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SALCON BERHAD

(Registration No. 200201026133 (593796-T))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED JOINT VENTURE BETWEEN NUSANTARA MEGAJUTA SDN BHD ("NMSB"), AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF SALCON BERHAD AND EXSIM KEBUN TEH SDN BHD (FORMERLY KNOWN AS EXSIM HILLS (SABAH) SDN BHD) ("EKTSB") FOR THE DEVELOPMENT OF TWO PIECES OF 99 YEARS' LEASEHOLD LAND LOCATED IN JOHOR BAHRU ("DEVELOPMENT LANDS") ("PROPOSED JOINT VENTURE") IN WHICH NMSB SHALL BE ENTITLED TO THE LANDOWNER'S ENTITLEMENT OF RM140,000,000 IN RETURN FOR CONTRIBUTING THE DEVELOPMENT LANDS TO EKTSB PURSUANT TO THE PROPOSED JOINT VENTURE

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser

UOBKayHian

UOB Kay Hian Securities (M) Sdn Bhd

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

The Extraordinary General Meeting ("**EGM**") of Salcon Berhad ("**Company**") will be conducted on a virtual basis through live streaming from the Broadcast Venue at Tricor Business Centre, Gemilang Room, Unit 29-02, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur ("**Broadcast Venue**") on Thursday, 6 July 2023 at 10:30 a.m. or at any adjournment thereof. The Notice of the EGM together with the Proxy Form are enclosed herewith.

A member entitled to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the EGM of the Company via the Remote Participation and Voting ("**RPV**") facilities provided, is entitled to appoint a proxy or proxies to participate on his/ her behalf. The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the Proxy Form must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. In the case of an appointment of a proxy made in electronic form, the Proxy Form must be deposited via TIIH Online website at <https://tiih.online>. Please follow the procedures as set out in the Administrative Guide for the electronic lodgement of the Proxy Form. All Proxy Form submitted must be received by the Company on or before the date and time indicated below.

Last date and time for lodging the Proxy Form : Tuesday, 4 July 2023 at 10:30 a.m.

Date and time of the EGM : Thursday, 6 July 2023 at 10:30 a.m.

This Circular is dated 21 June 2023

DEFINITIONS

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

| | |
|------------------------------|---|
| "Act" | : The Companies Act 2016 |
| "APDL" | : The advertising permit and developer's license for the Project duly approved by the appropriate authorities which is to be obtained by the Developer |
| "Board" | : The Board of Directors of Salcon |
| "Bursa Depository" | : Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W)) |
| "Bursa Securities" | : Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W)) |
| "CBRE WTW" or the "Valuer" | : CBRE WTW Valuation & Advisory Sdn Bhd (formerly known as C H Williams Talhar & Wong Sdn Bhd) (Registration No. 197401001098 (18149-U)) |
| "Development Approvals" | : Collectively, <ol style="list-style-type: none">the DO for the Project duly approved by the appropriate authorities with all terms and conditions of the complete DO agreeable by the Developer; andthe approval of the relevant land office for the subdivision, amalgamation and/ or the conversion of land use of the Development Lands in conjunction with the DO ("SBKS Approval") with all terms and conditions of the SBKS agreeable by the Developer; |
| "Development Lands" | : 2 adjoining parcels of commercial land held under HSD 482930, PTB 22841 and HSD 482931, PTB 22842, Bandar Johor Bahru, Daerah Johor Bahru, Negeri Johor |
| "Director(s)" | : The director(s) of Salcon and shall have 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 Joint Venture were agreed upon:- <ol style="list-style-type: none">a director of Salcon, its subsidiaries or holding company; anda chief executive of Salcon, its subsidiaries or holding company |
| "DO" | : The development order for the Project |
| "EGM" | : Extraordinary General Meeting of the Company |
| "EKTSB" or "Developer" | : Exsim Kebun Teh Sdn Bhd (formerly known as Exsim Hills (Sabah) Sdn Bhd) (Registration No. 202101000935 (1401233-A)) |
| "EPS/ (LPS)" | : Earnings per share/ (Loss) per share |
| "FPE" | : Financial period ended |
| "FYE" | : Financial year ended/ ending |

DEFINITIONS (CONT'D)

| | | |
|---------------------------------|-------|--|
| "GDC" | : | Gross development cost |
| "GDV" | : | Gross development value |
| "JVA" | : | The joint venture agreement dated 24 March 2023 entered into between NMSB and EKTSB to undertake the Project |
| "Landowner's Entitlement" | : | In consideration of NMSB contributing the Development Lands and granting EKTSB with the exclusive and absolute rights to carry out the Project, EKTSB agrees to pay NMSB an amount of RM140.00 million |
| "Listing Requirements" | : | Main Market Listing Requirements of Bursa Securities |
| "LPD" | : | 6 June 2023, being the latest practicable date prior to the printing and despatch of this Circular |
| "Market Day" | : | Any day from Monday to Friday (inclusive of both days) which is not a public holiday or surprise holiday* and on which Bursa Securities is open for the trading of securities *A "surprise holiday" refers to a public holiday declared in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the start of the calendar year |
| "NA" | : | Net assets attributable to owners of the Company |
| "NBV" | : | Net book value |
| "NMSB" or "Landowner" | : | Nusantara Megajuta Sdn Bhd (Registration No. 201201007128 (980648-A)) |
| "Parties" | : | Parties to the JVA, namely EKTSB (Developer) and NMSB (Landowner) |
| "Project" | : | Multiple phased mixed-use development on the Development Lands consisting of service apartments and retail units |
| "Proposed Venture" | Joint | : Proposed joint venture between NMSB and EKTSB for the development of the Project on the Development Lands |
| "RM" and "sen" | : | Ringgit Malaysia and Sen, respectively |
| "Salcon" or the "Company" | : | Salcon Berhad (Registration No. 200201026133 (593796-T)) |
| "Salcon Group" or the "Group" | : | Salcon and its subsidiary, collectively |
| "Salcon Share(s)" or "Share(s)" | : | Ordinary share(s) in Salcon |
| "SBKS" | : | "Serah Balik Kurnia Semula" refers to the surrender and re-alienation mechanism. The details of the requirements for SBKS application are set out in the practical guide issued by Pejabat Tanah & Galian Johor (Bil: 3 Tahun 2021) wherein SBKS applications are premised on Section 197/200 of the National Land Code 1965 read together with Section 76 of the National Land Code 1965. The SBKS mechanism adopted in Johor also allows for the Johor District Land office to act, for expediency purposes as an one-stop centre for inter alia the processing of land development applications |

DEFINITIONS (CONT'D)

"UOBKH" or the : UOB Kay Hian Securities (M) Sdn Bhd (Registration No. 199001003423
"Adviser" (194990-K))

"VWAP" : Volume weighted average market price

All references to "our Company" and "Salcon" in this Circular are to Salcon. All references to "Salcon Group", "our Group", "we", "us", "our" or "ourselves" in this Circular are to Salcon and its subsidiaries as a whole, save for where the context otherwise requires. All references to "you" in this Circular are made to shareholders 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 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 Joint Venture. Shareholders of the Company are advised to read the Circular in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposed Joint Venture before voting at the EGM.

| Key information | Description | Reference to Circular | | | | | | | | | | | | | | | | |
|--|--|------------------------|----------------------------|--------|---|------------------------------|--|--------|----|------------------------------|--|---------|----|--------------|--|----------------|------------|---------------------|
| Summary of the Proposed Joint Venture | <p>On 24 March 2023, NMSB, an indirect wholly-owned subsidiary of Salcon, entered into the JVA with EKTSB to undertake a multiple phased mixed-use development consisting of service apartments and retail units on 2 adjoining parcels of commercial land held under HSD 482930, PTB 22841 and HSD 482931, PTB 22842, Bandar Johor Bahru, Daerah Johor Bahru.</p> <p>The Landowner's Entitlement was arrived at between the Parties on a willing buyer-willing seller basis, after taking into consideration the market value of the Development Lands owned by NMSB of RM135.00 million as appraised by CBRE WTW via its valuation certificate dated 10 April 2023.</p> | Section 2 | | | | | | | | | | | | | | | | |
| Utilisation of proceeds | <p>The Landowner's Entitlement to be received of RM140.00 million is intended to be utilised in the following manner:-</p> <table border="1"> <thead> <tr> <th>Details of utilisation</th> <th>Time frame for utilisation</th> <th>RM'000</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Repayment of bank borrowings</td> <td>Within 12 months from the last collection date</td> <td>28,000</td> <td>20</td> </tr> <tr> <td>Working capital requirements</td> <td>Within 12 months from the last collection date</td> <td>112,000</td> <td>80</td> </tr> <tr> <td>Total</td> <td></td> <td>140,000</td> <td>100</td> </tr> </tbody> </table> | Details of utilisation | Time frame for utilisation | RM'000 | % | Repayment of bank borrowings | Within 12 months from the last collection date | 28,000 | 20 | Working capital requirements | Within 12 months from the last collection date | 112,000 | 80 | Total | | 140,000 | 100 | Section 2.10 |
| Details of utilisation | Time frame for utilisation | RM'000 | % | | | | | | | | | | | | | | | |
| Repayment of bank borrowings | Within 12 months from the last collection date | 28,000 | 20 | | | | | | | | | | | | | | | |
| Working capital requirements | Within 12 months from the last collection date | 112,000 | 80 | | | | | | | | | | | | | | | |
| Total | | 140,000 | 100 | | | | | | | | | | | | | | | |
| Rationale | <ul style="list-style-type: none"> The Proposed Joint Venture with EKTSB is expected to add value to the development of the Project and will allow the Group to leverage on the expertise, technical know-how, financial strength and sales and marketing capabilities of EKTSB for large scale property development projects. The Group is expected to derive a pro forma net gain of approximately RM30.66 million by the end of the Proposed Joint Venture, in return for contributing the Developments Lands under the JVA. The Proposed Joint Venture would generate surplus cash flow to the Group and in turn enable Salcon Group to have greater financial flexibility in respect of financial allocation for its future operational requirements and also potentially free up its capital to pursue future business opportunities. | Section 3 | | | | | | | | | | | | | | | | |
| Risk Factors | <p>The potential risk factors of the Proposed Joint Venture are as follows:-</p> <ul style="list-style-type: none"> Non-fulfilment of conditions precedent of the JVA; Loss of opportunity; and Risk of late payment. | Section 5 | | | | | | | | | | | | | | | | |
| Interests of directors, major shareholders, chief executive and/ or persons connected to them | None of the Directors, major shareholders, chief executive of the Company and/ or persons connected with them have any interest, whether direct and/ or indirect, in the Proposed Joint Venture. | Section 9 | | | | | | | | | | | | | | | | |
| Board's recommendation | The Board recommends that you vote in favour of the resolution pertaining to the Proposed Joint Venture to be tabled at the forthcoming EGM. | Section 10 | | | | | | | | | | | | | | | | |



SALCON BERHAD

(Registration No. 200201026133 (593796-T))
(Incorporated in Malaysia)

Registered Office

15th Floor, Menara Summit
Persiaran Kewajipan, USJ 1
47600 UEP Subang Jaya
Selangor Darul Ehsan

21 June 2023

Board of Directors

Tan Sri Abdul Rashid bin Abdul Manaf (*Chairman, Independent Non-Executive Director*)
Tan Sri Dato' Tee Tiam Lee (*Executive Deputy Chairman*)
Dato' Leong Kok Wah (*Executive Director*)
Datin Goh Phaik Lynn (*Non-Independent Non-Executive Director*)
Chan Seng Fatt (*Senior Independent Non-Executive Director*)
Dato' Rosli bin Mohamed Nor (*Independent Non-Executive Director*)

To: The shareholders of Salcon Berhad

Dear Sir/ Madam,

PROPOSED JOINT VENTURE

1. INTRODUCTION

On 24 March 2023, the Board had announced that NMSB, a wholly-owned subsidiary of Salcon Development Sdn Bhd, which in turn is a wholly-owned subsidiary of Salcon, had on even date entered into a JVA with EKTSB to undertake a multiple phased mixed-use development consisting of service apartments and retail units on 2 pieces of 99 years' leasehold lands owned by NMSB in accordance with the terms and conditions stipulated in the JVA.

