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

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**LAND AND GENERAL BERHAD**

(196401000184 (5507-H))

(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE**

**PART A**

**PROPOSED BUSINESS VENTURE BETWEEN BRILLIANT FORWARD SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF LAND AND GENERAL BERHAD ("L&G"), AND LOW GAY TECK, A DIRECTOR OF L&G, TO DEVELOP A PARCEL OF 99-YEAR LEASEHOLD LAND HELD UNDER PAJAKAN NEGERI 117584, LOT 5240, PEKAN DESA PUCHONG, DAERAH PETALING, NEGERI SELANGOR MEASURING APPROXIMATELY 14,366.353 SQUARE METRES VIA FORWARD VICTORY SDN BHD (FORMERLY KNOWN AS BILLION MEGASTAR SDN BHD) ("PROPOSED BUSINESS VENTURE")**

**PART B**

**INDEPENDENT ADVICE LETTER FROM ASIA EQUITY RESEARCH SDN BHD TO THE NON-INTERESTED SHAREHOLDERS OF L&G IN RELATION TO THE PROPOSED BUSINESS VENTURE**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Independent Adviser for Part B*



**ASIA EQUITY RESEARCH SDN BHD**

Registration No. 201401027762 (1103848-M)

(Licensed to provide advisory in corporate finance and investment advice)

The Extraordinary General Meeting ("EGM") of Land & General Berhad ("L&G" or "the Company") will be conducted virtually on **Tuesday, 19 September 2023 at 12.00 p.m. or 15 minutes after the conclusion of the 60<sup>th</sup> Annual General Meeting** of the Company from the broadcast venue at Meeting Room, Level 21, Menara 1 8trium, Jalan Cempaka SD 12/5, Bandar Sri Damansara, 52200 Kuala Lumpur, Malaysia and via the online meeting platform at <https://meeting.boardroomlimited.my>.

A member entitled to attend, speak and vote (collectively, "participate") at the EGM is entitled to appoint a proxy or proxies to participate on his/ her behalf. The Proxy Form, duly completed, must be deposited at the Registered Office of the Company at 8trium, Level 21 Menara 1, Jalan Cempaka SD12/5, Bandar Sri Damansara, 52200 Kuala Lumpur via post/courier/by hand or via email to [lgbsec@land-general.com](mailto:lgbsec@land-general.com) or via facsimile to Fax No. 603-6277 7061, or alternatively, the proxy appointment may also be lodged **electronically** at <https://investor.boardroomlimited.com> not less than twenty-four (24) hours i.e. **Monday, 18 September 2023 at 12.00 p.m.**, before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid. The lodging of the Proxy Form shall not preclude you from attending, participating, speaking and voting in person at the EGM should you subsequently wish to do so.

**Important Note:**

**Please follow the procedures provided in the Administrative Guide for the EGM in order to register, participate and vote remotely.**

Last date and time for lodging the Proxy Form : **Monday, 18 September 2023 at 12.00 p.m**

Date and time of the EGM : **Tuesday, 19 September 2023 at 12.00 p.m. or 15 minutes after the conclusion of the 60<sup>th</sup> Annual General Meeting**

This Circular is dated 10 August 2023

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## DEFINITIONS

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

“Act”	: The Companies Act 2016
“Acquisition”	: The acquisition of the Land by FVSB for a cash consideration of RM68,040,720.00 which had been completed on 27 October 2022
“AER” or “Independent Adviser”	: Asia Equity Research Sdn Bhd, being the Independent Adviser for the Proposed Business Venture
“BFSB”	: Brilliant Forward Sdn Bhd (Registration No. 199301018146 (272884-A)), a wholly-owned subsidiary of L&G
“BFSB Subscription Amount”	: the sum of Ringgit Malaysia Two Hundred Fifty One Thousand Nine Hundred Ninety Eight (RM251,998.00) only payable or paid by BFSB to the Company for the subscription of the BFSB Subscription Shares
“Board”	: The Board of Directors of L&G
“Bursa Securities”	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
“BVSA”	: Business Venture & Shareholders’ Agreement between BFSB and LGT dated 31 March 2023 pertaining to the Proposed Business Venture
“Circular”	: This circular to shareholders of L&G dated 10 August 2023
“Committed Funding”	: Further subscription of shares or redeemable preference shares in FVSB or through shareholders’ advances by the Parties of up to RM40.0 million
“COVID19”	: Coronavirus 2019
“Corporate Guarantee”	: A corporate guarantee provided by L&G for all monies due and payable under the Facilities
“EGM”	: Extraordinary General Meeting
“EPS”	: Earnings per share
“Facilities”	: Credit facilities from a financial institution comprising term loans and bank guarantees totalling RM162.0 million to part finance the Acquisition and the Proposed Development
“FVSB”	: Forward Victory Sdn Bhd (formerly known as Billion Megastar Sdn Bhd) (Registration No. 202101036579 (1436879-K)), currently a wholly-owned subsidiary of BFSB
“FVSB Share(s)”	: Ordinary shares in FVSB
“FYE”	: Financial year ended/ending 31 March, as the case may be
“GDC”	: Gross Development Cost
“GDV”	: Gross Development Value
“Group” or “L&G Group”	: L&G and its subsidiaries

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**DEFINITIONS (CONT'D)**

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“IAL”	:	Independent advice letter by the Independent Adviser in relation to the Proposed Business Venture
“Land”	:	A parcel of 99-year leasehold land held under Pajakan Negeri 117584, Lot 5240, Pekan Desa Puchong, Daerah Petaling, Negeri Selangor measuring approximately 14,366.353 square metres
“LGT”	:	LOW GAY TECK (NRIC No. 650215-10-7767), a Malaysian citizen of full age and having a correspondence address at 3 Lorong Chelagi, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, and shall include LGT Co where the context so permits
“LGT Co”	:	such company as LGT may incorporate in Malaysia under the Companies Act to subscribe for the LGT Subscription Shares and such other shares and securities in the Company
“LGT Subscription Amount”	:	the sum of Ringgit Malaysia Twenty Eight Thousand (RM28,000.00) only payable by LGT to the Company for the subscription of the LGT Subscription Shares
“L&G” or the “Company”	:	Land & General Berhad (Registration No. 196401000184 (5507-H))
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	31 July 2023, being the latest practicable date prior to the printing and despatch of this Circular
“MP SB”	:	Mayland Parkview Sdn. Bhd (Registration No. 200101031057 (566816-V))
“NA”	:	Net assets
“Parties”	:	BFSB and LGT
“Proposed Business Venture”	:	The BVSA entered into between BFSB and LGT on 31 March 2023 supplemented by the Supplemental Agreement for the development of the Land via FVSB, wherein, LGT shall subscribe to a 10% equity interest in FVSB. Subject to the BVSA supplemented by the Supplemental Agreement being unconditional, the equity interest of BFSB in FVSB shall reduce from 100% currently to 90%, whilst the remaining 10% shall be held by LGT
“Proposed Development”	:	The proposed development of 3 blocks of service apartments comprising 1,546 units of service apartments, a podium with 2 units of shop lots as well as 1,751 car parks and 350 motorcycle bays on the Land
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“RPS”	:	redeemable preference shares (other than Special RPS) to be issued by the Company and which shall be on terms as set out in Clause 11 of the BVSA
“Shareholders Advances”	:	Any form of advances (other than Special Shareholders Advances) made by any Shareholder to the Company to the extent permitted by the law and which shall be upon the terms as set out in Clause 10 of the BVSA

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## DEFINITIONS (CONT'D)

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“Supplemental Agreement”	:	Supplemental Agreement to the BVSA dated 29 May 2023 pertaining to the Proposed Business Venture
“Subscription Date”	:	the date falling within one (1) month after the Unconditional Date as the Shareholders may inform the Company by way of written notice or such other dates as may be mutually agreed in writing between the Shareholders, upon which the Subscription Amounts will be paid subject to Clause 5 of the BVSA
“Unconditional Date”	:	the date on which the Conditions Precedent are fulfilled

All references to “**you**” or “**your(s)**” in this Circular are made to our 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 and date in this Circular shall be a reference to Malaysian time and date, respectively, unless otherwise specified. Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding adjustments.

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

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## EXECUTIVE SUMMARY

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

Key information	Description	Reference to Circular
<b>Summary of the Proposed Business Venture</b>	The Proposed Business Venture entails the development of a parcel of 99-year leasehold land in Puchong, owned by FVSB, which in turn is currently wholly owned by BFSB. BFSB, a wholly owned subsidiary of the Company, and LGT, the Managing Director of the Company, proposes to enter in the BVSA, supplemented by the Supplemental Agreement whereby LGT or LGT Co shall subscribe to a 10% interest in FVSB, while the remaining 90% interest shall be held by BFSB. The Parties shall then jointly contribute the requisite funding based on their respective shareholdings for the Proposed Development of the Land.	Section 2 of Part A
<b>Rationale</b>	The Proposed Business Venture serves to enable LGT to participate in the Proposed Development jointly with the L&G Group on a fair and equitable basis with due consideration to his long service and contribution towards the L&G Group. The equity participation of 10% by LGT shall ensure LGT's continued services, leadership and contribution to L&G Group in the foreseeable future.	Section 3 of Part A
<b>Risk factors</b>	The risk factors associated with the Proposed Business Venture includes the typical risks associated with property development such as political, regulatory and economic risks, business venture risks, completion risks, delay in completion and impact from competitive developments.	Section 6 of Part A
<b>Approvals required</b>	<p>The Proposed Business Venture is subject to and conditional upon the following approvals being obtained:-</p> <ul style="list-style-type: none"> <li>• The approval from the shareholders of the Company at an EGM to be convened; and</li> <li>• The consent from the financial institution granting the Facilities for the Proposed Business Venture which was received on 10 May 2023 which confirmed that the bank has no objection for the entry into the BVSA with LGT and for LGT to subscribe a 10% interest in FVSB. The Company has submitted a letter to the bank on 15 June 2023 to seek its consent for entry into the Supplementary Agreement to vary the terms of the BVSA. The Company expects to receive the approval from the Bank by end of August 2023.</li> </ul>	Section 10 of Part A
<b>Conditionality</b>	The Proposed Business Venture is not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.	Section 10 of Part A
<b>Interested parties</b>	LGT is interested in the Proposed Business Venture by virtue of him being a Director of the Company and a party of the BVSA supplemented by the Supplemental Agreement. MPSB, a major shareholder of the Company holding 34.74% equity interest, is deemed interested in the Proposed Business Venture by virtue of it being a body corporate connected to LGT and Mr Andrew Chiu, an indirect major shareholder of the Company through MPSB, is deemed interested in the Proposed Business Venture by virtue of his deemed interest through MPSB. Mr Hoong Cheong Thard, a nominee director of MPSB, is deemed interested in the Proposed Business Venture by virtue of MPSB's deemed interest.	Section 7 of Part A

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## EXECUTIVE SUMMARY

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**Board's  
recommendation**

The Board (save for interested Directors) having considered all aspects of the Proposed Business Venture, including the opinion of the Independent Adviser, is of the opinion that the Proposed Business Venture is in the best interest of L&G and recommends that you vote **IN FAVOUR** of the resolution pertaining to the Proposed Business Venture, which will be tabled at the forthcoming EGM, the details of which are set out in the cover page of this Circular, or the Notice of EGM as enclosed.

