 3 October 2023, at 11.30 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications the following resolution:-

ORDINARY RESOLUTION

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

"**THAT**, subject to the approvals of the 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;

AND THAT the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Diversification 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 matter relating thereto and to take all such steps to do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Diversification."

By Order of the Board

HING POE PYNG (MAICSA 7053526)
(SSM PC No. 202008001322)
LENG LI MEI (MAICSA 7062371)
(SSM PC No. 202008000276)

Company Secretaries
Penang
11 September 2023

Notes:-

1. *A proxy may but need not be a member of the Company and a member shall be entitled to appoint up to two (2) persons to be his proxy(ies). Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
2. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("**SICDA**"), it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
3. *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 is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*
5. *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding the meeting:*
 - (i) *In hard copy form*
The proxy form must be deposited at the Company's Registered Office at 6428, Lorong Mak Mandin Tiga, Mak Mandin Industrial Estate, 13400 Butterworth, Penang.
 - (ii) *By electronic means*
The proxy form can be electronically submitted to the Share Registrar of the Company via TIIH Online at <https://tiah.online>. Please refer to the Administrative Guide on the procedure of electronic submission of proxy form via TIIH Online.
6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 27 September 2023 (General Meeting Record of Depositors) shall be eligible to attend the EGM or appoint proxy(ies) to attend and/or vote on his behalf.*



H O L D I N G S B E R H A D

CWG HOLDINGS BERHAD

Registration No. 201601035444 (1206385-W)
(Incorporated in Malaysia)

ADMINISTRATIVE GUIDE FOR THE EXTRAORDINARY GENERAL MEETING (“EGM”)

Date : 3 October 2023

Time : 11.30 am

Venue : The Light Hotel, Lebuh Tenggiri 2, Bandar Seberang Jaya
13700 Seberang Jaya, Penang

PRE-REGISTRATION TO ATTEND THE EGM

In order to allow the Company to make the necessary arrangements in relation to the meeting i.e. infrastructure, logistics and meeting venue to accommodate the meeting participants, shareholders/proxies who wish to attend in person are advised to pre-register your attendance with the Company’s Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) via the TIIH Online website at <https://tiih.online>.

Please do read and follow the following procedures to pre-register your physical attendance at the EGM via the TIIH Online website at <https://tiih.online>.

1. Login in to TIIH Online website with your user name (i.e. e-mail address) and password under the “e-Services”.
2. If you have not registered as a user of TIIH Online, please refer to the tutorial guide posted on the homepage for assistance to sign up.
3. Select the corporate event: “**(REGISTRATION) CWG EGM 2023**”.
4. Read and agree to the Terms & Conditions and confirm the Declaration.
5. Select “Register for Physical Attendance at Meeting Venue”.
6. Review your registration and proceed to register.
7. System will send an e-mail to notify that your registration for Physical Attendance at Meeting Venue is received and will be verified.
8. After verification of your registration against the General Meeting Record of Depositors as at 27 September 2023, the system will send you an e-mail on 1 October 2023 to approve or reject your registration to attend physically at the Meeting Venue.

REGISTRATION ON THE DAY OF EGM

1. Registration will commence at 10.30 am.
2. Please present your original National Registration Identity Card (NRIC) or Passport to the registration staff for verification.

- **Administrative Guide for the EGM (Cont'd)**

3. A voting slip and an identification wristband will be given to you thereafter. No one will be allowed to enter the meeting room without an identification wristband.
4. Registration must be done in person. No person is allowed to register on behalf of another.
5. The registration counter will handle verification of identity, registration and revocation of proxy/proxies.

APPOINTMENT OF PROXY

1. A member entitled to attend and vote in the meeting is allowed to appoint proxy. Please submit your Proxy Form in accordance with the notes and instructions printed therein.
2. The Proxy Form is not required if you are attending the meeting.
3. If you have submitted your Proxy Form prior to the meeting and subsequently decided to attend the meeting in person, please proceed to the registration counter to revoke the appointment of your proxy.
4. Please ensure that the original Proxy Form is deposited at the Company's Registered Office at 6428, Lorong Mak Mandin Tiga, Mak Mandin Industrial Estate, 13400 Butterworth, Penang, Malaysia not less than 48 hours before the meeting time. No proof of dispatch of Proxy Form will be entertained.
5. You also have the option of submitting the Proxy Form electronically to the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. ("**Tricor**"). The procedures to lodge your Proxy Form electronically via Tricor's **TIIH Online** website are summarized below:

Procedure	Action
i. <u>Steps for Individual Shareholders</u>	
Register as a User with TIIH Online	<ul style="list-style-type: none"> • Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of form of proxy	<ul style="list-style-type: none"> • After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: "CWG EGM 2023 - 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(s) to vote on your behalf. • Appoint your proxy(s) and insert the required details of your proxy(s) or appoint the Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. • Review and confirm your proxy(s) appointment. • Print the form of proxy for your record.

ii. Steps for Corporation or Institutional Shareholders	
<p>Register as a User with TIIH Online</p>	<ul style="list-style-type: none"> • Access TIIH Online at https://tiih.online. • Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects the “Sign Up” button and followed by “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><i>(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.)</i></p>
<p>Proceed with submission of form of proxy</p>	<ul style="list-style-type: none"> • Login to TIIH Online at https://tiih.online. • Select the corporate event name: “CWG EGM 2023 - SUBMISSION OF PROXY FORM”. • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for “Submission of Proxy Form” in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Login to TIIH Online, select corporate event name: “CWG EGM 2023 - SUBMISSION OF PROXY FORM”. • Proceed to upload the duly completed proxy appointment file. • Select “Submit” to complete your submission. • Print the confirmation report of your submission for your record.

GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining who shall be entitled to attend the EGM, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 27 September 2023 and only a depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting.

NO RECORDING OR PHOTOGRAPHY

No recording or photography of the EGM proceedings is allowed without the prior written permission of the Company.

ENQUIRY

If you have any enquiries prior to the meeting, please contact the following persons during office hours on Mondays to Fridays from 9.00 am to 5.30 pm (except on public holidays):-

Share Registrar

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line	+603-2783 9299	
En. Mohd Kamal Bin Mohd Din	+603-2783 9237	(Kamal.Mohd@my.tricorglobal.com)
En. Muhammad Ashraff Bin Mohd Khaizan	+603-2783 9276	(Muhammad.Ashraff@my.tricorglobal.com)

PROXY FORM



CWG HOLDINGS BERHAD
201601035444 (1206385-W)

No. of Shares Held

CDS Account No.

Telephone No.: _____
(During office hours)

I/We, _____ NRIC/Passport/Company No. _____
(Full name in block letters)

of _____
(Address)

being a Member(s) of CWG Holdings Berhad, hereby appoint

Full Name (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding

and

Full Name (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding

or failing him/her, the Chairman of the Meeting as my/our proxy, to vote for me/us and on my/our behalf at the Extraordinary General Meeting ("EGM") of the Company to be held at The Light Hotel, Lebuh Tenggiri 2, Bandar Seberang Jaya, 13700 Seberang Jaya, Penang on Tuesday, 3 October 2023 at 11.30 a.m., or at any adjournment thereof.

Ordinary Resolution	For	Against
Proposed Diversification		

Please indicate with an "X" in the spaces provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.

Dated this _____ day of _____, 2023

Signature of Member(s) or/ Common Seal

Notes:

- A proxy may but need not be a member of the Company and a member shall be entitled to appoint up to two (2) persons to be his proxy(ies). Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- 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 is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding the meeting:
 - In hard copy form
The proxy form must be deposited at the Company's Registered Office at 6428, Lorong Mak Mandin Tiga, Mak Mandin Industrial Estate, 13400 Butterworth, Penang.
 - By electronic means
The proxy form can be electronically submitted to the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Please refer to the Administrative Guide on the procedure of electronic submission of proxy form via TIIH Online.
- In respect of deposited securities, only members whose names appear on the Record of Depositors on 27 September 2023 (General Meeting Record of Depositors) shall be eligible to attend the EGM or appoint proxy(ies) to attend and/or vote on his behalf.

Personal Data Privacy

By submitting the duly executed proxy form, the member and his/her proxy consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the EGM of the Company and any adjournment thereof.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

CWG HOLDINGS BERHAD

201601035444 (1206385-W)

The Company Secretaries
6428, Lorong Mak Mandin Tiga
Mak Mandin Industrial Estate
13400 Butterworth, Penang

1st fold here