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

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED JOINT VENTURE AND TO SEEK YOUR APPROVAL BY WAY OF POLL FOR THE RESOLUTION PERTAINING TO THE PROPOSED JOINT VENTURE TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE FORTHCOMING EGM AND THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES AS SET OUT IN THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED JOINT VENTURE TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED JOINT VENTURE

On 24 March 2023, NMSB, an indirect wholly-owned subsidiary of Salcon, entered into the JVA with EKTSB to undertake a multiple phased mixed-use development consisting of service apartments and retail units on the following 99 years' leasehold land expiring on 7 June 2109 held under:-

- i. HSD 482930 PTB 22841, Bandar Johor Bahru, Daerah Johor Bahru; and
- ii. HSD 482931 PTB 22842, Bandar Johor Bahru, Daerah Johor Bahru.

Pursuant to the JVA, as the Landowner, NMSB will be contributing the Development Lands and as the Developer, EKTSB will have the exclusive and absolute rights over the Development Lands free from encumbrances, caveats, liens, squatters, occupiers, encroachment and other restraints with vacant possession as if the Developer is the absolute legal, beneficial owner and registered proprietor of the Development Lands, to plan, execute, construct, develop, manage and sell the Project in accordance with the relevant approvals, licenses, layout and building plans in connection with the Project, subject strictly to the terms and conditions as stated in the JVA. Please refer to **Appendix I** of this Circular for the salient terms of the JVA.

For information, Salcon (through NMSB) shall be entitled to a payment of RM140,000,000 (being the Landowner's Entitlement) in return for contributing the Development Lands to the Developer pursuant to the Proposed Joint Venture, the payment schedule of which is set out in **Section 2.5** of this Circular. In consideration of the Landowner's Entitlement in exchange for the Development Lands, provided always that the JVA is completed in accordance with the terms and conditions contained therein, the Proposed Joint Venture constitutes a disposal of the Development Lands by Salcon.

A summary of the proposed Project to be undertaken by the Developer on the Development Lands is out as follows:-

| | |
|-------------------------------------|---|
| Proposed type of development | : Multiple phased mixed-use development consisting of service apartments and retail units |
| Estimated GDV | : RM1.40 billion ^{*1} |
| Estimated GDC | : RM1.10 billion ^{*1} |
| Landowner's Entitlement | : RM140.00 million |

Note:-

^{*1} Based on EKTSB's management estimates at this juncture, which may vary subject to amongst others, prevailing market conditions and outcome of planning provisions and Development Approvals.

The development plan is expected to be finalised and submitted by the Developer to the relevant authorities such as Majlis Bandaraya Johor Bahru and Pejabat Pengarah Tanah dan Galian Johor, in the second quarter of 2024, whilst the SBKS application is expected to be submitted to the state authority in the second quarter of 2024. The development plan and SBKS application are inter-conditional upon each other. Per the conditions precedent of the JVA, the Development Approvals (comprising DO, SBKS Approval and the issuance of APDL) shall be obtained within 12 months from the date of forthcoming EGM (provided that shareholders' approval is obtained), or may be subject to further extension. Subject to the relevant Development Approvals being obtained, the Project is envisaged to commence within 12 months from the receipt of the Development Approvals over a span of five (5) years. At this juncture, the name of the Project has not been determined.

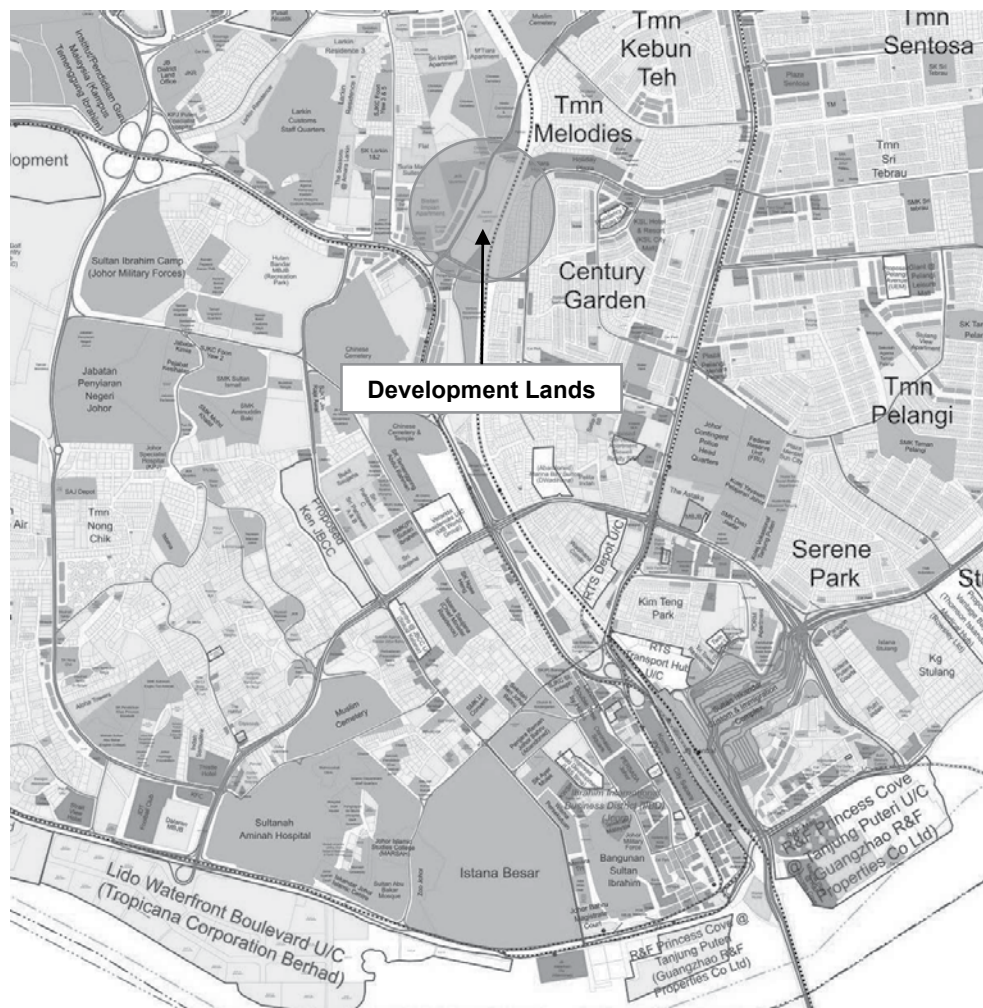
For shareholders' information, the decision to undertake the Proposed Joint Venture (in which Landowner shall contribute the Development Lands) instead of an outright sale of the Development Lands were commercially agreed upon by both parties, after taking into consideration that Salcon Group (through NMSB) is able to provide assistance (i.e. such as signing, obtaining and providing relevant documentations to facilitate the Development Approvals) to the Developer in an expedient manner throughout the multi-phase development of the Project, and that the Developer is able to remain principally focused on planning and developing the Development Lands as well as executing the Project. For avoidance of doubt, other than the Landowner's Entitlement, Salcon Group will not be entitled to other benefits (such as revenue or profit sharing) upon completion of the Project.

2.1 Information on the Development Lands

The Development Lands are located at the junction of Jalan Kebun Teh and Jalan Abad within Johor Bahru city fringe. It is located approximately 2 kilometers due north of the Central Business District of Johor Bahru and is easily accessible via Jalan Tun Abdul Razak leading to Jalan Kebun Teh Lama and thereafter onto Jalan Abad and Jalan Kebun Teh.

Adjoining to the east of the Development Lands is the KTM railway track runs along the eastern boundary which connects Singapore to the south and Kuala Lumpur to the north. The immediate vicinity of the Development Lands comprise mainly mixed commercial and residential developments including apartments, dwelling houses, schools, shopping centre, religious and institutional premises. Neighboring housing developments in the locality include Taman Melodies, Taman Suria, Taman Dato' Onn, Tama Perbadanan Islam, Taman Majidee and Kampung Wadi Hana.

The location of the Development Lands is depicted in the map below:-



Further details of the Development Lands are summarised in the table below:-

| | | | | |
|---|---|---|--------------------|--|
| Identification | : | HSD 482930 PTB 22841 and HSD 482931 PTB 22842, Bandar Johor Bahru, Daerah Johor Bahru | | |
| Registered proprietor | : | NMSB | | |
| Titled land area^{*1} | : | Title No. | Lot No. | Titled Land Area (square metre) |
| | | HSD 482930 | PTB 22841 | 10,076.7 |
| | | HSD 482931 | PTB 22842 | 41,399.5 |
| | | Total | | <u>51,476.2</u> |
| Surveyed land area^{*1} | : | Title No. | New Lot No. | Titled Land Area (square metre) |
| | | PTB 22841 | Lot 48201 | 10,071 |
| | | PTB 22842 | Lot 48202 | 41,390 |
| | | Total | | <u>51,461</u> |
| Category of land use | : | Building | | |
| Express conditions | : | "Bangunan Bertingkat bagi tujuan Komersil" | | |
| Existing use | : | Vacant | | |
| Tenure | : | Leasehold 99 years expiring on 7 June 2109 | | |
| Restriction of interest | : | <p>"i. Tuanpunya tanah tidak dibenarkan menawar atau menjualkan unit-unit (parcel) bangunan yang akan dibina di atas tanah ini melainkan banxgunan telah mula dibina mengikut pelan yang diluluskan oleh Pihak Berkuasa Negeri;</p> <p>ii. Petak-petak bangunan yang didirikan di atas tanah ini apabila sahaja bertukar miliknya kepada seorang Bumiputera/ Syarikat Bumiputera maka tidak boleh terkemudian daripada itu dijual, dipajak atau dipindahmilik daripada apa cara sekalipun kepada orang bukan Bumiputera/ Syarikat Bukan Bumiputera tanpa persetujuan Pihak Berkuasa Negeri;</p> <p>iii. Petak-petak bangunan yang didirikan di atas tanah ini tidak boleh dijual atau dipindahmilik dengan apa cara sekalipun kepada bukan warganegara/ syarikat asing tanpa persetujuan Pihak Berkuasa Negeri"</p> | | |
| Encumbrances | : | <p>Charges on the land registered to HSBC Bank Malaysia Berhad (127776-V) ("Chargee") via Presentation No. 45565/2020 dated 27 July 2020.</p> <p>NMSB has agreed to procure the redemption statement from the Chargee at no cost pursuant to its obligation under the JVA. The redemption is to be made within 30 days from the date of issuance of the APDL or within 10 months from the date of the First Payment, whichever is earlier</p> | | |
| Audited NBV as at 31 December 2022 | : | RM108,831,453 | | |
| Market value | : | RM135,000,000 ^{*2} | | |

Notes:-

^{*1} Titled land area refers to the land area as per the document of title / private title search (as the Development Lands are currently held under qualified title). Where any land held under qualified title has been duly surveyed by a licensed land surveyor, a final title (with a new lot number) may be issued in continuation of the qualified title. Based on CBRE | WTW's due diligence, it was noted that the lands have been surveyed and issued with new lot numbers, and hence such information was considered in the valuation

^{*2} Based on CBRE | WTW's appraisal as at 4 April 2023, being the date of valuation. Please refer to **Section 2.4** of this Circular for the salient features of the valuation of the Development Lands

2.2 Information on the Parties

2.2.1 Information on NMSB

NMSB was incorporated in Malaysia on 2 March 2012 as a private limited company. As at the LPD, the issued share capital of NMSB is RM13,000,000 comprising 13,000,000 ordinary shares. The principal business activity of NMSB is property investment and development.

The details of the directors of NMSB and their respective direct and indirect shareholdings in NMSB as at the LPD are as follows:-

| Directors | Nationality | <----- Direct -----> | | <----- Indirect -----> | |
|----------------------------|-------------|----------------------|---|------------------------|---|
| | | No. of shares | % | No. of shares | % |
| Tan Sri Dato' Tee Tiam Lee | Malaysian | - | - | - | - |
| Dato' Leong Kok Wah | Malaysian | - | - | - | - |

The details of the substantial shareholders of NMSB and their respective direct and indirect shareholdings in NMSB as at the LPD are as follows:-

| Shareholders | Place of incorporation | <----- Direct -----> | | <----- Indirect -----> | |
|----------------------------|------------------------|----------------------|-------|--------------------------|-------|
| | | No. of shares | % | No. of shares | % |
| Salcon Development Sdn Bhd | Malaysia | 13,000,000 | 100.0 | - | - |
| Salcon | Malaysia | - | - | 13,000,000 ^{*1} | 100.0 |

Note:-

^{*1} Deemed interested by virtue of the shareholdings in Salcon Development Sdn Bhd pursuant to Section 8 of the Act

2.2.2 Information on EKTSB

EKTSB was incorporated in Malaysia on 8 January 2021 as a private limited company and having its registered office at No. 21-2, Jalan Puteri 2/3, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan and its business office at No. 18, Block 2, Jalil Link, Jalan Jalil Jaya 2, Bukit Jalil, 57000 Kuala Lumpur. As at the LPD, the issued share capital of EKTSB is RM250,000 comprising 250,000 ordinary shares.