Section 13 of  
Part A

**Independent Adviser's  
recommendation**

AER is of the opinion that the Proposed Business Venture is **fair and reasonable** insofar as to the non-interested shareholders are concerned and it is **not to the detriment** of the non-interested shareholders. Accordingly, AER recommends the non-interested shareholders to vote **in favour** of the ordinary resolution pertaining to the Proposed Business Venture to be tabled at the forthcoming EGM.

Part B

**PART A**

**LETTER TO THE SHAREHOLDERS OF L&G IN RELATION TO THE PROPOSED BUSINESS  
VENTURE**





## **LAND & GENERAL BERHAD**

(196401000184 (5507-H))  
(Incorporated in Malaysia)

### **Registered Office**

8trium, Level 21 Menara 1  
Jalan Cempaka SD 12/5  
Bandar Sri Damansara  
52200 Kuala Lumpur

10 August 2023

### **Board of Directors**

Dato' Hj Zainal Abidin Putih, Chairman  
Low Gay Teck, Managing Director  
Ferdaus Mahmood  
YM Tengku Maruan Tengku Ariff  
Chiu Andrew Wah Wai  
Hoong Cheong Thard  
Dato' Noorizah Hj Abd Hamid  
Yeoh Chong Keng  
Loh Wei Yuen

### **To: The Shareholders of L&G**

Dear Sir/ Madam,

### **PROPOSED BUSINESS VENTURE BETWEEN BFSB AND LGT TO DEVELOP THE LAND VIA FVSB**

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#### **1 INTRODUCTION**

On 31 March 2023, the Company announced that BFSB had entered into the BVSA with LGT to develop the Land via FVSB, wherein, LGT shall subscribe to a 10% equity stake in FVSB. Subject to the BVSA being unconditional, FVSB shall become an indirectly 90% owned subsidiary company of L&G and the remaining 10% is held by LGT. Since the LPD, the Company have announced on 29 May 2023 that BFSB had entered into a Supplemental Agreement with LGT dated 29 May 2023 to (i) increase the initial paid-up capital of FVSB to RM280,000.00, and (ii) for LGT to incorporate a company in Malaysia ("LGT Co") to subscribe for his entitlement pursuant to the BVSA. LGT Co has not been incorporated and shall be incorporated once the conditions precedent of the BVSA as supplemented by the Supplemental Agreement is met.

In view of the interest of LGT in the Proposed Business Venture as set out in Section 7 of Part A of this Circular, the Proposed Business Venture is deemed a related party transaction pursuant to Chapter 10 of the Listing Requirements. Accordingly, in compliance with the Listing Requirements, the Board had appointed AER as the Independent Adviser on 12 August 2022 to advise the non-interested shareholders on the Proposed Business Venture.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE THE SHAREHOLDERS WITH THE RELEVANT INFORMATION OF THE PROPOSED BUSINESS VENTURE AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION TO BE TABLED AT THE FORTHCOMING EGM FOR WHICH THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED HEREIN.

SHAREHOLDERS ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES AND THE IAL IN RELATION TO THE PROPOSED BUSINESS VENTURE AS SET OUT IN PART B OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED BUSINESS VENTURE TO BE TABLED AT THE FORTHCOMING EGM.

## 2. DETAILS OF THE PROPOSED BUSINESS VENTURE

### 2.1 Background

During the deliberation on the Acquisition in November 2021, LGT had expressed his interest to the Board to participate in equity ownership and development of the Land subject to the approval of the Acquisition by the Board. The Acquisition was subsequently announced by L&G on 10 January 2022 and following which, the Company announced the completion of the Acquisition on 27 October 2022.

After due deliberation at several Board meetings on the expression of interest by LGT, the Board had approved the BVSA and subsequently the Supplemental Agreement, wherein LGT will be subscribing for a 10% equity interest in FVSB. Pursuant to the BVSA supplemented by the Supplemental Agreement, the Parties shall initially subscribe for the following number of FVSB Shares:-

- (a) 251,998 FVSB Shares by BFSB at an issue price of RM1.00 per share equivalent to RM251,998.00 in cash, which represents approximately 90% of the enlarged issued share capital of FVSB ("BFSB Subscription Amount"). On 14 June 2023, BFSB subscribed to 251,998 new ordinary shares of RM1.00 each to increase FVSB's paid-up capital for purposes of applying its APDL (defined below); and
- (b) 28,000 FVSB Shares by LGT at an issue price of RM1.00 per share equivalent to RM28,000.00 in cash, which represents 10% of the enlarged issued share capital of FVSB ("LGT Subscription Amount"),

as summarised in the table below:-

Ordinary Shares	As at LPD		Pursuant to the Proposed Business Venture*	
	No. of FVSB Shares	%	No. of FVSB Shares	%
BFSB	252,000	100.00	252,000	90.00
LGT	-	-	28,000	10.00
<b>Total ordinary share capital</b>	<b>252,000</b>	<b>100.00</b>	<b>280,000</b>	<b>100.00</b>
<b>Redeemable Preference ("RCPS")</b>				
BFSB	27,312,000 <sup>#</sup>	100.00	36,000,000	90.00
LGT	-	-	4,000,000	10.00
<b>Total Share Capital</b>	<b>27,564,000</b>	<b>100.00</b>	<b>40,000,000</b>	<b>100.00</b>

\* For illustration, assuming the Committed Funding shall be issued in the form of Preference Shares

# Summary of the utilization of funds from the subscription of shares by BFSB are as follows:

	RM	%
Land acquisition and other incidental costs	19,747,942	71.6%
Project Development Costs	4,676,665	17.0%
Deposit for Debt Service Reserve Account	586,053	2.1%
Finance Costs	1,587,348	5.8%
Solicitors	63,563	0.2%
Administration Expenses	178,754	0.6%
Incorporation Costs	1,310	0.0%
Working capital	722,365	2.6%
Total	27,564,000	100.0%

Pursuant to the BVSA supplemented by the Supplemental Agreement, the Parties shall provide further financial assistance through the Committed Funding of up to RM40,000,000.00 as well as corporate/personal guarantees for credit facilities to be procured by FVSB for the Proposed Development based on their respective shareholding proportions. The cash consideration of RM279,998.00 does not form part of the Committed Funding and it shall be used mainly for preliminary expenses of FVSB, including but not limited to costs associated with the incorporation of FVSB, professional fees and working capital.

Subject to fulfillment of the Conditions Precedent and upon the terms of the BVSA and Supplemental Agreement, LGT shall:

- (a) subscribe to LGT Subscription Amount; and
- (b) in the event on or before the Subscription Date that BFSB has made funding to FVSB towards the Committed Funding, whether by way subscription of FVSB Shares, provision of Shareholders Advance and/or subscription of RPS, LGT agrees to make corresponding funding to FVSB towards the Committed Funding of such amount such that the total funding made by BFSB and LGT respectively shall be in proportion to their respective Shareholding Proportions, by similar way of subscription of Shares, provision of Shareholders Advance and/or subscription of RPS, on the Subscription Date, where applicable.

The salient terms of the BVSA supplemented by the Supplemental Agreement are set out in Appendix II of this Circular.

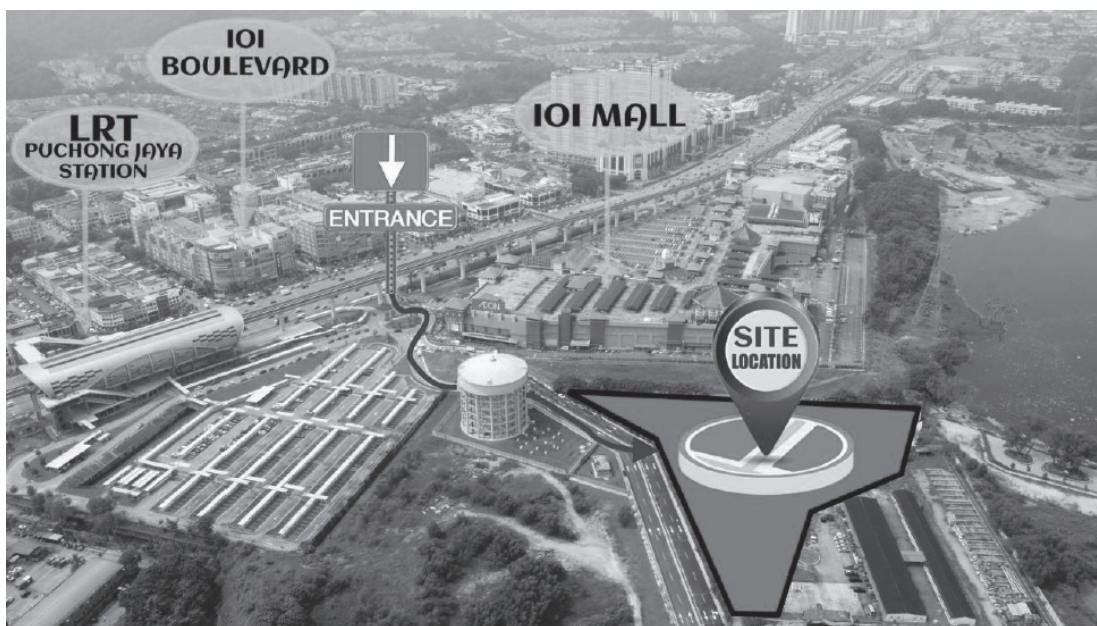
## 2.2 Information on the Land

The salient details of the Land are set out below:-

Title no.	:	Pajakan Negeri 117584
Lot no.	:	5240
State	:	Selangor
District	:	Petaling
Town	:	Desa Puchong
Land tenure	:	99-year leasehold (expiring 4 May 2096)
Land area	:	14,366.353 square meters (or approximately 3.55 acres)
Category of land use	:	Building
Proposed usage	:	For the Proposed Development
Approvals obtained for the: Proposed Development	:	Development Order from Majlis Bandaraya Subang Jaya was received on 28 September 2022

Net book value of the Land	:	RM68,040,720.00 based on management accounts as at LPD.
Market value of the Land	:	Open market valuation assessed by CCO & Associates (Selangor) Sdn. Bhd., an independent registered valuer, at RM71,000,000.00 using the comparison method of valuation vide its valuation certificate dated 14 December 2021. The date of valuation for the Land was on 25 November 2021
Encumbrances	:	None
Express conditions	:	Business building
Restriction-in-interest	:	The Land cannot be transferred, leased or charged except with the consent of the state authorities

The Land is located within the main commercial area of Bandar Puchong Jaya, approximately 28 kilometers due south west of Kuala Lumpur City Centre. It is accessible from the city centre via Jalan Tun Razak, Jalan Yew, Kuala Lumpur – Seremban Expressway before exiting onto Lebuhraya Bukit Jalil. Access is hence continued via Lebuhraya Damansara – Puchong (“**LDP**”) leading to the Land. Alternatively, the Land is also accessible via KESAS Highway (Shah Alam Expressway) and South Klang Valley Expressway exiting onto LDP leading to the Land. The Land is sited off the western side of the said LDP and currently accessible from thereon via an unnamed access road between IOI Mall Puchong and LRT IOI Puchong Jaya Station for a distance of about 200 meters. The Land is also accessible via the ongoing internal roads within the adjacent neighbouring Puchong Lagenda which is also under construction. The LRT IOI Puchong Jaya Station, which is located approximately 200 meters from the Land, provides an alternative easy commute by rail to the Land.