EKTSB is principally engaged in the business of builders and contractors of and for all buildings, and works of any kind and among other things to construct, execute, carry out, equip, improve works, develop, administer, maintain, manage or control in Malaysia and elsewhere private works and dwelling houses of all kinds.

The details of the directors of EKTSB and their respective direct and indirect shareholdings in EKTSB as at the LPD are as follows:-

| Directors | Nationality | <----- Direct -----> | | <----- Indirect -----> | |
|--------------|-------------|----------------------|---|------------------------|---------------------|
| | | No. of shares | % | No. of shares | % |
| Lim Aik Hoe | Malaysian | - | - | 250,000 | 100.0 ^{*1} |
| Lim Aik Kiat | Malaysian | - | - | 250,000 | 100.0 ^{*1} |

Note:-

^{*1} Deemed interested by virtue of his shareholdings in Exsim Development Sdn Bhd pursuant to Section 8 of the Act

The details of the substantial shareholders of EKTSB and their respective direct shareholdings in EKTSB as at the LPD are as follows:-

| Shareholders | Place of incorporation | <----- Direct -----> | | <----- Indirect -----> | |
|---------------------------|------------------------|----------------------|-------|------------------------|---|
| | | No. of shares | % | No. of shares | % |
| Exsim Development Sdn Bhd | Malaysia | 250,000 | 100.0 | - | - |

2.3 Basis and justification of arriving at the Landowner's Entitlement

The Landowner's Entitlement was arrived at between the Parties on a willing buyer-willing seller basis, after taking into consideration the market value of the Development Lands owned by NMSB of RM135.00 million as appraised by CBRE | WTW via its valuation certificate dated 10 April 2023.

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

- i. the Landowner's Entitlement (i.e. RM140.00 million) payable to Salcon Group represents a premium of RM5.00 million or 3.70% to the market value of the Development Lands;
- ii. Salcon Group is expected to derive a pro forma net gain of approximately RM30.66 million by the end of the Proposed Joint Venture, when compared against the audited NBV of the Development Lands of RM108.83 million as at 31 December 2022 and assuming adjustments for the estimated expenses in relation to the disposal. Details of the computation is set out in **Section 2.9** of this Circular; and
- iii. the rationale and benefits of the Proposed Joint Venture as detailed in **Section 3** of this Circular.

2.4 Salient features of the Valuation Report

CBRE | WTW was appointed by the Company to conduct a valuation on the Development Lands for the Proposed Joint Venture.

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

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

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

Accordingly, the adopted market value of the Development Lands is RM135,000,000 as at 4 April 2023 (being the date of valuation). Further details of the valuation are set out in **Appendix II** of this Circular.

2.5 Mode of settlement

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

| Payment terms/ Timing | RM | % |
|---|-------------------------------|---------------|
| Payable as the non-refundable deposit within 30 days upon fulfilment of the condition precedents (" Unconditional Date ") (" First Payment ") | 10,000,000 | 7.14 |
| Payable within 30 days from the date of issuance of the APDL (" APDL Issuance Date ") or within 10 months from the date of the First Payment, whichever is earlier (" Second Payment ") | 30,000,000 | 21.43 |
| Payable within 13 months from the APDL Issuance Date or within 22 months from the date of the First Payment, whichever is earlier (" Third Payment ") | 30,000,000 | 21.43 |
| Payable within 25 months of the APDL Issuance Date or within 34 months from the date of the First Payment, whichever is earlier (" Fourth Payment ") | 30,000,000 | 21.43 |
| Payable in 10 equal monthly instalments as described hereunder where the first of such instalments shall be payable within 37 months from the APDL Issuance Date or within 46 months from the date of the First Payment, whichever is earlier:- | 40,000,000 | 28.57 |
| No. of instalments | Instalment amount (RM) | |
| 1st month – 10th month | 4,000,000 | |
| Total | 140,000,000 | 100.00 |

2.6 Source of funding and additional financial commitment required

Save for the estimated amount required to redeem the Development Lands charged to HSBC Bank Malaysia Berhad amounting to RM5.00 million, there are no additional financial commitments to be incurred by Salcon Group in relation to the JVA. In addition, NMSB (being the Landowner) is not required to finance nor contribute to the GDC of the Project.

2.7 Liabilities to be assumed and/ or that may remained

There are no other liabilities, including contingent liabilities nor guarantees expected to be assumed by and/ or that may remain with Salcon Group arising from the Proposed Joint Venture.

2.8 Original cost and date of investment in the Development Lands

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

| Date of investment | Cost of investment RM'000 |
|--------------------|------------------------------|
| 14 October 2014 | 108,831 |

2.9 Expected gain arising from the Proposed Joint Venture

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

| | RM'000 |
|---|---------------|
| Landowner's Entitlement | 140,000 |
| Less: audited NBV of the Development Lands as at 31 December 2022 | 108,831 |
| Less: estimated expenses in relation to the disposal | 510 |
| Total pro forma gain | 30,659 |

The pro forma gain set out above was reviewed and computed by the management of Salcon and has not been reviewed by the external auditor and/ or tax consultant.

2.10 Utilisation of proceeds

As set out in **Section 2.5** of this Circular, EKTSB shall make payment to NMSB on a staggered schedule basis upon certain milestones being achieved, i.e. the First Payment within 30 days upon the fulfilment of the conditions precedent and the balance Landowner's Entitlement shall be payable in 4 tranches via the Second Payment, Third Payment, Fourth Payment and remaining to be paid in 10 equal monthly instalments within the stipulated payment terms under the JVA.

At this juncture, the future proceeds arising from the Landowner's Entitlement are intended to be utilised by the Group in the following manner:-

| Details of utilisation | Time frame for utilisation | RM'000 | % |
|--|--|----------------|------------|
| Repayment of bank borrowings ^{*1} | Within 12 months from the last collection date | 28,000 | 20 |
| Working capital requirements ^{*2} | Within 12 months from the last collection date | 112,000 | 80 |
| Total | | 140,000 | 100 |

Notes:-

^{*1} The Group intends to utilise RM28.00 million to repay its bank borrowings, which are expected to comprise mainly term loans, finance lease liabilities, banker's acceptances, revolving credits, trust receipts and invoice financing. The actual allocation to repay each facility or instrument cannot be ascertained at this juncture as it is subject to the outstanding amounts comprised in such facility or instrument at the time of repayment. As such, the actual interest savings to be accrued to Salcon Group would depend on the actual amount to be utilised for such repayment.

For information, the Group's total bank borrowings stood at approximately RM25.487 million based on its latest audited consolidated financial statements as at 31 December 2022. Strictly for illustrative purpose, based on the average interest rate charged for the bank borrowings of approximately 5.4% per annum, the Group may derive an annual interest savings of approximately RM1.38 million assuming the full repayment of bank borrowings.

^{*2} The Group intends to utilise RM112.00 million to finance its day-to-day operational requirements, which include but not limited to, payment to trade creditors and/ or suppliers, purchase of materials, staff costs, administrative and other overhead expenses. The actual amount to be utilised for each component cannot be ascertained at this juncture as it is subject to the Group's actual operational requirements at the time of utilisation.

Pending utilisation of the cash proceeds within 12 months from the last collection date, the cash proceeds will be placed in interest-bearing deposit(s) with licensed financial institution(s) and/ or short-term money market instrument(s). The interest derived from such deposit(s) and/ or any gain arising from such short-term money market instrument(s) will be utilised for the additional working capital requirements of the Group.

2.11 Cash company or Practice Note 17 listed issuer

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

3. RATIONALE AND JUSTIFICATION FOR THE PROPOSED JOINT VENTURE

The Proposed Joint Venture would allow Salcon to unlock the value of the Development Lands by tapping on the skills, track record and experience of EKTSB, a reputable property developer who provides property development services ranging from the inception to the completion of a portfolio for commercial and industrial projects. The Proposed Joint Venture with EKTSB is expected to add value to the development of the Project and will allow the Group to leverage on the expertise, technical know-how, financial strength and sales and marketing capabilities of EKTSB for large scale property development projects.

The Group is expected to derive a pro forma net gain of approximately RM30.66 million by the end of the Proposed Joint Venture, in return for contributing the Developments Lands under the JVA. Furthermore, the Proposed Joint Venture would generate surplus cash flow to the Group and in turn enable Salcon Group to have greater financial flexibility in respect of financial allocation for its future operational requirements and also potentially free up its capital to pursue future business opportunities, as and when the Board considers suitable and to be in the best interest of the Company at the material point in time.

4. INDUSTRY OUTLOOK AND FUTURE PROSPECTS OF THE GROUP

4.1 Overview and outlook of the Malaysian economy

The Malaysian economy registered a growth of 5.6% in the first quarter of 2023 compared to 7.1% in the fourth quarter, as support from the stimulus measures and low base effect waned. At 5.6%, the first quarter growth was still above the long-term average of 5.1%. On a quarter-to-quarter seasonally adjusted basis, the economy grew by 0.9% (4Q 2022: -1.7%).

Private consumption expanded by 5.9% (4Q 2022: 7.3%), supported by improving labour market conditions and policy measures such as higher minimum wage and continued cash transfers. Spending was driven by consumption of necessities, particularly for transport as well as housing and utilities, and selected discretionary components such as recreational services and culture. Public consumption decline by 2.2% (4Q 2022: 3.0%), reflecting continued support from Government spending on emolument and supplies and services.

Private investment expanded by 4.7% (4Q 2022: 10.3%), driven by continued capital expansion by firms and further progress of construction activities. Investment in structures was supported by further progress of construction projects, particularly in the non-residential sector. Meanwhile, mechanical and engineering (M&E) investment benefited from firms' capacity expansion amid continued demand conditions.

Public investment grew at 5.7% (4Q 2022: 6.0%), driven mainly by capital expenditure by public corporations.

(Source: Developments in the Malaysian Economy, Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2023, Bank Negara Malaysia)

Malaysia's economy expanded by 6.9% in the first half of 2022 (full year 2022: 8.7%) underpinned by favourable momentum in the domestic economy and steady expansion in the external sector, as well as continued improvement of the labour market conditions. The strong performance is expected to sustain, backed by an increase in private consumption and business activities as the economy transitions to endemicity phase of COVID-19 with the surging tourist arrivals. Furthermore, the growth momentum was attributed to the Government's consistent policy support, particularly with the implementation of initiatives under the Budget 2022 since the start of the year, as well as the spillover effects from the Budget 2021 measures coupled with various assistance and stimulus packages.

In tandem with continued implementation of development programmes and projects, the economy is expected to expand further in the second half of the year. The growth prospects have been supported by the resumption of economic and social activities and improvement in international travel activities following the relaxation of COVID-19 restrictions regionally. With better prospects as indicated by the Leading Index, the economy is anticipated to gain its growth momentum in the second half of the year attributed to strong domestic demand as the country transitions into endemicity. For the full year of 2022, the economic growth is expected to register a higher growth within the range of 6.5% - 7% (2021: 3.1%). The domestic economy remains resilient and is forecast to expand between 4% - 5% in 2023 driven by the domestic demand. Nevertheless, the pace of economic recovery is also dependent on other factors, including successful containment of the pandemic, support for cost of living and efforts in mitigating the downside risks such as geopolitical uncertainties, global inflation as well as tightening financial conditions.

Malaysia's economy will remain in a positive growth trajectory in 2023 mainly driven by domestic demand following the transition to the endemic phase and the reopening of international borders. The Government continues to support the economy through implementing policies and measures to ensure a conducive business environment that facilitates economic activities and meet the needs of the rakyat. In enhancing economic resilience and sustainable growth, the Government will prioritise the structural reform agenda to sustain the post-COVID-19 economic recovery momentum, amid the challenges arising from geopolitical uncertainties and climate change.