The Land comprises a vacant plot of commercial land, encompassing a titled land area of 14,366.353 square meters (approximately 154,638 square feet or 3.55 acres). The site is almost triangular in shape and generally flat in terrain. It lies at about the same level with the existing frontage road. The Land is located within the main commercial centre of Bandar Puchong Jaya which is developed with retail shopping centres, commercial office buildings, sports centre and terraced shop offices and commercial banks. Amongst notable landmarks located in the vicinity and along LDP include the neighbouring IOI Mall Puchong and LRT IOI Puchong Jaya as well as AEON BIG Puchong Utama, Tesco Extra Bukit Puchong, Sports Arena @ Puchong and IOI Business Park.

## 2.3 Proposed Development

The Proposed Development of the Land is intended to be developed into 3 blocks of service apartments comprising 1,546 units of service apartments, a podium with 2 units of shop lots as well as 1,751 car parks and 350 motorcycle bays.

The Proposed Development is tentatively expected to be launched in October 2023 subject to receiving Advertising Permit and Developer Licence ("APDL") approval from Kementerian Pembangunan Kerajaan Tempatan and is expected to be completed by 2028. Based on the management of L&G's best estimates:-

- (a) the anticipated GDV and GDC of the Proposed Development are approximately RM630.0 million and RM493.0 million respectively; and
- (b) the project funding requirements for the Acquisition and Proposed Development are approximately RM202.0 million, which is proposed to be financed through the Committed Funding of up to RM40.0 million and credit facilities to be procured by FVSB of approximately RM162.0 million as illustrated below:

<b>Funding and Utilisation of Funds</b>	<b>BFSB RM</b>	<b>LGT RM</b>	<b>Credit Facilities RM</b>	<b>Total RM</b>	<b>Notes</b>
Land Acquisition Price including incidentals	19,747,942	-	51,000,000	70,747,942	Acquisition completed and funded by BFSB and Credit Facilities
Proposed Development and working capital requirements	16,252,058	4,000,000	111,000,000	131,252,058	Following shareholders' approval, LGT Subscription shall be proportionate to BFSB's funding to-date
<b>Total</b>	<b>36,000,000</b>	<b>4,000,000</b>	<b>162,000,000</b>	<b>202,000,000</b>	
% of Committed Funding of RM40 million	90%	10%			

The date of payment, amount paid and the percentage payment for the Acquisition Price is as tabulated below:

<b>Date of payment</b>	<b>Percentage of Acquisition Price</b>	<b>RM'million</b>	<b>Notes</b>
11 January 2022	10%	6.8	1
27 October 2022	15%	10.2	2
19 January 2023	75%	51.0	3
	100%	68.0	

Note 1 – The amount of RM 6.8 million was funded by BFSB in the form of RCPS

Note 2 – The amount of RM10.2 million was funded by BFSB in the form of RCPS

Note 3 – The remaining balance of RM51.0 million was funded by a term loan from a financial institution

As the Acquisition was completed prior to the approval by shareholders for the BVSA, BFSB has funded approximately RM17.01 million of the Acquisition Price and the balance was funded by credit facilities. Subject to the approval of the shareholders and upon the BVSA and Supplemental Agreement becoming unconditional, LGT shall subscribe to new ordinary and preference shares in FVSB to arrive at a 10% interest in



FVSB pursuant to the terms of the BVSA as supplemented by the Supplemental Agreement.

The estimated GDV/GDC and the project funding requirements are indicative values based on the management of L&G's best estimates and may vary accordingly to include, amongst others, the variation to the number of units, car parks, facilities, pricing and timing of development eventually launched, demand, construction costs and the then prevailing market conditions.

## **2.4 Information of BFSB**

BFSB which was incorporated in Malaysia on 11 August 1993 and was converted from a private company limited by shares to a public company limited by shares on 9 December 1993 under Section 26 of the Act and had on 2 January 2020 closed its club operation. BFSB adopts its present name and had on 28 December 2021 converted its status to private company limited by shares under the Act. BFSB is a wholly-owned subsidiary of L&G and BFSB's principal activities includes investment holdings and property development and related business.

As at LPD, the issued share capital of BFSB is RM26,601,487 comprising 1,520,487 ordinary shares of RM1.00 each and 100,324,000 redeemable preference shares of RM0.25 each. The directors of BFSB are Ferdaus bin Mahmood and Chiah Hwa Kai.

## **2.5 Information of LGT**

LGT, a Malaysian male aged 58, was appointed as a Director of L&G on 15 October 2007 and was redesignated as the Managing Director of L&G on 1 January 2008. He is a nominee Director of MPSB, a major shareholder of L&G. He holds a Bachelor of Civil Engineering from Footscray Institute of Technology (now known as Victoria University), Australia. He has been involved in property development and project management for the past 33 years, handling and implementing projects such as residential, commercial, shopping complex, hotel, golf course, condominium and serviced apartments. LGT's list of directorships are listed in Appendix IV.

## **2.6 Information of FVSB**

FVSB was incorporated in Malaysia on 2 November 2021 as a private company limited by shares under the Act. It is currently a wholly-owned subsidiary of BFSB, however, pursuant to the Proposed Business Venture, BFSB's equity interest in FVSB will be reduced to 90% with LGT holding the remaining 10% equity interest in FVSB. It was incorporated for the purpose of carrying out the Acquisition and the Proposed Development.

As at the LPD, the issued share capital of FVSB is RM27,564,000 comprising 252,000 ordinary shares of RM1.00 each in FVSB and 27,312,000 RCPS in FVSB. Pursuant to the proposed subscriptions by BFSB and LGT under the BVSA supplemented by the Supplemental Agreement, the issued ordinary share capital of FVSB would be increased to RM280,000.00 comprising 280,000 ordinary shares of RM1.00 each in FVSB with BFSB and LGT holding 90% and 10% respectively. The enlarged share capital of FVSB pursuant to the proposed subscriptions by BFSB and LGT after the Unconditional Date would be dependent on the subscription of RPS by BFSB at that point, of which LGT shall subscribe to such RPS to increase his shareholding to his proportionate 10% Shareholding Proportion.

As at the LPD, the directors of FVSB are LGT and Chiah Hwa Kai.

## **2.7 Salient terms of the BVSA supplemented by the Supplemental Agreement**

The salient terms of the BVSA supplemented by the Supplemental Agreement are set out in Appendix II of this Circular.

## **2.8 Basis and justification in arriving at the Committed Funding and guarantees**

Pursuant to the BVSA supplemented by the Supplemental Agreement, the Parties shall provide further financial assistance to FVSB through the Committed Funding as well as

corporate/personal guarantees for credit facilities to be procured by FVSB for the Proposed Development based on their respective shareholding proportions to finance the Acquisition and working capital requirements of FVSB for the Proposed Development. The balance of funding shall be financed via credit facilities of up to RM162.0 million.

The Committed Funding to be extended/provided by the Parties are based on their shareholding proportions as follows:-

	<b>BFSB up to RM'000</b>	<b>LGT up to RM'000</b>	<b>Total up to RM'000</b>
<b><u>Committed Funding</u></b> In the form of subscription of new ordinary shares/redeemable preference shares in FVSB or shareholders' advances	36,000	4,000	40,000
<b>Shareholding Proportions (%)</b>	<b>90.00</b>	<b>10.00</b>	<b>100.00</b>

For further information on the Committed Funding, please refer to the salient terms of the BVSA supplemented by the Supplemental Agreement as set out in Appendix II of this Circular.

On 5 July 2022, FVSB received a letter of offer from a financial institution for the Facilities to part fund the Acquisition and Proposed Development. Pursuant to the conditions precedent of the Facilities, L&G has provided the Corporate Guarantee for all monies due and payable under the Facilities and a letter of undertaking to cover any cost overrun of the Proposed Development.

Under the BVSA supplemented by the Supplemental Agreement, the Company shall procure an unconditional and irrevocable undertaking and guarantee from LGT for his proportionate interest in FVSB in favour of L&G in the event L&G is required by the financier to pay any amount under the Corporate Guarantee. Further, L&G shall charge LGT a guarantee fee of 1% per annum on the outstanding borrowings guaranteed from time to time based on LGT's shareholding proportion until the Corporate Guarantee is released or the credit facilities are fully settled, whichever is earlier. The unconditional and irrevocable undertaking and guarantee from LGT shall be provided by LGT within 1 (one) month from the Unconditional Date of the BVSA as supplemented by the Supplemental Agreement.

The Committed Funding and Guarantees were arrived at between the Parties based on their respective shareholding proportions in FVSB with due consideration to the following:-

- (a) the funding requirements for the Acquisition as set out in Section 2.3 and 2.8 above;
- (b) the estimated GDC to be incurred by FVSB in relation to the Proposed Development as set out in Section 2.3 above; and
- (c) the estimated working capital requirements of FVSB.

In the event additional funding is required in excess of the Committed Funding, BFSB and LGT shall fund any shortfall based on their respective shareholding proportion via Additional Funding pursuant to the BVSA supplemented by the Supplemental Agreement as disclosed in Appendix II.

## 2.9 Sources of funding

Funding for BFSB to finance its portion of the Committed Funding and any Additional Funding will be via L&G which in turn will be funded from its internally generated funds and/or external bank borrowings.

## 2.10 Original date and cost of investment

The information on the original date and cost of investment in FVSB by BFSB are as follows:-

Original date of investment	No. of FVSB Shares	Original cost of investment (RM)
2 November 2021	2	2.00
	<b>2</b>	<b>2.00</b>

## 2.11 Assumptions of liabilities

Save for the obligations and liabilities in and arising from, pursuant to or in connection with the BVSA supplemented by the Supplemental Agreement and the Committed Funding, Additional Funding and Corporate Guarantee as disclosed in Section 2.8 of this Circular, the Group will not assume any other liabilities, including contingent liabilities and guarantees arising from the Proposed Business Venture.

## 2.12 Additional financial commitments

Save for the obligations and liabilities in and arising from, pursuant to or in connection with the BVSA supplemented by the Supplemental Agreement and as disclosed in Section 2.8 and Section 2.11 of this Circular, the Board does not expect to incur any additional material financial commitment for the Proposed Business Venture.

## 3. RATIONALE FOR THE PROPOSED BUSINESS VENTURE

The Proposed Business Venture serves to enable LGT to participate in the Proposed Development jointly with the L&G Group on a fair and equitable basis with due consideration to his long service and contribution towards the L&G Group. LGT has held the position of Managing Director of the Group for the last 15 years which saw the Group record uninterrupted profits during his tenure and declaring dividends to its shareholders for the last 8 consecutive years between FYE2014 to FYE2022, save for FYE2020 due to COVID19.

LGT has been involved in property development and project management for the past 33 years, handling and implementing projects such as residential, commercial, shopping complex, hotel, golf course, condominium and serviced apartments. During his tenure, LGT has been instrumental in the development and completion of a number of high rise residential/commercial projects for L&G as summarized below:

No	Property Development	No of units	Type	Estimated GDV RM million	Year Completed
1	8trium	260	Office	97	Aug-12
2	Elements @ Ampang	1,040	Service Apartment	754	Jun-14
3	Damansara Foresta	928	Service Apartment	737	Dec-15
4	Astoria Ampang Phase 1	506	Service Apartment	370	Sep-20
5	Sena Parc Phase 1A & 1C	217	Landed Residential	103	Sept 20 / Mar 23
6	Damansara Seresta	452	Service Apartment	446	Ongoing
7	Astoria Ampang Phase 2	506	Service Apartment	372	Ongoing
8	Sena Parc Phase 1D	162	Landed Residential	82	Ongoing



Based on this, LGT's track record and experience is expected to contribute positively to the successful development of the Land.