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

4.2 Overview and outlook of the property market in Malaysia

The Johor state property market saw positive changes during the review period as shown by increased market and construction activity. There were 46,785 transactions worth RM25.14 billion recorded during the period under review, showing an increase in number and value of 29.4% and 30.8% respectively (2021: 36,145 transactions worth RM19.22 billion). Residential properties remained the major sub-sector, accounting for 60.0% of total market activity, followed by the agriculture sub-sector with 22.4% market share.

Market activity of all sub-sectors are in good mode. The commercial sub-sector increased by 57.2%, followed by the industrial (39.5%), agriculture (36.1%), residential (24.3%) and development land (15.2%) sub-sectors. In terms of transaction value, all sub-sectors recorded increases.

The commercial sub-sector recorded 4,787 transactions with a total value RM4.57 billion in 2022, increased by 57.2% in volume and 22.0% in value as compared to previous year (2021: 3,046 transactions worth RM3.75 billion).

Shop segment recorded 2,880 transactions worth RM2.31 billion in 2022 (2021: 1,946 units worth RM1.44 billion) accounting for 60.2% of the commercial property transactions volume. Two to two and a-half storey shops show the highest transactions by 1,734 units of the total shop property transactions.

The situations of unsold shop units were mixed during the review period. Overhang and unsold not constructed units increased by 1,005 units and 13 units respectively. In line with the improving property market, construction activity is encouraging. New planned supply and completion an increased by 926 units (2021: 139 units) and 1,187 units (2021: 1,101 units) respectively. While start experienced a slight decrease to 631 units from 755 units in 2021.

The serviced apartments segment recorded 850 transactions worth RM390.01 million in 2022 (2021: 529 units worth RM256.39 million) accounting for 17.8% of total commercial property transactions and 8.5% of total value.

The serviced apartment overhang, unsold under construction and unsold not constructed situation is encouraging as the numbers decreased compared than 2021. Construction activities showed mixed movements in the review period. As at end-2022, there were 86,257 existing serviced apartment units with another 18,913 units in the incoming supply and 53,717 units in the planned supply.

The retail segment saw a less promising performance as its average occupancy rate reduced to 68.8% in 2022 as compared to 73.0% in 2021. The annual take-up decreased at 90,527 s.m. in line with softening market conditions for this segment. There are no new shopping complexes were completed this year. As at end-2022, there were 155 existing shopping complexes (2,456,467 s.m.) with one complex (3,716 s.m.) in the incoming supply.

The purpose-built office segment saw a slightly declined with an average occupancy rate of 70.2% as compared to 72.5% in 2021. The sub-sector witnessed an annual take-up of 18,481 s.m., lower than 28,430 s.m. recorded previous year. The review period registered the completion of Tower 2, Mid Valley Southkey in Johor Bahru which injected a total of 32,500 s.m. office space into the market. As at end-2022, there were 219 existing purpose-built office buildings (1,394,909 s.m.) with six buildings (197,433 s.m.) in the incoming supply and one building (33,817s.m.) in the planned supply. Meanwhile, office space rental remained stable across the district.

(Source: Valuation Report, CBRE | WTW)

4.3 Future prospects of the Group

The Group currently operates in four business segments as part of their core business activities comprising the following:-

- i. engineering and construction;
- ii. healthcare;
- iii. trading and services; and
- iv. property development.

The engineering and construction segment provides integrated, end-to-end water and wastewater solutions, encompassing the design, finance, construction, operation & maintenance of water and wastewater treatment plants, non-revenue water reduction, customer service, billings and collection in Malaysia and overseas. For the FYE 31 December 2022, the engineering and construction segment contributed approximately 66.02% of the Group's total revenue. As at the LPD, the Group has successfully completed several projects such as the design and construction of 120 MLD water treatment plant, 140 MLD raw water intake, raw water pipeline, TW pipelines, service water tanks for Kuala Terengganu Utara Water Supply Scheme, Terengganu and the rehabilitation works of Vacuum Sewerage System at Bandar Ambang Botanic.

During the FYE 31 December 2022 and up to the LPD, the Group managed to secure approximately RM230.00 million worth of contracts in Malaysia i.e. Package 3 – Cadangan Reka dan Bina Sistem Pelupusan Enapcemar Untuk Loji Rawatan Air Langat 2 from Pengurusan Aset Air Berhad valued at RM210.00 million as well as several sewage treatment plants and sewerage reticulation pipelines projects. As at the LPD, the Group's outstanding order book for the engineering and construction segment stood at RM356.00 million comprising water and wastewater projects and is expected to contribute to the Group's overall revenue for the next 3 years.

Further, Salcon had diversified into the healthcare business segment during the FYE 31 December 2021 with business activities in manufacturing and trading of medical and industrial grade disposable latex, nitrile and polychloroprene gloves, covering various market segments such as dental, food, healthcare, industrial and laboratory. The healthcare business segment recorded revenue of RM52.27 million, representing approximately 25.51% of the Group's total revenue during the latest FYE 31 December 2022.

Premised on the above and after considering the overview of the Malaysian economy as well as the property development and construction industry, the Board remains cautiously optimistic of the prospects of the Group.

(Source: Management of Salcon)

5. RISK FACTORS

5.1 Non-fulfilment of conditions precedent of the JVA

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

Nevertheless, the Company (through NMSB) will endeavour to take all reasonable steps to ensure the fulfilment of its obligations for the purpose of completing the JVA.

5.2 Loss of opportunity

Upon completion of the Project, NMSB will cease to be the registered proprietor and beneficial owner of the Development Lands and as such, the Group would no longer be able to enjoy any potential appreciation in the market value of the Development Lands in the future.

Notwithstanding the above, the Group is expected to realise a pro forma net gain of approximately RM30.66 million by the end of the Proposed Joint Venture, and such cash surplus arising from the Landowner's Entitlement, upon collection, would enable the Company to re-mobilise capital and resources for repayment of bank borrowings and financing of working capital requirements.

5.3 Risk of late payment

The payment terms of the Landowner's Entitlement as detailed in **Section 2.5** of this Circular has been mutually agreed by NMSB and EKTSB whereby EKTSB shall pay the First Payment within 30 days upon the fulfilment of the conditions precedent and the balance Landowner's Entitlement shall be payable in 4 tranches via the Second Payment, Third Payment, Fourth Payment and remaining to be paid in 10 equal monthly instalments within the stipulated payment terms under the JVA.

There is no assurance that NMSB will be able to receive the scheduled First Payment, Second Payment, Third Payment, Fourth Payment and the remaining instalments from EKTSB within the stipulated payment terms and schedule under the JVA. Notwithstanding that, the Board takes cognisance that EKTSB had provided an additional guarantee measure to NMSB by procuring Exsim Development Sdn Bhd to guarantee the payments of the Landowner's Entitlement ("**Corporate Guarantee**") and procuring Lim Aik Hoe and Lim Aik Kiat to guarantee the payments of the Landowner's Entitlement ("**Personal Guarantee**").

6. EFFECTS OF THE PROPOSED JOINT VENTURE

6.1 Issued share capital and substantial shareholders' shareholdings

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

6.2 NA per Share and gearing level

Barring any unforeseen circumstances, the Proposed Joint Venture is not expected to have any immediate material effect on the NA and gearing level of Salcon Group for the FYE 31 December 2023.

6.3 Earnings and EPS

The Proposed Joint Venture is not expected to have any immediate material effect on the earnings and EPS of Salcon Group for the FYE 31 December 2023. Notwithstanding that, the Proposed Joint Venture which is expected to be completed over a period 64 months from the date of the JVA, i.e. until 2028, may contribute positively to the earnings and EPS of Salcon Group for the future financial years as and when the Project is developed and sold.

7. PERCENTAGE RATIOS

The highest percentage ratio applicable to the Proposed Joint Venture pursuant to Paragraph 10.02(g) of the Listing Requirements is approximately 30.78%, computed based on the Landowner's Entitlement accruable to Salcon Group over the audited consolidated NA of the Company as at 31 December 2021.

8. APPROVALS REQUIRED/ OBTAINED

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

- i. shareholders of the Company at the forthcoming EGM; and
- ii. the relevant Development Approvals set out in **Section 2.1, Appendix I** of this Circular.

The Proposed Joint Venture is not conditional upon any other proposal undertaken or to be undertaken by the Company.

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

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

10. DIRECTORS' STATEMENT AND RECOMMENDATION

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

Accordingly, the Board recommends that you **vote in favour** of the resolution pertaining to the Proposed Joint Venture at the forthcoming EGM.

11. ESTIMATED TIME FRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR IMPLEMENTATION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Joint Venture is expected to be completed over a period 64 months from the date of the JVA, i.e. until 2028. The tentative timetable in relation to the Proposed Joint Venture is set out below:-

| Timeline | Events |
|---------------------|---|
| 6 July 2023 | <ul style="list-style-type: none">• Convening of EGM |
| 2nd quarter of 2024 | <ul style="list-style-type: none">• Submission of development plan by the Developer to the relevant authorities• Submission of the SBKS application to the state authority |
| 2028 | <ul style="list-style-type: none">• Completion of the Proposed Joint Venture |

12. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Joint Venture, which is the subject matter of this Circular, the Board is not aware of any other outstanding proposals which have been announced but not yet completed as at the LPD.

13. EGM

The EGM, the notice of which is enclosed in this Circular, will be conducted on a virtual basis through live streaming and online remote voting using the Remote Participation and Voting ("**RPV**") facilities from the Broadcast Venue at Tricor Business Centre, Gemilang Room, Unit 29-02, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur ("**Broadcast Venue**") on Thursday, 6 July 2023 at 10:30 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing the resolution so as to give effect to the Proposed Joint Venture.

The Notice of the EGM together with the Proxy Form and Administrative Guide for the EGM are available on the Company's website at <https://www.salcon.com.my/investor-relations/agm-egm.html>.

If you are unable to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively "**participate**") remotely at the EGM via the RPV provided, you may appoint a proxy or proxies to participate on your behalf. The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the Proxy Form must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. In the case of an appointment of a proxy made in electronic form, the Proxy Form must be deposited via TIIH Online website at <https://tiih.online>. Please follow the procedures as set out in the Administrative Guide for the electronic lodgement of Proxy Form. All Proxy Form submitted must be received by the Company not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof at which the person named in the appointment proposes to vote.

14. 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
SALCON BERHAD

TAN SRI DATO' TEE TIAM LEE
Executive Deputy Chairman

APPENDIX I – SALIENT TERMS OF THE JVA

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

1. Joint venture

The Parties hereto are desirous of entering into the JVA to undertake a multiple phased mixed-use development consisting of service apartments and retail units on the Development Lands strictly on the basis that the Landowner shall contribute the Development Lands and the Developer shall have the exclusive and absolute rights over the Development Lands free from encumbrances, caveats, liens, squatters, occupiers, encroachment and other restraints with vacant possession as if the Developer is the absolute legal, beneficial owner and registered proprietor of the Development Lands, to plan, execute, construct, develop, manage and sell the Project in accordance with the relevant approvals, licenses, layout and building plans in connection with the Project, subject strictly to the terms and conditions as stated in the JVA.

Pending delivery of vacant possession by the Landowner of the Development Lands to the Developer, the Landowner shall permit the Developer, its employees, agents, consultants and/or contractors to enter upon and access the Development Lands to carry out preliminary and preparatory works including soil test and survey works provided that the Developer undertakes to indemnify and keep the Landowner indemnified against any and all losses, damages, demands, claims, actions, proceedings, liabilities, costs, penalties charges expenses arising inter alia as a result of the Developer's entry or re-entry on such part of the Development Lands.

For the purpose of giving effect to the Parties' obligations under the JVA, the Landowner agrees to grant to the Developer the Powers of Attorney over the Development Lands. The Developer shall keep the Landowner fully indemnified against any liabilities, demand, action, suit, proceeding costs damage and expense arising out of or in connection with or which may be taken against, sustained or incurred by the Landowner by reason of or arising as a result of the Developer's exercise of the Powers of Attorney.

2. Conditions precedent

2.1 The JVA shall be subject to the following conditions precedent:-

- a. the DO for the Project duly approved by the appropriate authorities with all terms and conditions of the complete DO agreeable by the Developer; and
- b. the SBKS Approval with all terms and conditions of the SBKS agreeable by the Developer;

(collectively known as the "**Development Approvals**")

- c. the Landowner's shareholders approval

provided that the Landowner's shareholders approval shall be obtained within six (6) months from the date of the JVA (hereinafter referred to as the "**Shareholders Approval Condition Period**") and the date of the grant of such Landowner's shareholders approval shall hereinafter be referred to as "**Landowner's Shareholders Approval Date**" and the Development Approvals shall be obtained within twelve (12) months from the Landowner's Shareholders Approval Date (hereinafter referred to as the "**Condition Period**"), provided that if the DO is obtained but the SBKS Approval is not obtained or SBKS Approval is obtained but the DO is not obtained, as the case may be, within the Condition Period then there will be an automatic extension of an additional three (3) months on a month to month basis (hereinafter referred to as the "**Extended Condition Period**") and if required by the Developer and subject to any further extension as mutually agreed by both the Developer and the Landowner to obtain SBKS Approval or the DO (as the case may be)(hereinafter referred to as the "**Further Extended Condition Period**"). The Parties shall jointly inform the Developer's Solicitors ("**Stakeholder**") of such Further Extended Condition Period.

APPENDIX I – SALIENT TERMS OF THE JVA (CONT'D)

- 2.2 In the event if any of the Development Approvals is rejected or in the event if any of the Development Approvals has been granted by the appropriate authorities but it is subject to conditions and/ or variations which the Developer is not agreeable to them, then the Developer shall within the time set out in the JVA, give a written notice to the Landowner of the Developer's intention to appeal against the rejection or conditions, as the case may be (hereinafter referred to as "**Appeal**"), and the Developer will, within the stipulated timeframe, submit the said Appeal to the appropriate authority.
- 2.3 In the event:-
- a. the Appeal is rejected by the appropriate authorities upon the Developer exhausted all rights for the Appeal; or
 - b. the Appeal is allowed but subject to conditions which are not acceptable to the Developer and the Developer chose not to further appeal to such conditions or the Developer chose not to waive such conditions;
- then the conditions precedent shall be deemed to be not obtained or fulfilled and the Developer shall be entitled to terminate the JVA by giving notice to that effect to the Landowner and the Stakeholder if any one (1) of the events as stated in items 2.3(a) or (b) above shall occur.
- 2.4 In the event the decision on the Appeal or any one of the Development Approvals is not obtained by the expiry of the Conditional Period or Extended Conditional Period (whichever is applicable) and the Developer chose not to waive the fulfilment of the conditions precedent, or in the event the Landowner's shareholders approval is not obtained by the expiry of the Shareholders Approval Condition Period then either party shall be entitled to terminate the JVA and shall notify the Stakeholder of the same.
- 2.5 Upon termination of the JVA in accordance with items 2.3 and 2.4, the Developer, shall within fourteen (14) business days from the date of such termination deliver or re-deliver (as the case may be) to the Landowner the relevant documents in accordance with the terms as stated in the JVA, and thereafter the JVA, the Corporate Guarantee executed by Exsim Development Sdn Bhd in favour of the Landowner to secure the payment to the Landowner's Entitlement ("**Corporate Guarantee**") and the Personal Guarantee issued by the two (2) Developer's directors in favour of the Landowner to secure the payment of the Landowner's Entitlement ("**Personal Guarantee**") will be null and void.
- 2.6 The date on which the Condition Precedent are fulfilled (in accordance with the terms of the JVA) is the date of the Developer's receipt of the Development Approvals and such date shall be deemed to be the unconditional date of the JVA (the "**Unconditional Date**").

3. Payment of Landowner's Entitlement

The Developer shall pay at the total sum of RM140,000,000-00 only and save and unless otherwise stated in the JVA, the Landowner has at the request of the Developer agreed will be payable in the following manner and at the designate timeframe being the Landowner's entitlement (hereinafter referred to as the "**Landowner's Entitlement**"):-

- i. sum of RM10,000,000-00 only being the non-refundable deposit and payable within thirty (30) days from the Unconditional Date (hereinafter referred to as the "**First Payment**");
- ii. sum of RM30,000,000-00 only payable within thirty (30) days from the date of issuance of the advertising permit and developer's license for the Project approved by the appropriate authorities ("**APDL**") (hereinafter referred to as the "**APDL Issuance Date**") OR within ten (10) months from the date of the First Payment, whichever is earlier (hereinafter referred to as the "**Second Payment**")

APPENDIX I – SALIENT TERMS OF THE JVA (CONT'D)

- iii. sum of RM30,000,000-00 only payable within thirteen (13) months from the APDL Issuance Date OR within twenty two (22) months from the date of the First Payment, whichever is earlier;
- iv. sum of RM30,000,000-00 only shall be payable within twenty five (25) months of the APDL Issuance Date OR within thirty four (34) months from the date of the First Payment, whichever is earlier;
- v. the remaining balance of RM40,000,000-00 only shall be paid in ten (10) equal monthly instalments as described hereunder where the first of such instalments shall be payable within thirty seven (37) months from the APDL Issuance Date OR within forty six (46) months from the date of the First Payment, whichever is earlier:-

| No. of instalments | Instalment Amount (RM) | Total Amount (RM) |
|---------------------------|-------------------------------|--------------------------|
| 1st month – 10th month | 4,000,000 | 40,000,000 |
| Total | | 40,000,000 |

4. Obligations of the Developer

4.1 The Developer hereby expressly agrees covenants and undertakes with the Landowner as follows:-

- i. at its own cost and expense obtain all relevant approvals from the appropriate authorities as may be necessary for the Project;
- ii. the Developer shall unless otherwise specifically provided for in the JVA be solely responsible at its own cost and expense for carrying out all aspects of the Project;
- iii. to complete the Project in accordance with the approved plans by the relevant authorities;
- iv. at its own cost and expense construct all the relevant infrastructure in connection with the Project in accordance with the requirements and standards of the relevant authorities;
- v. to obtain and maintain such insurance policy(ies) as may be relevant or required in connection with the Project;
- vi. to complete the construction of the Project and to do all acts and things necessary to procure the issuance of the Certificate of Completion and Compliance;
- vii. not to charge the Development Lands* and for the purposes of obtaining the finance facility solely for the Project, PROVIDED THAT the Landowner acknowledges that the individual purchasers of the properties in the Project may charge the individual document of title upon issuance or assign their rights under the individual SPAs as security for a loan;

* *For clarity, in view to protect the Landowner's interest, the Developer shall not charge the Development Lands for the purpose of the Project until after the First Payment and Second Payment aggregating a total sum of RM40,000,000 is made to and received by the Landowner*

- viii. to comply with the relevant provisions of the Housing Development Act (wherever applicable) in relation to the Project;

APPENDIX I – SALIENT TERMS OF THE JVA (CONT'D)

- ix. to open a Housing Development Account in accordance with the Housing Development Act with a bank or financial institution in Malaysia for the purposes of depositing the payments towards the purchase price received from the individual purchasers of the properties in the Project;
 - x. to obtain all permissions and consents required and shall comply in all respect with all laws whatsoever and the statutory instruments rules orders and regulations for the time being in force relating to planning control and with any orders direction or notices made or given there under and in particular with the conditions imposed by any permission granted in relation to the Development Lands and the Project and also with any other by-laws and regulations affecting the same and shall do all such works and things as shall be lawfully required;
 - xi. where the provisions of the Housing Development Act shall be applicable and to comply with the Housing Development Act; and
 - xii. to construct and complete all properties and buildings of the Project on the Development Lands in a workmanlike manner and in accordance with generally accepted building standards and the plans and specification as approved by the appropriate authorities and in compliance with the building by-laws in force for the time being subject to such modifications or alterations as are advised by the consultants or as are required by the relevant authorities.
- 4.2 The Developer shall fully indemnify and keep indemnified the Landowner against all claims, costs, expenses, charges, fees, or sums payable or paid or damages, losses and liabilities suffered or to be suffered or to be incurred by the Landowner arising from the Developer's acts omission arising from the JVA and execution of this Project including the Developer's non-compliance of its obligation under item 4.1.

5. Obligations of the Landowner

- 5.1 The Landowner hereby expressly agrees, covenants and undertakes with the Developer that the Landowner shall:-
- i. not interfere with the Project or in any way hinder or obstruct the carrying out of any work(s) or act(s) or application(s) by the Developer in connection with the Project under or pursuant to the terms and conditions of the JVA;
 - ii. not upon the execution hereof, encumber in any manner, sell, assign, transfer, charge and/ or part with possession of the Development Lands without the prior written consent of the Developer, so as to defeat the purpose of the JVA;
 - iii. grant the Developer the right to charge, mortgage or howsoever encumber the Development Lands for the purpose of the Project and the right to refinance the Development Lands and to redeem the charge from the Chargee provided that the Developer shall be fully responsible to pay all monies payable pursuant to the finance facility;
 - iv. execute all such documents, pass all necessary resolutions and do all things as may be necessary for the Developer to apply, seek approvals, enable the disbursement of financing for the purpose of the Project in favour of the Developer and/ or the creation of the charges in favour of the Developer's Lender/ Financier for the financing for the purpose* of the Project within 14 days from the receipt of the said documents by the Developer;

APPENDIX I – SALIENT TERMS OF THE JVA (CONT'D)

* *For clarity, at any time after the Landowner's receipt of the First Payment and Second Payment aggregating a total sum of RM40,000,000, the Landowner shall execute and do all things necessary to amongst other, enable the creation of the charges in favour of the Developer's Lender/ Financier for Project financing purpose, if required by the Developer*

- v. provide assistance to the Developer and/ or to cause and procure the fulfilment of the conditions precedent;
- vi. remove all unlawful occupation and/ or squatters (if any) on the said Development Lands at their own cost and expenses;
- vii. perform all actions, obligations and/ or undertaking by the Landowner as stated in the JVA within the prescribed timeframe; and
- viii. where the provisions of the Housing Development Act shall be applicable, and in compliance with the Housing Development Act in as far as it is within the powers of the Landowner under this JV Agreement and advised by the Developer:-
 - a. to comply with the provisions of Regulation 5(5)(a) of Housing Development(Control & Licensing) Regulations 1989 ("**Regulations**") to such extent as necessary in order for the Developer to procure the APDL for the Project;
 - b. to abide by the provision of Regulation 10 of the Regulations wherein the Landowner is agreeable to be a party to the individual purchasers' sale and purchase agreements ("**SPA(s)**") which are to be entered into between the Developer and the individual purchasers and the Landowner is agreeable to the sale of the Development Lands for the purposes of the Project specified in the SPAs; and
 - c. such SPAs shall be in compliance with Regulation 11(1) of the Regulations as in the form prescribe in Schedule H of the Regulations subject to any waiver or modification as may be approved.

5.2 The Landowner hereby agrees covenants and undertakes to indemnify the Developer in respect of any loss or damage that may be incurred by the Developer as a result of the wilful neglect failure delay or refusal on the part of the Landowner to perform any of its obligations as expressed above.

6. Default by the Landowner

6.1 The Parties agree that the Developer may any time be entitled to either sue for specific performance of the JVA or to terminate the JVA in the event:-

- a. that the Landowner is served with any petition for winding-up or the Landowner enters into liquidation whether it be compulsory or voluntary or a receiver is appointed for any of the Landowner's substantial assets or if the Landowner shall make an assignment for the benefit of its creditors; and/ or
- b. that any of the representations and warranties by the Landowner given pursuant to the JVA or any other provision(s) of the JVA is incorrect or misleading in a material particular and fails to rectify the default(s) within the prescribed period; and/ or
- c. that the Landowner shall fail to rectify its default in any material term or condition on its part contained in the JVA within the prescribed period; and/ or

APPENDIX I – SALIENT TERMS OF THE JVA (CONT'D)

- d. that a distress or execution or other process of a court of competent jurisdiction which is levied upon or issued against and/ or directly and/ or indirectly affecting the Development Lands and is not satisfied or discharged within 14 days thereof (except any action by the Developer's lender/ financier); and/ or
 - e. of an order being made by a court of competent jurisdiction or relevant authority which order shall affect the validity of this JVA or the Landowner's ability to perform its obligations; and/ or
 - f. that the Landowner shall fail to fulfil any of its obligations as provided for in the JVA and the Landowner fails to rectify the default(s) within a period of 45 business days from the date of the Developer's written notice to the Landowner requiring the remedy of such breach.
- 6.2 Unless otherwise specifically provided in the JVA, in the event that the JVA shall be terminated as provided hereinabove, the Landowner shall forthwith refund in full to the Developer within 30 days from the date of such termination, all monies paid by the Developer to the Landowner, more specifically but not limited to the Landowner's Entitlement, free of interest and pay the Developer all direct and actual costs, expenses and losses suffered by the Developer resulting from the default by the Landowner, including all development cost and expenses incurred by the Developer in relation to the Project, in exchange of amongst others:-
- proof of submission of withdrawal of all submission or approvals for and in connection with the Development;
 - proof of submission of revocation of the Powers of Attorney;
 - return of the issue document of title of the Development Lands free of encumbrances with the Landowner's interest intact;
 - the Developer shall redeliver vacant possession of the Development Lands to the Landowner in the same condition,

and thereafter the JVA, the Corporate Guarantee and the Personal Guarantee will be null and void and of no further effect and neither Party shall have any claims or actions whatsoever against the other pursuant to the JVA.