Through the Proposed Business Venture, the Parties will be jointly contributing the requisite funding requirements for the Proposed Development based on their respective shareholding proportions and likewise, jointly assuming the project risks and liabilities during implementation as well as reaping the associated returns/profits on completion.

The Board is of the view that the equity participation of 10% by LGT shall ensure LGT's continued services, leadership and contribution to L&G Group in the foreseeable future. Further, LGT is required to provide the associated funding for his share of the Proposed Development. Other forms of incentive such as share option schemes and share grants would have an impact on the financial statements of L&G Group as a result of accounting for option expenses.

The Board is of the view that the Proposed Business Venture is expected to contribute positively to the future earnings and cash flows of the L&G Group as the Proposed Development is situated in a strategic location in Kuala Lumpur and the Group is entitled to a significant share of the results and the control of the Proposed Business Venture.

#### 4. EFFECTS OF THE PROPOSED BUSINESS VENTURE

##### 4.1 Issued and paid-up share capital

The Proposed Business Venture is not expected to have any effect on the issued and paid-up share capital of L&G as the Proposed Business Venture does not involve any issuance of new securities by L&G.

##### 4.2 NA and gearing

Barring any unforeseen circumstances, the Proposed Business Venture is not expected to have any immediate material impact on the NA of the L&G Group for the FYE2024. However, it is expected to enhance the NA of the L&G Group through the contribution in earnings in the future financial years when the Proposed Development is being developed and sold progressively.

FVSB has secured financing facilities for the Acquisition and Proposed Development for up to RM162 million. Assuming the entire credit facilities is drawdown, the Group's gearing will increase from 0.20 times to 0.30 times.

The effect of the Proposed Business Venture on the gearing of the L&G Group is as follows:-

<b>The L&amp;G Group</b>	<b>Audited as at 31.3.2023 RM'000</b>	<b>The Proposed Business Venture RM'000</b>
Share capital	660,232	660,232
Retained earnings	455,046	454,746^
Other reserves	11,492	11,492
<b>Equity attributable to shareholders of L&amp;G</b>	<b>1,126,770</b>	<b>1,126,470</b>
No. of L&G shares in issue ('000)	<b>2,973,135</b>	<b>2,973,135</b>
NA per L&G share (RM)	<b>0.38</b>	<b>0.38</b>
Total borrowings (RM'000)	<b>228,248*</b>	<b>339,248</b>
Gearing (times)	<b>0.20</b>	<b>0.30</b>

^ after deducting RM300,000.00 for estimated expenses for the transaction

\* excluding lease liabilities

#### **4.3 Substantial shareholders' shareholdings**

The Proposed Business Venture is not expected to have any effect on the substantial shareholders' shareholdings of L&G as the Proposed Business Venture does not involve any issuance of new securities by L&G.

#### **4.4 Earnings and EPS**

Barring any unforeseen circumstances, the Proposed Business Venture is not expected to have any immediate material impact on the earnings and EPS of the L&G Group for the financial year ended 31 March 2024. However, the potential future earnings contribution arising from the Proposed Development may enhance the earnings and EPS of the L&G Group.

### **5. INDUSTRY OVERVIEW AND OUTLOOK AND FUTURE PROSPECTS**

#### **5.1 Overview and outlook of the Malaysian economy**

The Malaysian economy further expanded in the first quarter of 2023 (5.6%; 4Q 2022: 7.1%; 1Q 2011— 4Q 2019 average: 5.1%), driven mainly by domestic demand. Further improvement in the labour market, with strong growth in employment and continued expansion in wages, have supported private consumption spending. Meanwhile, investment activity was underpinned by capacity expansion and continued implementation of multi-year projects. Inbound tourism continued to recover, lifting services exports and partially offsetting the slower goods export growth. On the supply side, the services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 0.9% (4Q 2022: -1.7%).

Headline inflation during the quarter trended lower to 3.6% (4Q 2022: 3.9%). This was due mainly to the moderation in core inflation and lower RON97 price. The decline in core inflation (1Q 2023: 3.9%; 4Q 2022: 4.2%) was largely contributed by selected services. These include telephone and telefax service, food away from home, and personal transport repair and maintenance. Even as cost pressures, particularly global commodity prices, continued to ease, core inflation remained elevated during the quarter amid continued strength in demand. Price pressures remained pervasive. The share of Consumer Price Index (CPI) items recording monthly price increases rose to 56.0% during the quarter (4Q 2022: 51.2%). This in part reflected price adjustments by firms typically done at the beginning of the year (1Q average from 2011— 2019: 52.2%; Overall average from 2011— 2019: 45.6%), as well as continued price increases for some food-related items.

Despite global headwinds, the Malaysian economy is projected to expand by 4.0% to 5.0% in 2023, driven by firm domestic demand. Improving employment and income as well as continued implementation of multi-year projects would support consumption and investment activity. Moreover, higher inbound tourism activity would lift high-touch services industries. Governor Tan Sri Nor Shamsiah Mohd Yunus said, "Risks to Malaysia's growth outlook are relatively balanced. Upside risks stem mainly from domestic factors. These include stronger-than-expected tourism activity and implementation of projects including those from the re-tabled Budget 2023. Meanwhile, downside risks could emanate from lower exports due to weaker-than-expected global growth and more volatile global financial market conditions."

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

#### **5.2 Overview and outlook of the Malaysia property development market**

The National Property Report 2022 ""NP"" reveals a recovering Malaysian property market, though not fully back to pre-pandemic levels. With over 389,000 transactions worth nearly RM179.1 billion, volume increased by 29.5% and value by 23.6% compared to 2021.

Residential sub-sector led the overall property market activity, with 62.5% contribution in volume. There were 243,190 transactions worth RM94.28 billion recorded in the review period, increased by 22.3% in volume and 22.6% in value year-on-year. The improvement was supported by the uptrend recorded in Pulau Pinang (31.1%), Johor (24.3%), Perak (18.9%), WP Kuala Lumpur (18.4%) and Selangor (15.9%). Commercial property segment recorded 32,809 transactions worth RM32.61 billion in 2022, increased by 46.3% in volume and 16.7% in value compared to last year. Shops formed more than half of these transactions (16,862 transactions worth RM14.2 billion); mostly were in Selangor (19.0%) and Johor (17.1%).

In terms of property launches, more than 54,000 units of new launches were recorded. The total was higher than 43,860 units recorded in 2021 but lower compared to pre-pandemic years. Sales performance was moderate at 36.0%. Selangor recorded the highest number of new launches in the country, capturing 20.7% (11,176 units) of the national total with sales performance at 26.9%. WP Kuala Lumpur recorded the second highest number (10,324 units, 19.1% share) with sales performance at 47.2%. Johor came third (7,718 units, 14.3% share) with sales performance at 42.6%. Condominium/apartment units dominated the new launches, capturing 45.0% (24,366 units) of the total, followed by terraced houses (42.2%) comprising single storey (9,422 units) and two to three storey (13,403 units).

The residential overhang numbers reduced to 27,746 units worth RM18.41 billion as at Q4 2022, down by 24.7% and 19.2% in volume and value respectively (Q4 2021: 36,863 worth RM22.79 billion). Johor retained the highest number and value of overhang in the country with 5,285 units worth RM4.33 billion, accounting for 19.0% and 23.5% of the national volume and value respectively. Selangor (3,698 units worth RM3.36 billion), Pulau Pinang (3,593 units worth RM2.74 billion) and WP Kuala Lumpur (3,429 units worth RM3.15 billion) followed suit. Nevertheless, the overhang volume in all four states reduced, each down by 13.8%, 39.3%, 34.6% and 12.2% compared to last year, mainly due to the absorption of supplies in the affordable price bracket (RM300,000 and below).

*(Source: National Property Report 2022)*

### **5.3 Prospects and outlook of the Proposed Development**

The Proposed Business Venture serves to undertake the Proposed Development which envisages a development of serviced apartments focused on the mid-market and affordable segment group of home buyers. The Land is located in Puchong which is a matured commercial and residential township with full amenities such as shopping malls, schools, banks, hospitals, commercial shops/businesses and restaurants. Puchong can be accessed through multiple highways such as Damansara-Puchong Highway (LDP), Shah Alam Expressway (KESAS), Maju Expressway (MEX), New Pantai Expressway (NPE), North-South Expressway Central Link, South Klang Valley Expressway (SKVE) and Federal Highway, and LRT stations via the Ampang/Sri Petaling line. While there are competitor developments within Puchong, there are limited high rise service apartments within the vicinity of where the Land is situated. With the Proposed Development located within one of the more strategic part of Puchong just walking distance from an LRT station and IOI Mall Puchong as well as Puchong being a well-developed and mature township with good accessibility and proximity to Kuala Lumpur city centre, the Board believes that the Proposed Development should be well received by home buyers when it is launched.

*(Source: Management of L&G)*

## **6. RISK FACTORS**

The risks associated with the Proposed Business Venture are not entirely new risks to be faced as property development is already one of the businesses of the L&G Group. Notwithstanding this, the Proposed Business Venture is subject to various risk factors, which, among others, are listed below:-

## **6.1 Political, regulatory and economic risks**

The property market can be characterised as cyclical in nature and is somewhat correlated to the general economic conditions of Malaysia. Adverse developments in political, regulatory and economic conditions in Malaysia could materially affect the property industry in the country. Political, regulatory and economic uncertainties include changes in labour laws, interest rates, fiscal and monetary policies, risks of expropriation of land by authorities and methods of taxation.

In mitigating such risk, the L&G Group will continue to review its business development strategies in response to the changes in political, regulatory and economic conditions. Nonetheless, no assurance can be given that any change to these factors would not have any material adverse impact on the L&G Group's financial performance in the future.

## **6.2 Business venture risks**

The Proposed Development may potentially expose the L&G Group to certain risks which may include but are not limited to the diversion of financial resources from existing operations. There is no assurance that the anticipated benefits from the Proposed Development will be realised and that the L&G Group will be able to generate sufficient revenue to offset the costs which would have been invested by L&G.

Nevertheless, through the Proposed Business Venture, L&G would have divested 10% of its participation in the Proposed Development to LGT and hence, to a certain extent, lowering L&G's risk associated with any adverse event in the Proposed Development as well as the associated adverse financial impact on L&G.

The collective efforts of the Parties to take advantage of business opportunities, manage the business venture company, resolve conflicts and overcome challenges will be critical to the success of the business venture. Nevertheless, the Board endeavours to take reasonable steps to ensure that the potential benefits from the Proposed Development and the Proposed Business Venture will be realised.

## **6.3 Completion risk and delay in completion**

There is always a potential risk that the returns from the Proposed Development may have a longer payback period than expected or the investment in the Proposed Development may not generate the expected return due to various factors including, inter-alia, increased in development and/or construction costs, unavailability of skilled manpower, delay in completion of project and obtaining approvals from the relevant authorities for the development, securing adequate funding for the Proposed Development and a ready market would be available for the developed units in the future. Adverse developments in respect of these factors can lead to interruptions or delays in completing a project, which can consequently result in cost overruns and affect the profitability and cash flows of the L&G Group.