7. Default by the Developer

- 7.1 The Landowner shall be entitled by notice to exercise the remedies set out in items 7.2 and 7.3 in the event that:-
- a. the Developer is served with any petition for winding-up or enters into liquidation whether it be compulsory or voluntary or a receiver is appointed for any of the Developer's substantial assets or if the Developer shall make an assignment for the benefit of its creditors; and/ or
 - b. the Developer defaults in respect of any term or condition on its part contained in the JVA and the Developer fails to rectify the default(s) within a period of 45 business days from the date of the Landowner's written notice to the Developer requiring the remedy of such breach; and/ or
 - c. the Developer shall fail to rectify its default in any other material term or condition on its part of the JVA within the period prescribed in the JVA; and/ or

APPENDIX I – SALIENT TERMS OF THE JVA (CONT'D)

- d. a distress or execution or other processes of a court of competent jurisdiction is levied upon or issued against the Development Lands by the Developer's lender/ financier and is not satisfied or discharged within 14 days of such execution; and/ or
 - e. the Developer fails or defaults in the payment to the Landowner of any sum of money whatsoever and howsoever payable on its due date by virtue of the provisions contained in the JVA; and/ or
 - f. the Developer ceases to carry out the Project or fails to complete the Project due to faults attributable to the Developer and within the time stipulated in the JVA.
- 7.2 Unless otherwise specifically provided for upon the occurrence of any of the events set out in item 7.1, the Landowner shall be entitled to either to (i) sue for specific performance of the JVA or (ii) demand for immediate payment of the remaining balance of Landowner's Entitlement yet to be paid in exchange for the following:-
- a. the Landowner shall have no further recourse, claim, right, title and/ or interest over the JVA, the Development Lands, the Project and the properties thereon and the Landowner shall irrevocably waive all its rights, title, interest, benefits over the Development Lands, the Project and the properties thereon despite that the Landowner is the registered proprietor and beneficial owner of the Development Land until the perfection of the issue of separate individual/ strata titles of the properties and the Developer shall be the beneficial owner of the Development Lands and all proprietary rights, title or interests in or over any part of the Development Lands including the original issued document of title of the Development Lands for the purpose of the Project;
 - b. the Landowner shall not revoke and shall procure the full Power of Attorney be maintained valid and effective until the completion of all aspects of the Project;
 - c. the Developer shall have all rights, interest and benefits over the Development Lands, the Project and the properties thereon until the completion of all aspects of the Project.
- 7.3 Notwithstanding item 7.2 upon the occurrence of any of the events set out in item 7.1 before the Unconditional Date, the Landowner shall be entitled to terminate the JVA whereupon the Developer shall pay a sum of RM10,000,000 being a sum equivalent to the First Payment to the Landowner as agreed liquidated damages and item 6 shall apply*. For the benefit of doubt, non-fulfilment of the conditions precedent as stated in item 2 by the Developer shall not warrant the implementation of this item 7.3.

* *In the case of default by the Developer, the Landowner is entitled to terminate and seek the remedies spelt out in items 7.2 and 7.3 above.*

However, in the event of the occurrence of events of default set out in item 7.1 by the Developer before the Unconditional Date, the Landowner is entitled to terminate the JVA whereupon the Developer will pay a sum of RM10 million as agreed liquidated damages ("LAD") and item 6 above shall apply mutatis mutandis. The reason item 6 (Default by the Landowner) applies is because this occurs before the JVA becomes unconditional and a limited Power of Attorney granting authority to the Developer to submit plans to secure development approvals and access to development lands to perform preparatory works (such as soil works) is given to Developer. Hence, if JVA is terminated before the Unconditional Date, item 6 (Default by the Landowner) is applicable mutatis mutandis (i.e. with modifications such as withdrawal of development plans, revocation of limited Power of Attorney in exchange for the RM10 million in LAD).

CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)
(formerly known as C H Williams Talhar & Wong Sdn Bhd)

Unit 15B Level 15 Menara Ansar
65 Jalan Trus P O Box 320
80000 Johor Bahru
Johor Darul Takzim
Malaysia

Report and Valuation

Our Ref : WTW/04/V/012259/23/GXZ

10 April 2023

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PRIVATE & CONFIDENTIAL

The Board of Directors

SALCON BERHAD

15th Floor, Menara Summit
Persiaran Kewajipan, USJ 1, UEP
47500 Subang Jaya
Selangor

Dear Sirs

CERTIFICATE OF VALUATION

LOT NOS. PTB 22841 & PTB 22842

TOWNSHIP OF JOHOR BAHRU

DISTRICT OF JOHOR BAHRU, JOHOR

We thank you for your instructions to carry out a formal valuation on the above-mentioned property in providing our opinion of the Market Value of the property for the purpose of submission to Bursa Malaysia Securities Berhad in relation to the proposed Joint Venture Agreement between Nusantara Megajuta Sdn Bhd (“NMSB” or “Landowner”), a wholly-owned subsidiary of Salcon Development Sdn Bhd which in turn is a wholly-owned subsidiary of Salcon Berhad and Exsim Kebun Teh Sdn Bhd (“EKTSB” or “Developer”) to undertake a multiple phased mixed-use development on the lands owned by NMSB (“Joint Venture”).

This Valuation Certificate is prepared for inclusion in the Circular in relation to the Proposed Joint Venture Agreement.

We have prepared and provided this Valuation Certificate which outlines key factors that have been considered in arriving at our opinion of Market Value and reflects all information known by us and based on present market conditions.

The valuation has been prepared in accordance with the requirements stipulated in the Asset Valuation Guidelines issued by the Securities Commission Malaysia and Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia.

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

This Valuation Certificate should be read in conjunction with the full Report and Valuation.

CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)

Our Ref : WTW/04/V/012259/23/GXZ

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TERMS OF REFERENCE

To assess the market value of the above captioned property for the purpose of submission to Bursa Malaysia Securities Berhad in relation to the proposed Joint Venture Agreement between NMSB, a wholly-owned subsidiary of Salcon Development Sdn Bhd which in turn is a wholly-owned subsidiary of Salcon Berhad and EKTSB to undertake a multiple phased mixed-use development on the lands owned by NMSB.

Vide the Joint Venture Agreement (“JV Agreement”) dated 24 March 2023 entered between Nusantara Megajuta Sdn Bhd (“the Landowner”) and Exsim Kebun Teh Sdn Bhd (“the Developer”), the parties are desirous of entering into the JV Agreement to undertake a multiple phased mixed-use development consisting of service apartments and retails units (“Project”) on Lot Nos. PTB 22841 and PTB 22842, Township of Johor Bahru, District of Johor Bahru, Johor (“Subject Property” or “Development Lands”) strictly on the basis that the Landowner shall contribute the Development Lands and the Developer shall have the exclusive and absolute rights over the Development Lands free from encumbrances, caveats, liens, squatters, occupiers, encroachment and other restraints with vacant possession as if the Developer is the absolute legal, beneficial owner and registered proprietor of the Development Lands, to plan, execute, construct, develop, manage and sell the Project in accordance with the relevant approvals, licenses, layout and building plans in connection with the Project, subject strictly to the terms and conditions as stated therein.

The JV Agreement is subject to the following conditions precedent (“Conditions Precedent”): -

- a) the Development Order (“DO”) duly approved by the Appropriate Authorities with all terms and conditions of the DO agreeable by the Developer; and
- b) the Serahbalik Kurniasemula (“SBKS”) Approval with all terms and conditions of the SBKS agreeable by the Developer;

(collectively known as the “Development Approvals”)

- c) the Landowner’s Shareholders Approval.

within the condition periods mutually agreed by the parties.

In considering of the Landowner entering to this JV Agreement based upon the terms and conditions as stated therein, the Developer shall pay a total sum of RM140,000,000/- only in the following manner and at the designate timeframe being the Landowner’s entitlement.

APPENDIX II – VALUATION CERTIFICATE (CONT'D)

**CBRE WTW VALUATION & ADVISORY SDN BHD** (197401001098)Our Ref : WTW/04/V/012259/23/GXZ
Page 3**PROPERTY IDENTIFICATION**

The Subject Property : Two (2) adjoining parcels of vacant commercial land
Location : At the junction of Jalan Kebun Teh and Jalan Abad, Johor Bahru, Johor

Title Nos. / Lot Nos. /
Titled Land Area :

| Title No. | Lot No. | Titled Land Area (square metre) |
|------------------|----------------|--|
| HSD 482930 | PTB 22841 | 10,076.7 |
| HSD 482931 | PTB 22842 | 41,399.5 |
| Total | | 51,476.2 square metres (554,085 square feet / 12.720 acres) |

Both in Township of Johor Bahru, District of Johor Bahru, Johor

Surveyed Land Area /
Land Area
Under Valuation :

| Lot No. | New Lot No. | Surveyed Land Area (square metre) |
|----------------|--------------------|--|
| PTB 22841 | Lot 48201 | 10,071 |
| PTB 22842 | Lot 48202 | 41,390 |
| Total | | 51,461 square metres (553,921 square feet / 12.716 acres) |

Tenure : Leasehold 99 years expiring on 7 June 2109
(Unexpired term of about 86 years)

Registered Proprietor : Nusantara Megajuta Sdn Bhd

Encumbrances : Vide Presentation No. 45565/2020 Charged to HSBC Bank Malaysia Berhad registered on 27 July 2020

Category of Land Use : Building

Date of Valuation : 4 April 2023

CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)

Our Ref : WTW/04/V/012259/23/GXZ
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GENERAL DESCRIPTION

Together, the Subject Property is elongated shaped. Generally, the site split into two (2) levels with its southern portion lies about 5 metres higher than its northern portion. The southern portion generally lies at about the same level with the frontage metalled roads, viz. Jalan Kebun Teh and Jalan Abad.

At the time of our site inspection, we noted that the subject site was generally overgrown with thick bushes and wild trees.

The site compound is generally not demarcated by any form of fencing.

PLANNING PROVISION

The Subject Property is designated for commercial use as per the Express Condition in the documents of title.

Based on the Planning Permission (“Kebenaran Merancang”) bearing Reference No. MBB/JPB/PK(KM)/3/2006 (23) dated 9 March 2007 granted by Majlis Bandaraya Johor Bahru and Approved Layout Plan bearing Plan No. S-l/KM/10/07/2006 Bil. (22A), the Subject Property has been approved for commercial complex use with a permissible plot ratio of 1:3.5.

Our enquiries with the relevant Authority revealed that the permissible plot ratio for free standing commercial development on the Subject Property is 1:4.

METHOD OF VALUATION

In arriving at the market value of the Subject Property, we have adopted the Comparison Approach.

We have adopted the Comparison Approach as the only method of valuation considering the Subject Property is vacant commercial land without detailed planning approval. Furthermore, there are adequate sale comparables in the vicinity of the Subject Property which can be relied upon.

APPENDIX II – VALUATION CERTIFICATE (CONT'D)



CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)

Our Ref : WTW/04/V/012259/23/GXZ

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VALUE CONSIDERATION

In arriving at the market value of the Subject Property, we have considered the following market evidences: -

| Details | Comparable 1 | Comparable 2 | Comparable 3 | Comparable 4 |
|------------------------------------|---|---|--|---|
| Source | Valuation & Property Services Department (JPPH) | | | |
| Lot No., Mukim, District and State | PTB 24788, Township of Johor Bahru, District of Johor Bahru, Johor | Lot 1307, Township of Johor Bahru, District of Johor Bahru, Johor | PTB 17779, Township of Johor Bahru, District of Johor Bahru, Johor | Lot 3081, Township of Johor Bahru, District of Johor Bahru, Johor |
| Address | Along Jalan Tun Abdul Razak, at the northern portion of Johor Golf & Country Club, Johor Bahru, Johor | Along Jalan Wadihana, Kampung Wadihana, Johor Bahru, Johor | Along Jalan Garoda 3, Larkin Perdana, Johor Bahru, Johor | At the junction of Jalan Lingkaran Dalam and Jalan Yahya Awal, Johor Bahru, Johor |
| Type | Commercial Land | | | |
| Tenure | Freehold / Term in perpetuity | Freehold / Term in perpetuity | Leasehold 99 years expiring on 26/10/2090 | Freehold / Term in perpetuity |
| Land Area | 95,872.79 sqm | 2,855.56 sqm | 8,604.86 sqm | 25,676.49 sqm |
| Date | 15/07/2022 | 18/04/2022 | 24/11/2021 | 30/08/2019 |
| Vendor | Perbadanan Setiausaha Kerajaan Johor | 88 Leaders Sdn Bhd | Perbadanan Johor | JB Citytowers Sdn Bhd |
| Purchaser | Vista Glory Sdn Bhd | Thoong Sen Property Sdn Bhd | Waqaf An-Nur Corporation Bhd | Solusi Kelana Sdn Bhd |
| Consideration | RM151,316,024/- | RM8,606,367/- | RM18,900,000/- | RM95,000,000/- |
| Analysis Land Value (RM psm) | RM1,578 psm | RM3,014 psm | RM2,196 psm | RM3,700 psm |
| Adjustments | Adjustments are made on time/market condition, location/accessibility, visibility/exposure, land size, tenure, plot ratio and other factors | | | |
| Adjusted Land Value (RM psm) | RM2,052 psm | RM2,562 psm | RM2,652 psm | RM2,664 psm |

Note: "psm" denotes per square metre

"sqm" denotes square metres

The adjusted land values derived from the above comparables range from RM2,052 to RM2,664 per square metre. We have placed greater emphasis on Comparable Nos. 2, 3 and 4 as they are among the latest transactions and located in close vicinity to the Subject Property.

The average of adjusted land value for Comparable Nos. 2, 3 and 4 is RM2,626 per square metre. We have adopted the land value at RM2,625 per square metre for the Subject Property as a fair representation.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the Subject Property with permission to sell, lease, transfer and free from all encumbrances at **RM135,000,000/- (Ringgit Malaysia : One Hundred And Thirty Five Million Only).**

Yours faithfully
for and on behalf of

CBRE WTW Valuation & Advisory Sdn Bhd

(formerly known as C H Williams Talhar & Wong Sdn Bhd)

Sr LO KIN WENG

B. (Hons) Estate Mgt. MRICS, MRISM, MPEPS
Registered Valuer (V-917)

APPENDIX III – 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 completeness and 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 false or misleading statements or other facts, the omission of which would make any statement in this Circular false or misleading.

The information of the Developer and the Project was obtained from the Developer and the responsibility of the Board is limited to ensuring the information thereon are accurately reproduced in this Circular.

2. CONSENT

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

CBRE | WTW, being the Valuer to Salcon in relation to the valuation of the Development Lands, 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 INTERESTS

UOBKH and CBRE | WTW have given their written confirmation that there is no situation of conflict of interests that exists or is likely to exist in relation to their respective roles as the Adviser and Valuer to the Company for the Proposed Joint Venture.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, the Board is not aware of any material litigation, claims or arbitration, proceedings pending, or of any facts likely to give rise to any proceedings involving the Development Lands.

In addition, save as disclosed below, as at the LPD, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and does not have any knowledge of any proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of the Group:-

- (i) **Suit No** : **BA-22C-39-11/2022 (Shah Alam High Court)**
- Plaintiff : Dynamic Venue Sdn Bhd
- Defendant : Salcon Engineering Berhad
(wholly-owned subsidiary of Salcon)
- Nature of Claim : The Plaintiff commenced the suit against the Defendant for the sum of RM6,141,414.22 allegedly for variation work carried out by the Plaintiff.
- The Defendant filed its defence and counterclaim that:-
- the Plaintiff be ordered to forthwith complete the works;
 - judgment against the Plaintiff for the sum of RM60,295.89 being liquidated agreed damages (LAD) from 1 August 2020 until the date of filing, interest and costs.

APPENDIX III – FURTHER INFORMATION (CONT'D)

| | | |
|-----------------|---|---|
| Status | : | Case management is fixed for 3 August 2023 and case is fixed for trial 4-6th June, 10-13th June, 24-25th June 2024. |
| Opinion | : | The Defendant's solicitors are of the view that the Defendant has a good arguable defence to the Plaintiff's claim |
| (ii) Suit No | : | WA-22NCC-384-08/2022 (Kuala Lumpur High Court) ("Suit 384") |
| Plaintiff | : | JR Engineering And Medical Technologies (M) Sdn Bhd (" JR ") <i>(51% subsidiary of Nusantara Jasakita Sdn Bhd, which in turn in an indirect subsidiary of Salcon)</i> |
| Defendants | : | 1. SRAM & MRAM Technologies Limited 2. S RAM & M RAM Resources Berhad 3. Hemalata A/P Arumugam 4. Mathew Thomas Peediakkal Parambil 5. Uniworld Logistics (Malaysia) Sdn Bhd |
| Nature of Claim | : | Plaintiff filed the claim for unpaid balance purchase price of 8 containers of gloves shipped to the US. The claim is also filed for unpaid purchase for 21 containers produced but not collected by the 1st and 2nd Defendant. The sum claimed against the Defendants jointly and severally is:- a) USD1,575,352.80 being unpaid balance purchase price for the shipped containers; b) USD4,620,000.00 being unpaid purchase price of 21 containers produced but was not collected; c) USD48,620,000.00 being loss of profits for 221 containers; d) General damages; e) Pre and/ or post-judgment interest; f) Costs; and/ or g) Other reliefs the court deems fit The 1st to 4th Defendants filed a counterclaim for:- (a) USD5,475,372.00 being monies paid to the Plaintiff; (b) USD1,163,683.00 being monies paid to the Plaintiff; (c) USD65,128.00 being demurrage charges; (d) USD223,200.00 being bonded warehouse charges; (e) USD144,000.00 being freight forwarding charges; (f) Post-judgment interest; (g) Costs; (h) Other reliefs the court deems fit. |
| Status | : | Next case management is fixed on 31 October 2023 for parties to update the compliance with pre-trial directions. |
| Opinion | : | The Plaintiff's solicitors are of the view that:- Main Action The Plaintiff has an arguable case against the Defendants in light of the fact that neutral sources ie online tracking system has shown that the containers have been discharged and it is contended that this was done without the instructions of the Plaintiff and further that the unpaid balance purchase price of the shipped containers have also not been settled. |

APPENDIX III – FURTHER INFORMATION (CONT'D)

- Counterclaim**
The Plaintiff's solicitors are of the view that the Plaintiff has a fair chance in defending the counterclaim because there was a supplementary agreement signed to amend the delivery schedule and there wasn't any delay on the part of the Plaintiff.
- (iii) **Appeal No** : **W-02(IM)(NCC)-611-04/2023 (Court of Appeal) [Related to Suit 384 above]**
- Appellant : JR Engineering And Medical Technologies (M) Sdn Bhd
- Respondent : Aspen Glove Sdn Bhd ("**AGSB**")
- Nature of Appeal : In Suit 384 above, JR filed an application for leave to issue third-party notice in the counterclaim. JR's application was dismissed by the High Court on 24 April 2023, and JR appeals.
- Basis of application for leave to issue third-party notice in the counterclaim:**
The proposed third-party failed to produce and supply gloves under the initial 2 purchase orders, which led to the overall delay in delivery, which are gloves supplied to the 1st and/ or 2nd Defendants in turn.
- Status : The first case management is fixed on 10 July 2023.
- Opinion : The solicitors are of the view that JR has good and valid grounds for the appeal. The main appealable error is that the High Court judge had interpreted the agreement erroneously to exclude AGBS's liability from a plain and obvious breach on AGBS's part.
- (iv) **Suit No** : **BA-24NCC-118-12/2022 (Shah Alam High Court) ("Suit 118")**
- Plaintiff : Aspen Glove Sdn Bhd
- Defendants : JR Engineering And Medical Technologies (M) Sdn Bhd
- Nature of Claim : **Main action**
The originating summons is filed for an injunction to restrain the Defendant from presenting a winding up petition based on a notice of demand dated 4 November 2022 issued to demand the sum of RM22,363,243.07. The Plaintiff applied for an interim injunction to restrain the Defendant from presenting a winding up petition pending the disposal of the main action.
- Counterclaim**
- The Defendant filed a counterclaim for the refund of the said sum in light of the Plaintiff's acknowledgement in the main action that the said sum was left unutilised subsequent to the completion of a written agreement for sale and purchase of gloves.

APPENDIX III – FURTHER INFORMATION (CONT'D)

- Status : Prior orders granted:-
- an ex-parte order to preserve the sum of RM22,363,243.07 was granted in favour of JR on 20 January 2023;
 - AGSB's application for interim injunction was allowed on 31 January 2023;
 - an ad-interim injunction to preserve the sum of RM22,363,243.07 was granted in favour of JR on 10 February 2023;
 - AGSB's originating summons was allowed on 20 February 2023;
 - JR's application for interim injunction to preserve the sum of RM22,363,243.07 was dismissed on 24 February 2023;
 - AGSB's application to set aside the ex-parte order dated 20 January 2023 was allowed on 24 February 2023.

Counterclaim

- counterclaim not heard and/ or disposed of;
- JR filed an application for the counterclaim to be transferred and/ or consolidated with Suit BA-22NCvC-41-01/2023 below and/ or further directions be given by the court;
- the application was fixed for decision on 23 May 2023 and the High Court dismissed the application on 23 May 2023 .

Notice for Determination

- On 30 May 2023, JR filed a notice to the Registrar to determine the quantum of costs awarded on 31 January 2023 and 20 February 2023. This is fixed for case management on 22 June 2023.

- Opinion : The Defendant's solicitors are of the view that:-

Main Action

The Defendant may arguably succeed in opposing the action because there is no bona fide disputes on the substantial ground in respect of the sum of RM22,363,243.07 which are left unutilised subsequent to the completion of a written agreement for sale and purchase of the gloves.

Plaintiff's application for interim injunction

Both parties have a fair chance in this application as it is subject to the discretion of the court and the effect of this injunction is temporary only.

Counterclaim

Given the acknowledgement on the part of the Plaintiff that RM22,363,243.07 were left unutilised subsequent to the completion of a written agreement for sale and purchase of gloves, the solicitors believe that there is a fair chance that the Defendant will succeed in the counterclaim.

APPENDIX III – FURTHER INFORMATION (CONT'D)

- (v) **Appeal No** : **B-02(NCC)(A)-344-03/2023 (Court of Appeal) [Related to Suit 118 above]**
- Appellant : JR Engineering And Medical Technologies (M) Sdn Bhd
- Respondent : Aspen Glove Sdn Bhd
- Nature of Appeal : This appeal was filed by JR against the Order obtained by AGSB on 20 February 2023 in Suit 118 described in (iv) above.
- Status : Hearing of the appeal is fixed on 18 April 2024.
- Opinion : The Defendant's solicitors are of the view that JR has a fair chance of succeeding on the grounds that AGSB could not produce any document to show that JR had refused to purchase nor collect further gloves produced by AGSB, there is no single document to show any prior complaint and AGSB had on several occasions admitted that RM22,363,243.07 was left with AGSB until the agreement in issue.
- (vi) **Appeal No** : **B-02(IM)(NCC)-345-03/2023 (Court of Appeal) [Related to Suit 118 above]**
- Appellant : JR Engineering And Medical Technologies (M) Sdn Bhd
- Respondent : Aspen Glove Sdn Bhd
- Nature of Appeal : Main appeal was filed by JR against the High Court judge's dismissal of JR's application for interim injunction in the counterclaim in Suit 118 described in (iv) above to preserve the RM22,363,243.07. The decision was given on 24 February 2023.
- Erinford Injunction was filed by JR to preserve the status quo accorded by the ex-parte order and/or ad-interim order granted by the High Court below pending the disposal of the appeal.
- Status : **Main Appeal**
Hearing of the appeal is fixed on 18 April 2024.
- Erinford Injunction**
The motion was allowed on 23 May 2023.
- Opinion : The Defendant's solicitors are of the view that:-
- Main Appeal**
JR may have a fair chance in the appeal because the High Court judge failed to consider JR has a valid and subsisting counterclaim in Suit 118 which is a separate and independent action and that the High Court judge dismissed JR application solely on the ground that AGSB's originating summons in Suit 118 was dismissed on 20 February 2023 and that the High Court judge had erred on technical grounds.
- The solicitors also opine that the High Court judge ought to consider that JR had a good arguable case in the counterclaim and that there is a risk of dissipation of assets by AGSB and that balance of convenience lies in favour of JR to preserve the disputed sum.