L&G Group will mitigate its investment risks by exercising due care in the evaluation of its investments and continuously review and evaluate market conditions, including the work in progress for the Proposed Development. Nonetheless, there can be no assurance that the Proposed Business Venture will (i) yield positive and expected returns to the L&G Group; (ii) be completed as scheduled; and/or (iii) not have any adverse material impact on the L&G Group's future financial performance.

## **6.4 Competitions from other developments**

Based on the initial plan for the product type and price levels, the market survey shows that the Proposed Development when launched is expected to be competitive against competition from other planned development projects around its location. However, new developments may emerge in the future in the vicinity of the Proposed Development which may then pose a challenge to the overall saleability of the properties under the Proposed Development. The sales and marketing team of the L&G Group has and will continuously conduct an in-depth

market study on the product types and price levels which will attract buyers to the Proposed Development prior to the launch but there is no assurance that the properties when launched under the Proposed Development will achieve a high take-up rate.

## **6.5 Funding by LGT for his proportionate investment**

The Company had via FVSB acquired the Land for the Proposed Development and had secured funding for the Proposed Development prior to entry into the BVSA. With the execution of the BVSA supplemented by the Supplemental Agreement with the LGT, the Company will continue to hold an indirect 90% interest in FVSB, an indirect subsidiary of the Company. Whilst both L&G and LGT are required to proportionately fund their respective portion of the Committed Funding, there is no assurance that LGT will be able to fund the Committed Funding or Additional Funding in the Proposed Development.

Under the terms of the BVSA supplemented by the Supplemental Agreement, the Company has incorporated various terms to mitigate the above risk which include amongst others the following:

- i) Failure of LGT to fund the Committed Funding provides the Company with a number of options:
  - a) The Company may fund LGT's portion by way of special shareholders advance or subscription of special redeemable preference shares with higher interest rate or higher dividend rate respectively;
  - b) The Company may capitalise all shareholders advances, special shareholders advance, redeemable preference shares or special redeemable preference shares issued including any interest accrued or accumulated dividends, thereby diluting LGT's shareholdings; and/or
  - c) The Company may treat the failure by LGT to fund the Committed Funding as an event of default and the Company may acquire LGT's shares at fair market value with a discount of 10% where LGT has not funded any of his shareholding proportion of the Committed Funding.
- ii) Similarly, failure of LGT to fund any Additional Funding shall entitle the Company to exercise 6.5 (i) (a) and/or (b) above.

LGT shall provide an unconditional and irrevocable undertaking and guarantee in favour of the Company in the event the Company is required by the financier to pay LGT's shareholding proportion of any financial guarantees extended by the Company. The unconditional and irrevocable undertaking and guarantee from LGT shall be provided by LGT within 1 (one) month from the Unconditional Date of the BVSA as supplemented by the Supplemental Agreement.

## **7. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS, MANAGING DIRECTOR AND/OR PERSONS CONNECTED TO THEM**

Save as disclosed below, none of the directors, major shareholders and/or persons connected with them has any interest, direct or indirect, in the Proposed Business Venture

- (a) LGT, who does not have any direct or indirect shareholding interest in L&G, is interested in the Proposed Business Venture by virtue of him being a Director of L&G and a party to the BVSA supplemented by the Supplemental Agreement. LGT is a director nominated by MPSB on the Board of L&G;
- (b) MPSB, a major shareholder of L&G holding 34.74% equity interest in L&G, is deemed interested in the Proposed Business Venture by virtue of it being a person connected to LGT;

- (c) Mr Andrew Chiu, an indirect major shareholder of L&G through MPSB and nominee director of MPSB, is deemed interested in the Proposed Business Venture by virtue of his deemed interest through MPSB; and
- (d) Mr Hoong Cheong Thard, a nominee director of MPSB, is deemed interested in the Proposed Business Venture by virtue of MPSB's deemed interest.

Accordingly, LGT, Mr Andrew Chiu and Mr Hoong Cheong Thard (collectively known as "Interested Directors") shall abstain and will continue to abstain from deliberating and voting on the Proposed Business Venture at the relevant board meetings and they will also undertake to ensure that they will abstain from voting in respect of their direct and/or indirect shareholdings, if any, and undertake that they will ensure that the persons connected with them will abstain from voting in respect of their respective direct and/or indirect shareholdings in L&G on the ordinary resolution pertaining to the Proposed Business Venture to be tabled at the EGM to be convened. Further, MPSB shall abstain from voting and undertakes to ensure that the persons connected with it will abstain from voting in respect of their respective direct and/or indirect shareholdings in L&G on the ordinary resolution pertaining to the Proposed Business Venture to be tabled at the EGM to be convened.

## **8. OTHER TRANSACTIONS WITH RELATED PARTIES**

There are no other transactions entered into between the L&G Group and LGT in the twelve (12) months preceding to the date of this Circular.

## **9. HIGHEST PERCENTAGE RATIO APPLICABLE TO THE PROPOSED BUSINESS VENTURE**

Pursuant to Paragraph 10.02(g) and 10.08 of the Listing Requirements, the highest percentage ratio applicable to the Proposed Business Venture is 17.7%, computed based on L&G's portion of the Committed Funding and Corporate Guarantee as compared to the NA of L&G as at 31 March 2022.

## **10. APPROVALS REQUIRED AND INTERCONDITIONALITY OF THE PROPOSED BUSINESS VENTURE**

The Proposed Business Venture is subject to and conditional upon approvals being obtained from the following:-

- (a) the non-interested shareholders of L&G at an EGM to be convened; and
- (b) the consent from the financial institution granting the Facilities for the Proposed Business Venture which was received on 10 May 2023 which confirmed that the bank has no objection for the entry into the BVSA with LGT and for LGT to subscribe a 10% interest in FVSB. The Company has submitted a letter to the bank on 15 June 2023 to seek its consent for entry into the Supplementary Agreement to vary the terms of the BVSA. The Company expects to receive the approval from the bank by end of August 2023.

The Proposed Business Venture is not conditional upon any other corporate proposals undertaken or to be undertaken by L&G.



## **11. ADVISER**

In view of the interest of LGT, as set out in the preceding Section 7 of this Circular, the Proposed Business Venture is deemed as a related party transaction pursuant to the Chapter 10 of the Listing Requirements.

As such, in accordance with Paragraph 10.08(2) of the Listing Requirements, AER was appointed by L&G on 12 August 2022 as the Independent Adviser to advise the non-interested shareholders of L&G on whether the terms of the Proposed Business Venture are fair and reasonable so far as the non-interested shareholders are concerned and whether the Proposed Business Venture is to the detriment of the non-interested shareholders of L&G.

## **12. DIRECTORS' STATEMENT**

The Board (save for LGT, Mr Andrew Chiu and Mr Hoong Cheong Thard, who have abstained from all deliberations and voting on the Proposed Business Venture), having considered all aspects of the Proposed Business Venture, including but not limited to the rationale and justifications, financial effects, valuation and risks associated with the Proposed Business Venture as well as the prospects of the Land and the Proposed Development, is of the opinion that the Proposed Business Venture is in the best interest of the Company.

## **13. AUDIT COMMITTEE'S AND BOARD OF DIRECTOR'S STATEMENT**

The Audit Committee of L&G has sought the opinion of AER as the Independent Adviser in forming its views in relation to the Proposed Business Venture.

In this regard, the Audit Committee having considered all aspects of the Proposed Business Venture, including the opinion of the Independent Adviser, is of the opinion that the Proposed Business Venture is:

- i. in the best interest of L&G;
- ii. fair and reasonable and based on normal commercial terms; and
- iii. not detrimental to the interest of the non-interested shareholders of L&G.

In arriving at its preceding views, the Audit Committee and the Independent Adviser had taken into consideration, among others, the following:

- a. the basis and justification in arriving at L&G's portion of the Committed Funding, Additional Funding and Corporate Guarantee;
- b. the rationale for the Proposed Business Venture; and
- c. the salient terms of the BVSA supplemented by the Supplemental Agreement.

The Board (save for interested Directors) having considered all aspects of the Proposed Business Venture, including the opinion of the Independent Adviser, is of the opinion that the Proposed Business Venture is in the best interest of L&G and recommends that you vote in favour of the resolution pertaining to the Proposed Business Venture, which will be tabled at the forthcoming EGM.

## **14. OUTSTANDING CORPORATE EXERCISES**

Save for the Proposed Business Venture, there are no other intended corporate exercises/schemes which have been announced but yet to be completed by the Group prior to the printing of this Circular.

## 15. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the approvals as set out in Section 10 of this Circular, the Proposed Business Venture is expected to be effective by the second half of 2023.

## 16. EGM

The EGM will be conducted virtually via live streaming from the Broadcast Venue and via the online meeting platform for the purpose of considering and, if thought fit, passing the resolution pertaining to the Proposed Business Venture as described herein on the date and time set out below.

**Date** : Tuesday, 19 September 2023  
**Time** : 12.00 p.m. or 15 minutes after the conclusion of the 60<sup>th</sup> Annual General Meeting ("AGM")  
**Broadcast Venue** : Level 21, Menara 1 8trium, Jalan Cempaka SD12/5, Bandar Sri Damansara, 52200 Kuala Lumpur  
**Meeting Platform** : <https://meeting.boardroomlimited.my>

If you are unable to participate in the EGM and wish to appoint proxy(ies) instead, the Proxy Form, duly completed, must be deposited at the Registered Office of the Company at 8trium, Level 21 Menara 1, Jalan Cempaka SD12/5, Bandar Sri Damansara, 52200 Kuala Lumpur via post/courier/by hand **or** via email to [lgbsec@land-general.com](mailto:lgbsec@land-general.com) **or** via facsimile to Fax No. 603-6277 7061, **or alternatively**, the proxy appointment may also be lodged **electronically** at <https://investor.boardroomlimited.com> not less than twenty-four (24) hours i.e. **Monday, 18 September 2023 at 12.00 p.m.**, before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

The lodgement of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Shareholders are advised to refer to the Administrative Guide for the EGM on the registration and voting process for the EGM.

## 17. FURTHER INFORMATION

Shareholders are advised to refer to the Appendices of this Circular for further information.

Yours faithfully,  
For and on behalf of the Board  
**LAND & GENERAL BERHAD**

**FERDAUS BIN MAHMOOD**  
Director



**PART B**

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF L&G IN  
RELATION TO THE PROPOSED BUSINESS VENTURE**

All definitions used in this IAL shall have the same meaning as the words and expressions provided in the “**Definitions**” section of this Circular and as defined in the IAL herein, except where the context herein requires otherwise or where otherwise defined in the table below. All references to “you” or “your” are references made to the non-interested shareholders of L&G (“**non-interested shareholders**”), whilst references to “we”, “us” or “our” are references to AER, being the Independent Adviser for the Proposed Business Venture.

<b>“Additional Funding”</b>	additional funding from the shareholders of FVSB, in excess of the Committed Funding
<b>“Committed Funding”</b>	up to a total amount of Ringgit Malaysia Forty Million (RM40,000,000.00) only
<b>“Funding Party”</b>	the failure of a Non-Funding Party to fund in full its shareholding proportion of the Committed Funding or Additional Funding shall entitle the other shareholder, who has funded in full its shareholding proportion of the Committed Funding or Additional Funding to be entitled (but not obliged) to fund all or part of the Non-Funding Shareholder’s shareholding proportion of the Committed Funding or Additional Funding
<b>“Non-Funding Party”</b>	any shareholder that fails to pay in full to FVSB, its shareholding proportion of the Committed Funding or Additional Funding, within thirty (30) days of its receipt of the capital or funding call notice, and such failure to fund is not remedied within Thirty (30) days after receiving notice issued by the Company to remedy the same
<b>“Prescribed Dividend Rate”</b>	means the cumulative dividend rate of three point eight per centum (3.8%) per annum or such other rate as shareholders of FVSB may mutually agree from time to time as the Prescribed Dividend Rate, for the RPS
<b>“Prescribed Special Dividend Rate”</b>	means the cumulative dividend rate of seven point six per centum (7.6%) per annum or such other rate as shareholders of FVSB may mutually agree from time to time as the Prescribed Special Dividend Rate, for the Special RPS
<b>“Prescribed Rate”</b>	means the rate of five per centum (5%) per annum or such other rate as the Shareholders may mutually agree from time to time as the Prescribed Rate for the computation of interest on Shareholders Advance
<b>“Prescribed Special Rate”</b>	means the rate of ten per centum (10%) per annum or such other rate as the Shareholders may mutually agree from time to time as the Prescribed Special Rate for the computation of interest on Special Shareholders Advance
<b>“RPS”</b>	redeemable preference shares (other than Special RPS) to be issued by FVSB
<b>“Shareholders Advance”</b>	any form of advances (other than Special Shareholders Advance) made by any shareholder of FVSB
<b>“Special RPS”</b>	redeemable preference shares expressed to be Special RPS under this Agreement made by any shareholder of FVSB on behalf of the non-Funding Party
<b>“Special Shareholders Advance”</b>	any form of advances expressed to be Special Shareholders Advance made by any shareholder of FVSB on behalf of the non-Funding Party

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## EXECUTIVE SUMMARY

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Set out hereunder is an executive summary which serves to highlight some of the salient points arising from AER's independent evaluation of the Proposed Business Venture. The non-interested shareholders are advised to read and understand the contents of the IAL and the entire Part A of this Circular, including the appendices thereof, for more comprehensive information, evaluation, and recommendation on the Proposed Business Venture, before voting on the resolution pertaining to the Proposed Business Venture at the forthcoming EGM.

### 1. INTRODUCTION

On 31 March 2023, the Company announced that BFSB had entered into the BVSA with LGT to develop the Land via FVSB, wherein, LGT shall subscribe to a 10% equity stake in FVSB. Subject to the BVSA being unconditional, FVSB shall become an indirectly 90% owned subsidiary company of L&G and the remaining 10% is held by LGT.

On 29 May 2023, BFSB had entered into a Supplemental Agreement with LGT to (i) increase the initial paid-up capital of FVSB to RM280,000.00, and (ii) for LGT to incorporate a company in Malaysia ("**LGT Co**") to subscribe for his entitlement pursuant to the BVSA.

The Proposed Business Venture is deemed as an RPT under Rule 10.08 of the Listing Requirements by virtue of the interests of the Interested Parties, further details as set out in **Part A, Section 7** of this Circular.

The Board had on 12 August 2022 appointed AER to act as an Independent Adviser to advise the non-interested shareholders of the Company in relation to the Proposed Business Venture, that involves the interest of the Interested Parties, to provide the non-interested shareholders with:

- (i) comments as to: -
  - (a) whether the Proposed Business Venture, that involves the Interested Director is fair and reasonable as far as the non-interested shareholders are concerned; and
  - (b) whether the Proposed Business Venture is detrimental to the interest of the minority shareholders; andour opinion with reasons for the key assumptions made and the factors taken into consideration in forming our opinion.
- (ii) advise minority shareholders on whether they should vote in favour of the Proposed Business Venture; and
- (iii) take all reasonable steps to satisfy ourselves that it has a reasonable basis to make the comments and advise in (i) and (ii) above.

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## 2. EVALUATION OF THE PROPOSED BUSINESS VENTURE

In evaluating the Proposed Business Venture, we have taken into consideration the following:

Section in the IAL	Area of evaluation	AER's comments
Section 6.1	Rationale for the Proposed Business Venture	<p>If the ordinary resolution for the BVSA is not approved by the shareholders, L&amp;G Group shall undertake the Proposed Development on its own by having a 100% equity interest in FVSB.</p> <p>If the ordinary resolution for the BVSA is approved by the shareholders, L&amp;G Group shall enter into the BVSA and shall be entitled to 90% effective interest in the Proposed Development while LGT shall be entitled to 10% effective interest in FVSB.</p> <p>The rationale by your Board for the BVSA, could be summarised as follows:-</p> <ul style="list-style-type: none"> <li>- In recognition of LGT's position as Managing Director who has been the Group for last 15 years and during his tenure has consistently declared dividends for last eight consecutive years between FYE 2014 to FYE 2022 except for FYE 2020 due to COVID 19.</li> <li>- LGT is required to provide the associated funding for his share of the Proposed Development and jointly assuming the project risks and liabilities during implementation as well as reaping the associated returns/profits on completion.</li> <li>- LGT's track record and experience is expected to contribute positively to the successful development of the Land.</li> </ul> <p>We also noted that LGT has been with the Group since 1 January 2008. The net assets of L&amp;G Group has increased from RM 201.9 million to RM 1,206.3 million during the period from FYE 31 March 2008 to 31 March 2022. This represents a total absolute growth in net assets of 497% or an average of 36% annually over the duration of 14 years.</p> <p>We conclude that while the compensation for long service and past contribution in this sort of arrangement is not customary, however upon considering that LGT enjoys the benefits but also share the risk in the Proposed Business Venture and the BVSA provides for an arm's length transaction between both L&amp;G Group and LGT, we conclude that the BVSA is <b>reasonable</b> to the interest of the non-interested shareholders.</p>

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<p>Section 6.2</p>	<p>Committed Funding, Additional Funding and Guarantees</p>	<ol style="list-style-type: none"> <li>1. BFSB and LGT has to contribute based on 90% and 10% which is based on each party's equity ownership in FVSB, on the Committed Funding which is RM 40 million and any Additional Funding.</li> <li>2. Both parties could fund into FVSB in any of the three methods or in any combinations:- <ul style="list-style-type: none"> <li>- Subscription of newly issued ordinary shares by FVSB;</li> <li>- Subscription of new RPS issued by FVSB; or</li> <li>- Advances to FVSB</li> </ul> </li> <li>3. FVSB shall pay to either BFSB and LGT for any contribution of each of their portion of the Committed Funding and any Additional Funding based on the following rates:- <ol style="list-style-type: none"> <li>(a) <b>Prescribed Rate</b> Shareholders Advance at an interest rate of 5% per annum.</li> <li>(b) <b>Prescribed Dividend Rate</b> RPS's cumulative dividend rate of 3.8% per annum.</li> </ol> </li> <li>4. In the event that a Funding Party funds on behalf of another non-funding party, Funding Party shall be entitled to twice the annual return. <ol style="list-style-type: none"> <li>(a) <b>Prescribed Special Rate</b> Shareholders Advances at an interest rate of 10% per annum.</li> <li>(b) <b>Prescribed Special Dividend Rate</b> RPS's cumulative dividend rate of 7.6% per annum.</li> </ol> <p>For illustration, if LGT is not providing for his ten percent share of Committed Funding or Additional Funding, and that L&amp;G Group is entitled or has option to fund for his portion and be entitled to twice the return.</p> </li> <li>5. Rights of Funding Party that funds on behalf of a Non-Funding Party</li> </ol> <p><u>Right of Funding Party to request for capitalisation of Shareholders Advance / Special Shareholders Advance / RPS / Special RPS for Committed Funding and Additional Funding</u></p> <p>Clause 8.4.3 of the BVSA, protects the interest of a party that funds on behalf of the Non-Funding Party. Example:- If LGT is not able to contribute to its portion as required under the Committed Funding / Additional Funding, the Funding Party have a right to request for capitalisation of the Shareholders Advances or RPS with the result in <u>dilution</u> of shareholding of the LGT. This means that if LGT is not providing for its required portion for Committed Funding / Additional Funding, the effective interest in LGT will be diluted from its initial agreed upon equity interest of 10% to lesser than 10%.</p> <p><u>Right of Funding Party to acquire ordinary shares held by Non-Funding Party for Committed Funding, at fair market value less 10% discount</u></p>
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		<p>In addition, Clause 8.4.4 of the BVSA provides that the Funding Party can treat the non-funding by the Non-Funding Party as an Event of Default (“<b>EOD</b>”), whereby the Funding Party may acquire the shares of the Non-Funding Party at Fair Market Value (“<b>FMV</b>”) less a 10% discount provided always that it shall not be an EOD if the Funding Party has not funded all (even if part only is funded) of its shareholding proportion of the Committed Funding.</p> <p>We are of the view that all the terms listed are <b>reasonable</b> and <b>not detrimental</b> to the non-interested shareholders.</p> <p>6. <b>Guarantee for the banking facility</b>  L&amp;G shall procure an unconditional and irrevocable undertaking and guarantee from LGT for his proportionate interest in FVSB in favour of L&amp;G to safeguard L&amp;G in any situations where L&amp;G is required by the financier to pay any amount under the Corporate Guarantee. LGT shall only provide to L&amp;G an unconditional and irrevocable undertaking and guarantee within 1 (one) month from the Unconditional Date of the BVSA as supplemented by the Supplemental Agreement. This is reasonable and not detrimental to the non-interested shareholders of L&amp;G, as LGT only has a 10% interest in FVSB on and after the Unconditional Date.</p> <p>Further, L&amp;G shall be entitled to charge LGT a guarantee fee of 1% per annum on the outstanding borrowings guaranteed from time to time on a daily basis based on LGT’s shareholding proportion until the Corporate Guarantee is released or the credit facilities are fully settled, whichever is earlier.</p> <p>The frequency of the payment is annually.</p> <p>The payment terms of the guarantee fee shall be by way of offset of any amount payable to LGT by FVSB.</p> <p>We conclude the basis of arriving at Committed Funding and the terms of the Guarantee Fee arrangement is <b>reasonable</b> and <b>not detrimental</b> to the interest of the non-interested shareholders.</p>
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**EXECUTIVE SUMMARY**

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Section in the IAL	Area of evaluation	AER's comments
Section 6.3	Other salient terms of the BVSA	<p>We also reviewed the salient terms of the BVSA.</p> <p><b>Situation if Facilities is defaulted.</b> If the Facilities is in default and the financier makes a claim on the Corporate Guarantee and if LGT is not able to fund his portion, L&amp;G has two course of actions:-</p> <p>(a) Request LGT to sell his shares at FVSB less 10% discount and use the proceeds to settle against any amount payable by L&amp;G to the financier (Clause 13.7.2(a)(ii)(aa) of the BVSA).</p> <p>(b) Request for capitalisation of all Shareholders Advances or Special Shareholders Advance and all accrued interest thereon and/or convert RPS or Special RPS and dividend relating thereto into ordinary shares (Clause 13.7.2(a)(ii)(bb) of the BVSA).</p> <p>We concluded that the salient terms of the BVSA are normal commercial terms and are <b>reasonable</b> and <b>not detrimental</b> to the non-interested shareholders.</p>