APPENDIX III – FURTHER INFORMATION (CONT'D)

- (vii) **Appeal No** : **B-02(IM)(NCC)-346-03/2023 (Court of Appeal) [Related to Suit 118 above]**
- Appellant : JR Engineering And Medical Technologies (M) Sdn Bhd
- Respondent : Aspen Glove Sdn Bhd
- Nature of Appeal : This appeal was filed by JR after the High Court judge allowed AGSB's application to set aside the ex-parte order obtained by JR on 20 January 2023 in the counterclaim in Suit 118 above. The decision of the High Court was given on 24 February 2023 on the basis that the Originating Summons in Suit 118 was disposed of and JR's counterclaim is "extinguished".
- Status : Hearing of the appeal is fixed on 18 April 2024.
- Opinion : The Defendant's solicitors are of the view that:-
- JR has a fair chance in the appeal because:-
- the rightfulness of the ex-parte order does not depend on whether AGSB's originating summons is determined
 - conversely, AGSB bears heavy burden to demonstrate that the ex-parte order dated 20 January 2023 was wrongly granted and the High Court judge ought to consider whether the said order was indeed wrongly granted;
 - the High Court judge had erred on technical grounds.
- (viii) **Suit No** : **BA-22NCvC-41-01/2023 (Shah Alam High Court)**
- Plaintiff : Aspen Glove Sdn Bhd
- Defendant : JR Engineering And Medical Technologies (M) Sdn Bhd
- Nature of Claim : **Main Action**
Claim by AGSB of RM74,654,583.90 for loss of expenditure and RM99,325,563.00 for loss of profit on the purported basis for breach of agreement by JR.
- Counterclaim**
JR filed a counterclaim against AGSB and Murly a/l Manokharan ("**Murly**") that AGSB and Murly are liable to account to JR for the sum of RM22,363,243.07 or other sum on the ground of its breach of trust, conversion, dishonest assistance and/ or conspiracy and AGSB and/ or Murly pay the sum of RM22,363,243.07 or other sum as damages and a declaration that JR is entitled to trace the sum of RM22,363,243.07 or other sum as damages.
- Plaintiff's application to strike out Defence and Counterclaim**
The Plaintiff filed an application to strike out the Defendant's Defence and counterclaim on the basis it was filed out of time.
- Status : **Main Action & Counterclaim:-**
The next case management is fixed on 23 August 2023.
- Plaintiff's striking out application:-**
Hearing is fixed on 23 August 2023.

APPENDIX III – FURTHER INFORMATION (CONT'D)

- Opinion : The Defendant's solicitors are of the view that:-
- JR has a fair chance to defend this action as JR had purchased and collected all the gloves produced by AGSB in 2021 pursuant to the solicitors instructions. For the same reason, the solicitors opine that JR has fair chance to succeed in the counterclaim because there is no breach on the part of JR to entitle AGSB to the purported forfeiture.
- AGSB's application to strike out JR's application:-**
JR may successfully oppose this application as AGSB's basis of this application is based on the solicitors view a misconstruction of the Rules of Court 2012.
- (ix) **Suit No** : **BA-22NCvC-138-04/2023 (Shah Alam High Court)**
- Plaintiff : Aspen Glove Sdn Bhd
- Defendants : 1. JR Engineering And Medical Technologies (M) Sdn Bhd
2. Ganesan A/L Subramaniam
- Nature of Claim : This is a defamation action commenced by the Plaintiff against the Defendants. It was alleged that the Defendants have defamed the Plaintiff vide a letter dated 23 December 2022 issued by JR to Kulim Technology Park Corporation Sdn Bhd.
- Status : The case management on 6 June 2023, the Court directed that:-
- the next case management is fixed on 11 March 2024; and
 - trial is fixed on 25 March 2024 to 27 March 2024.
- Opinion : The Defendant's solicitors are of the view that JR has a fair chance of defending the action as the contents of the letter dated 23 December 2022 are true in substance and in fact. The solicitors further opine that AGSB has no reasonable cause of action against the 2nd Defendant as the 2nd Defendant signed the letter in discharging his duties as managing director of JR.

5. MATERIAL COMMITMENTS

Save as disclosed below, as at 31 December 2022, 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:-

| | RM'000 |
|---|---------------|
| Bank guarantees given to third parties relating to performance, tenders and advance payment bonds | 35,310 |
| Claims related to breach of the contract by AGSB | 173,980 |

APPENDIX III – FURTHER INFORMATION (CONT'D)

6. CONTINGENT LIABILITIES

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.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of Salcon at 15th Floor, Menara Summit, Persiaran Kewajipan, USJ 1, 47600 UEP Subang Jaya, Selangor Darul Ehsan, during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the EGM:-

- i. Constitution of the Company;
- ii. audited consolidated financial statements of the Group for the past 2 financial years up to the FYE 31 December 2022 and the latest unaudited consolidated financial statements of the Group for the 3-month FPE 31 March 2023;
- iii. the letter of consent and declaration of conflict of interests referred to in **Sections 2 and 3** above;
- iv. the Valuation Certificate and Valuation Report for the Development Lands prepared by CBRE | WTW;
- v. the JVA; and
- vii. Cause papers referred to in **Section 4** above.



SALCON BERHAD

(Registration No. 200201026133 (593796-T))

(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**EGM**") of Salcon Berhad ("**Salcon**" or the "**Company**") will be conducted on a virtual basis through live streaming from the Broadcast Venue at Tricor Business Centre, Gemilang Room, Unit 29-02, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur ("**Broadcast Venue**") on Thursday, 6 July 2023 at 10:30 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 JOINT VENTURE BETWEEN NUSANTARA MEGAJUTA SDN BHD ("NMSB**")**, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF SALCON BERHAD AND EXSIM KEBUN TEH SDN BHD (FORMERLY KNOWN AS EXSIM HILLS (SABAH) SDN BHD) ("**EKTSB**") FOR THE DEVELOPMENT OF TWO PIECES OF 99 YEARS' LEASEHOLD LAND LOCATED IN JOHOR BAHRU ("**DEVELOPMENT LANDS**") ("**PROPOSED JOINT VENTURE**") IN WHICH NMSB SHALL BE ENTITLED TO THE LANDOWNER'S ENTITLEMENT OF RM140,000,000 IN RETURN FOR CONTRIBUTING THE DEVELOPMENT LANDS TO EKTSB PURSUANT TO THE PROPOSED JOINT VENTURE

"**THAT**, subject to the approvals being obtained from the relevant authorities and/ or parties as set out in the joint venture agreement dated 24 March 2023 entered into between NMSB, an indirect wholly-owned subsidiary of Salcon and EKTSB ("**JVA**")", approval be and is hereby given for NMSB to undertake a multiple phased mixed-use development consisting of service apartments and retail units on 2 pieces of 99 years' leasehold lands owned by NMSB in accordance with the terms and conditions stipulated in the JVA.

AND THAT the Board of Directors of the Company, be and is hereby authorised and empowered to do all such acts, deeds and things and to execute, sign and deliver, on behalf of the Company, all such documents to give effect to the Proposed Joint Venture with full power to assent to any conditions, modifications, variations and/ or amendments to the terms of the Proposed Joint Venture in any manner in the best interest of the Company or as may be required or imposed by the relevant authorities and/ or parties and to take all such steps as it may consider necessary or expedient to implement, finalise and give full effect to the Proposed Joint Venture."

By order of the Board

Wong Wai Foong (SSM PC No.: 202008001472 (MAICSA 7001358))

Joanne Toh Joo Ann (SSM PC No.: 202008001119 (LS 0008574))

Company Secretaries

Kuala Lumpur

21 June 2023

Notes:-

1. IMPORTANT NOTICE FOR VIRTUAL MEETING

*The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016, which requires the Chairman of the meeting to be present at the main venue of the meeting, Member(s), proxy(ies), attorney(s) or authorised representative(s) **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the EGM.*

Members are to attend, speak (including posing questions to the Board of Directors ("**Board**") via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the EGM via the Remote Participation and Voting ("**RPV**") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website at <https://tiih.online>.

Please read these Notes carefully and follow the procedures in the Administrative Guide for the EGM in order to participate remotely via RPV.

2. For the purpose of determining who shall be entitled to participate in this EGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 30 June 2023. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this EGM or appoint a proxy or proxies to participate on his/her/its behalf via RPV.
3. A member who is entitled to participate at this EGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the EGM via RPV.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there 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 the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. A member who has appointed a proxy or attorney or authorised representative to participate at the EGM via RPV must **request his/ her proxy or attorney or authorised representative to register himself/ herself for RPV** via TIIH Online website at <https://tiih.online>. Procedures for RPV can be found in the Administrative Guide for the EGM.
9. The appointment of a proxy may be made in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote:
 - i. In hard copy form
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
 - ii. By electronic form
In the case of an appointment of a proxy made in electronic form, the proxy form must be deposited via the TIIH Online website at <https://tiih.online>. Please follow the procedures as set out in the Administrative Guide for the electronic lodgement of the proxy form.
10. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/ or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
11. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
12. Last date and time for lodging this proxy form is Tuesday, 4 July 2023 at 10:30 a.m.
13. For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL certificate of appointment of authorised representative with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The certificate of appointment of authorised representative should be executed in the following manner:-
 - i. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - ii. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:-
 - a. at least two (2) authorised officers, of whom one shall be a director; or
 - b. any director and/ or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.



SALCON BERHAD
(Registration No. 200201026133 (593796-T))
(Incorporated in Malaysia)

PROXY FORM

| |
|-----------------|
| CDS Account No. |
| |

| |
|--------------------|
| No. of shares held |
| |

I/We,..... Tel.:.....
(Full name in block, NRIC / Passport / Company)

of
(Address)

being a member of **Salcon Berhad**, hereby appoint:-

| | | | |
|-------------------------------|----------------------------|------------------------------------|-----------------------|
| Full Name (in Block):- | NRIC/ Passport No:- | Proportion of shareholdings | |
| | | No. of shares | Percentage (%) |
| Address:- | | | |
| Contact No: | Email address: | | |

and / or* (*delete as appropriate)

| | | | |
|-------------------------------|----------------------------|------------------------------------|-----------------------|
| Full Name (in Block):- | NRIC/ Passport No:- | Proportion of shareholdings | |
| | | No. of shares | Percentage (%) |
| Address:- | | | |
| Contact No: | Email address: | | |

or failing him/ her, the Chairperson of the Meeting as my/ our proxy to vote for me/ us on my/ our behalf, at the Extraordinary General Meeting ("**EGM**") of the Company, which will be conducted on a virtual basis through live streaming from the Broadcast Venue, Tricor Business Centre, Gemilang Room, Unit 29-02, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur ("**Broadcast Venue**") on Thursday, 6 July 2023 at 10:30 a.m. or at any adjournment thereof, and to vote as indicated below:-

| NO. | ORDINARY RESOLUTION | #FOR | #AGAINST |
|-----|------------------------|------|----------|
| 1. | Proposed Joint Venture | | |

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolution. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this day of

Signature*
Member



*Manner of execution:-

- a. If you are an individual member, please sign where indicated.
- b. If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- c. If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:-
 - i. at least two (2) authorised officers, of whom one shall be a director; or
 - ii. any director and/ or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:-

1. **IMPORTANT NOTICE FOR VIRTUAL MEETING**

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3. A member who is entitled to participate at this EGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his place. A proxy may but need not be a member of the Company.
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5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there 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 the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
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10. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/ or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
11. *Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.*
12. *Last date and time for lodging this proxy form is Tuesday, 4 July 2023 at 10:30 a.m.*
13. *For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL certificate of appointment of authorised representative with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The certificate of appointment of authorised representative should be executed in the following manner:-*
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 - ii. *If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:-*
 - a. *at least two (2) authorised officers, of whom one shall be a director; or*
 - b. *any director and/ or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.*



Fold this flap for sealing

Then fold here

AFFIX
STAMP

SALCON BERHAD (Registration No. 200201026133 (593796-T))
c/o Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

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