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## EXECUTIVE SUMMARY

Section in the IAL	Area of evaluation	AER's comments
Section 6.4	Effects on issued capital and substantial shareholder's interest and financial effects of the Proposed Business Venture such as NA per share and gearing	<p>The Proposed Business Venture do not to have any effect on the substantial shareholders' shareholdings of L&amp;G as the Proposed Business Venture does not involve any issuance of new securities by L&amp;G.</p> <p><b>Effects on NA</b> The Proposed Business Venture is expected to contribute positively to the net asset per share of L&amp;G Group.</p> <p><b>Effects on gearing</b> The Proposed Business Venture is expected to increase the total borrowings by RM162 million assuming the entire Facilities is drawn down. As at LPD, the total borrowings of L&amp;G Group is RM228.248 million, which includes of an amount of RM51 million already drawn down to part finance the acquisition of the Land. Hence, the Proposed Business Venture shall increase the borrowings up to RM339.248 million after inclusion of the remaining balance of RM111 million not yet drawn down and shall progressively reduce and repaid when the Proposed Development is completed.</p> <p><b>Effects on Earnings</b> The Proposed Business Venture is not expected to have any immediate effects on the earnings, save for the estimated expenses of RM300,000 in relation to the transaction cost.</p> <p><b>Effects on EPS</b> The Proposed Business Venture is expected to increase the future EPS due to the contribution of projected earnings from the Proposed Business Venture.</p>

Section in the IAL	Area of evaluation	AER's comments
Section 6.5	Risk Factors of the Proposed Business Venture	We are of the view that the potential risk as presented in Circular are commercial risks associated with the nature of a business transaction. We also noted that your Company have safeguard measures to address such risk and therefore we are of the view that the measures and safeguards are reasonable.

### 3. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Business Venture and our evaluation is set out in Section 6 of the IAL. The non-interested shareholders should consider all the merits and demerits of the Proposed Business Venture and, based on all relevant pertinent factors including those which are set out in Part A of this Circular, the relevant appendices thereof, this IAL and other publicly available information.



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## EXECUTIVE SUMMARY

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After having considered all the various factors included in our evaluation for the Proposed Business Venture and based on the information made available to us, we are of the opinion that the Proposed Business Venture is **reasonable** insofar as the non-interested shareholders are concerned and it is **not detrimental** to the minority shareholders.

Accordingly, we recommend the non-interested shareholders to **vote in favour** of the ordinary resolution pertaining to the Proposed Business Venture that is to be tabled at the Company's forthcoming EGM.

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**ASIA EQUITY RESEARCH SDN BHD**

Registration No.: 201401027762 (1103848-M)

(License Number: eCMSL/A0330/2015)

Licensed to provide advisory services in corporate finance and investment advice

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47820 Petaling Jaya

Email: [contact@aer.finance](mailto:contact@aer.finance)Website: [www.aer.finance](http://www.aer.finance)**10 August 2023****To: The non-interested shareholders**

Dear Sir/Madam,

**LAND & GENERAL BERHAD****INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF L&G IN RELATION TO THE PROPOSED BUSINESS VENTURE****1. INTRODUCTION**

Summarised below are the key chronological events related to the Proposed Business Venture.

Item number	Date	Event
1	10 January 2022	L&G announced the proposed acquisition of the Land by FVSB for a total cash consideration of RM 68,940,272 (" <b>Purchase Price</b> ") where the Sale and Purchase Agreement (" <b>SPA</b> ") in relation to the proposed acquisition was signed on 10 January 2022.  A sum of 10% of the Purchase Price was paid by FVSB to the vendor, i.e., Hartanah Idaman (M) Sdn Bhd (" <b>HISB</b> ").
2	28 October 2022	L&G announced that the conditions precedent as stipulated in the SPA have been fulfilled and FVSB shall pay HISB 15% and 75% of the Purchase Price on 27 October 2022 and on or before 27 January 2023.  As at LPD, L&G had paid in full the entire Purchase Price.
3	31 March 2023	L&G announced that BFSB had entered into a BVSA with LGT to develop the Land via FVSB, wherein LGT shall subscribe to a 10% equity stake in FVSB subject to ordinary resolution to be tabled in this EGM is approved by the non-interested shareholders of L&G.
4	29 May 2023	BFSB had entered into a Supplemental Agreement with LGT dated 29 May 2023 to (i) increase the initial paid-up capital of FVSB to RM280,000.00, and (ii) for LGT to incorporate a company in Malaysia (" <b>LGT Co</b> ") to subscribe for his entitlement pursuant to the BVSA.

For clarity, as at LPD, FVSB has a issued paid-up capital of RM 252,000 made up of ordinary shares and a sum of RM 27,312,000 made up of RCPS. As at LPD, FVSB is a wholly owned subsidiary of BFSB which in turn is a wholly-owned subsidiary of L&G.

**Strictly for illustrative purpose only:-**

If the ordinary resolution to be tabled in this EGM, is approved by the non-interested shareholders of L&G, FVSB shall allot 28,000 new ordinary shares of RM 1 each in FVSB to LGT. This shall result in FVSB to be held by BFSB and LGT based on an equity ownership of 90% and 10% respectively. This means that the Proposed Development shall be undertaken by L&G and LGT based on an effective interest of 90% and 10% equity ownership respectively.

If the ordinary resolution to be tabled in this EGM, is rejected by the non-interested shareholders of L&G, no allotment of new shares to LGT shall take place and FVSB shall be held entirely by BFSB. This means that the Proposed Development shall be undertaken solely by L&G with a 100% effective interest.

The Proposed Business Venture is deemed as an RPT under Rule 10.08 of the Listing Requirements by virtue of the interests of the Interested Parties, further details as set out in Part A, Section 7 of this Circular.

The Board had appointed AER on 12 August 2022, as the Independent Adviser to advise the non-interested shareholders of the Company in relation to the Proposed Business Venture, that involves the interest of the Interested Director, to provide the non-interested shareholders with:

- (i) comments as to: -
  - (a) whether the Proposed Business Venture, that involves the Interested Director, are fair and reasonable as far as the non-interested shareholders are concerned;
  - (b) whether the Proposed Business Venture is detrimental to the interest of the minority shareholders; andour opinion with reasons for the key assumptions made and the factors taken into consideration in forming our opinion.
- (ii) advise minority shareholders on whether they should vote in favour of the Proposed Business Venture; and
- (iii) take all reasonable steps to satisfy ourselves that it has a reasonable basis to make the comments and advise in (i) and (ii) above.

The purpose of this IAL is to provide the non-interested shareholders with an independent evaluation of the Proposed Business Venture and our opinion and recommendation thereon subject to the scope and limitations specified herein. You should nonetheless rely on your own evaluation of the merits and demerits of the Proposed Business Venture before deciding on the course of action to be taken.

**THIS IAL IS PREPARED SOLELY FOR THE USE OF THE NON-INTERESTED SHAREHOLDERS FOR THE PURPOSE OF VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED BUSINESS VENTURE AT THE FORTHCOMING EGM OF THE COMPANY AND SHOULD NOT BE USED OR RELIED UPON BY ANY OTHER PARTY FOR ANY OTHER PURPOSES WHATSOEVER.**

**YOU ARE ADVISED TO READ AND FULLY UNDERSTAND BOTH THIS IAL AND PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES THEREIN AND TO CONSIDER CAREFULLY OUR EVALUATION AND RECOMMENDATION BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED BUSINESS VENTURE, TO BE TABLED AT THE FORTHCOMING EGM.**

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

## **2 CREDENTIALS, EXPERIENCE AND EXPERTISE OF AER**

AER is licensed to provide two regulated activities by the Securities Commission Malaysia, namely advisory services in corporate finance and investment advice.

The past credentials, professional experiences, and expertise of AER where AER had been appointed as an Independent Adviser include, amongst others, the following transactions:

- (a) a proposed acquisition by Matang Berhad of two semi-detached factory and warehouse, with a one and half storey office building for a purchase consideration of RM 33,000,000 to be satisfied by cash and newly issued shares of Matang, to seek the approval from the non-interested shareholders of Matang, where the independent advice letter was issued and dated 15 May 2023.
- (b) a proposed debt settlement by Euro Holdings Bhd with creditors that involves the interest of interested directors in the proposed debt settlement, to seek the approval from the non-interested shareholders of Euro Holdings Bhd where the independent advice letter was issued and dated 13 April 2023.
- (c) a proposed debt settlement by Nexgram Holdings Bhd with creditors that involves the interest of interested directors in the proposed debt settlement, to seek the approval from the non-interested shareholders of Nexgram Holdings Bhd where the independent advice letter was issued and dated 7 March 2023.
- (d) a proposed debt settlement by Asdion Bhd with creditors that involves the interest of interested directors in the proposed debt settlement, to seek the approval from the non-interested shareholders of Asdion Bhd where the independent advice letter was issued and dated 20 December 2022.
- (e) a proposed variation to seek the approval from the non-interested shareholders of Pertama Digital Berhad's by removing a condition as set out in Clause 6A.1.3 of the disposal and supplemental share sale agreements for the company to procure an application to seek a waiver pursuant to paragraph 8.03A of the Main Market Listing Requirements of Bursa Securities where the independent advice letter was issued and dated 26 July 2022.
- (f) a proposed acquisition by Gets Global Berhad of 38% equity interest in One Glove Venture Sdn Bhd from BT Capital Sdn Bhd for a purchase consideration of RM89,356,233 to be satisfied entirely via the issuance 102,708,314 Irredeemable Convertible Preference Shares ("ICPS") in Gets Global Berhad at an issue price of RM0.87 per ICPS in a single transaction where the independent advice letter was issued and dated 22 June 2022.
- (g) a proposed disposal by Sinmah Capital Berhad of the entire equity interest in SM Broilers Sdn Bhd to F.C.H Holdings Sdn Bhd for a disposal consideration of RM2,900,000 to be satisfied entirely via cash in a single transaction where the independent advice letter was issued and dated 13 June 2022.
- (h) a proposed disposal by LYC Medicare Sdn Bhd, a wholly owned subsidiary of LYC Healthcare Berhad of a 25% entire equity interest in LYC Medicare (Singapore) Pte Ltd to Kenanga Investors Berhad for a disposal consideration of SGD12,918,466 to be satisfied entirely via cash in a single transaction where the independent advice letter was issued and dated 1 June 2022.

Premised on the above, AER is capable and competent and has the relevant experience in carrying out its role and responsibilities as an Independent Adviser to advise non-interested shareholders in relation to the Proposed Business Venture.

### **3 DECLARATION OF CONFLICT OF INTEREST**

We confirm that there is no existing or potential conflict of interest situation for us to carry out our role as the Independent Adviser in connection with the Proposed Business Venture.

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#### **4 SCOPE AND LIMITATIONS TO OUR EVALUATION OF THE PROPOSED BUSINESS VENTURE**

AER was not involved in the formulation and structuring of the Proposed Business Venture and/or any deliberations and negotiations pertaining to the terms and conditions of the Proposed Business Venture. In the past two (2) years prior from the date of this IAL, there is no professional relationships between L&G and AER. AER's scope as the Independent Adviser is limited to expressing an opinion on the fairness and reasonableness of the Proposed Business Venture that involves the interest of the interested shareholders of L&G and whether the transaction is to the detriment of the non-interested shareholders, based on the following sources of information and documents:

- (a) information contained in Part A of the Circular, and the appendices enclosed therein;
- (b) other relevant information, documents, confirmations, and representations provided to us by the Board and management of L&G;
- (c) discussions and consultations with the management of L&G on 5 September 2022, 15 September 2022, 5 October 2022, 21 October 2022, 14 November 2022, 21 November 2022, 6 January 2023 and 9 May 2023;
- (d) a copy of letter of acceptance by FVSB for a banking facility of up to RM 162 million granted by a financial institution;
- (e) a copy of a BVSA dated 31 March 2023 and a copy of a supplemental agreement dated 29 May 2023 between BFSB, LGT and FVSB, and;
- (f) other publicly available information that we consider relevant for our evaluation.

We have made all reasonable enquiries, performed reasonableness checks, and corroborated relevant information with independent sources, where possible. We are also guided by the Best Practice Guide in relation to Independent Advice Letters issued by Bursa Securities. In addition, the Board and the management of L&G had undertaken to exercise due care to ensure that all information, data, documents, and representations provided to us to facilitate our evaluation are accurate, valid, complete, reasonable, and free from any material omission in all material respects. Accordingly, AER shall not assume any responsibility or liability whatsoever to any party for any inaccuracies, misstatements or omission of facts and information provided or represented by the Board and the management of L&G.

The directors of L&G have collectively and individually accepted full responsibility for the accuracy, validity and completeness of the information, documents, data and statements provided to us and as contained herein in relation to the Proposed Business Venture (save and except for opinion expressed by AER which do not contain factual information provided by the Company and information procured or developed by AER independently of the Company) and confirmed that, after having made all reasonable enquiries and to the best of their knowledge and belief, all relevant facts and information in relation to the Proposed Business Venture, that are necessary for our evaluation have been completely and accurately disclosed to us and there is no omission of any material fact, the omission of which would render any such information provided to us false, incomplete, misleading and/or inaccurate.

We are satisfied with the information provided by the Board and the management of L&G and are not aware of any facts or matters not disclosed which may render any such information untrue, inaccurate, or misleading or the disclosure of which might reasonably affect our evaluation and opinion as set out in this IAL. After making all reasonable enquiries and to the best of our knowledge and belief, the information we used is reasonable, accurate, complete, and free from material omission.

The non-interested shareholders should note that the views expressed by AER herein are, amongst others, based on the current economic, market, industry, regulatory, monetary, social-political, and other conditions prevailing up to the LPD. Accordingly, our evaluation and opinion

in this IAL do not consider information, events and conditions arising or may occur after the LPD. Our advice should be considered in the context of the entirety of this IAL.

In rendering our advice, we had taken note of pertinent issues which we believe are necessary and of importance to an assessment of the implications of the Proposed Business Venture that are of general concern to the non-interested shareholders.

As such:

- (a) our evaluation and recommendation contained herein are based on the assessment of the fairness and reasonableness of the Proposed Business Venture. Comments or points of consideration which may be commercially oriented such as the rationale, financial effects, potential benefits, and prospects of the Proposed Business Venture are included for our overall evaluation as we deem necessary for disclosure purposes to enable the non-interested shareholders to consider and form their views in a more holistic manner thereon. We do not express an opinion on legal, accounting and taxation issues relating to the Proposed Business Venture;
- (b) our views and advice as contained in this IAL only cater to the non-interested shareholders at large and not to any non-interested shareholder individually or any specific group of non-interested shareholders. Hence, in carrying out our evaluation, we have not given due consideration to the specific investment objectives, risk profiles, financials and tax situations and particular needs of any individual non-interested shareholder or any specific group of non-interested shareholders; and
- (c) we advise that any individual non-interested shareholder or any group of non-interested shareholders who are in doubt as to the action to be taken or require advice in relation to the Proposed Business Venture in the context of their individual investment objectives, risk profiles, financials and tax situations or needs, to consult their respective stockbrokers, bankers, solicitors, accountants, or other professional advisers immediately.

## **5 DETAILS OF THE PROPOSED BUSINESS VENTURE WHICH INVOLVE THE INTEREST OF THE INTERESTED PARTIES OF L&G**

**The summary of the Proposed Business Venture, extracted from Part A, Section 2.3, Section 2.8 and Appendix II, of this Circular.**

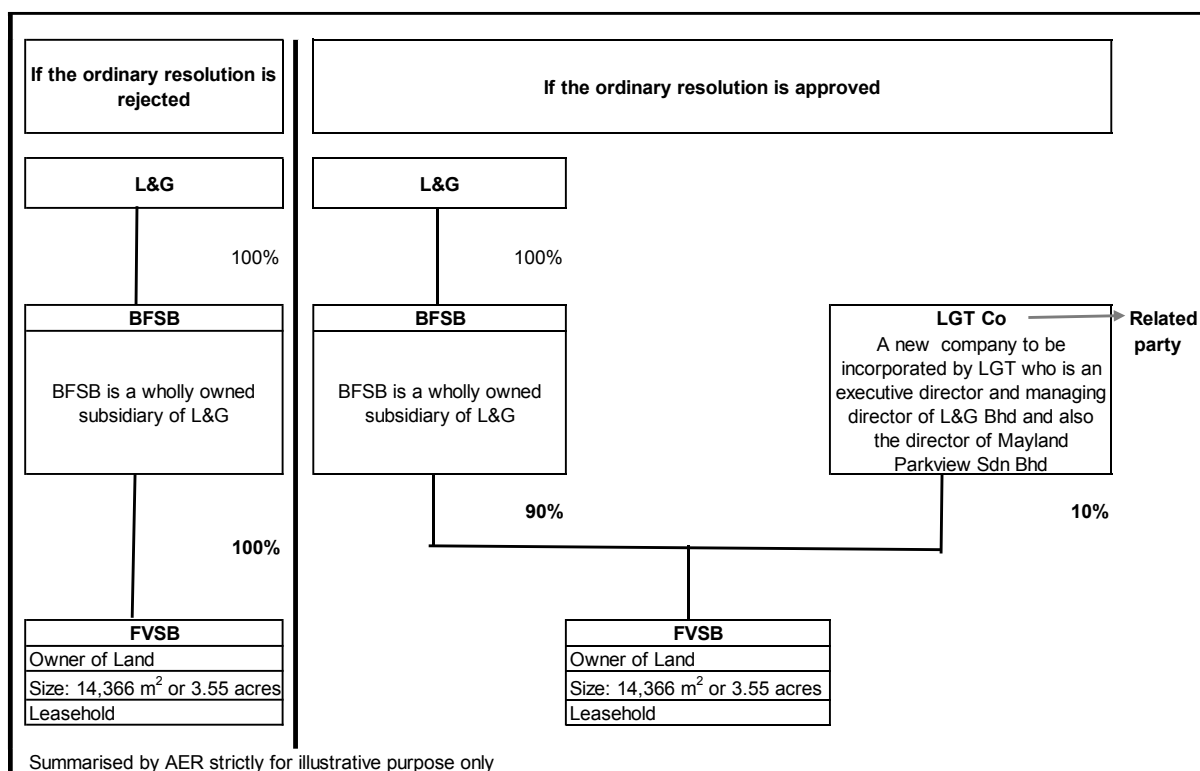
Summarised by AER on the Proposed Business Venture
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### **Strictly for illustrative purpose only:-**

If the ordinary resolution to be tabled in this EGM, is approved by the non-interested shareholders of L&G, FVSB shall allot 28,000 new ordinary shares of RM 1.00 each in FVSB to LGT. This shall result in FVSB to be held by BFSB and LGT based on an equity ownership of 90% and 10% respectively. This means that the Proposed Development shall be undertaken by L&G Group and LGT based on an effective interest of 90% and 10% equity ownership respectively.

If the ordinary resolution to be tabled in this EGM, is rejected by the non-interested shareholders of L&G, no allotment of new shares to LGT shall take place and FVSB shall be held entirely by BFSB. This means that the Proposed Development shall be undertaken solely by L&G with a 100% effective interest.

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**Strictly for illustration** only, below is the proposed mechanism on how the Proposed Development shall be funded:-

**Scenario 1 – Each party funded based on their proportion as per the BVSA**

Item number	Description	New ordinary shares, advances or redeemable preference shares		Financier, RM million C	Total, RM million A+B+C	Notes
		L&G Group, RM million A	LGT, RM million B			
1	Land	15.3	1.7	51.0	68.0	Note 1
2	Project funding requirements, base case excluding Land	20.7	2.3	111.0	134.0	
Total		36.0	4.0	162.0	202.0	
Note 2						

**Notes**

- The purchase cost by FVSB for the Land was RM 68.0 million. As at LPD, the purchase cost of the Land has been paid in full by L&G Group for the sum of RM 17.0 million and partial drawdown of the Facilities for the sum of RM 51.0 million, Upon the approval of the Proposed Business Venture, LGT shall pay for the Land cost equivalent to RM 1.7 million, equivalent to LGT's 10% equity contribution for the Committed Funding portion in FVSB, if ordinary resolution is approved.
- On the assumption that the total proposed funding requirement is RM 202 million including the cost of the Land, the Committed Funding for both L&G Group and LGT are RM 36.0 million and RM 4.0 million respectively.

L&G Group and LGT shall fund for the Committed Funding in any of three methods or combinations thereof:-

- Subscription of newly issued ordinary shares by FVSB;
- Subscription of new RPS issued by FVSB; or
- Shareholders Advance to FVSB



#### Terms of Shareholders Advance

FVSB pays an annual interest of 5.0% for the portion of the Committed Funding made to FVSB in the form of Shareholders Advances.

#### Terms of the RPS

FVSB pays an annual dividend at a rate of 3.8% per annum, for the portion of the Committed Funding made to FVSB in the form of RPS.

#### AER's commentary

1. Under the Scenario 1, L&G Group and LGT pays for the proportion of the Committed Funding based on the equity participation of 90% and 10% respectively. Hence, the terms are **reasonable**, as each party has to pay for their respective portion of the Committed Funding based on the equity interest.
2. The annual interest rate for a portion of the Committed Funding which is funded by Shareholders Advance and RPS are 5.0% and 3.8% respectively. As interest expenses are tax deductible, the net interest payments for an annual payment of 5% before tax is equivalent to a 3.8% annual interest payment after accounting for corporate tax rate of 24%.

Dividend from RPS are made out of profits of a company and it is made after tax. The annual dividend rate of 3.8% is equivalent to gross interest before tax of 5.0% p.a.

Hence, we conclude that the annual rates offered by FVSB to the portion of Committed Funding in the form of Shareholders Advances and RPS of 5.0% and 3.8% respectively are **reasonable**.

**Strictly for illustration** only, below is the proposed mechanism on how the Proposed Development shall be funded:-

**Scenario 2** – One party is not able to fund based on their proportion as per the BVSA when a capital call is made and not remedied within 30 days after receiving a notice issued by FVSB and the other party also known as Funding Party, funded the portion of the Committed Funding of another.

#### Example only:-

If L&G Group funds, entirely on behalf of LGT for the Project Funding Requirements:-

Item number	Description	New ordinary shares, advances or RPS		Financier, RM million C	Total, RM million A+B+C	Notes
		L&G Group, RM million A	LGT, RM million B			
1	Land	15.3	1.7	51.0	68.0	Note 1
2	Project funding requirements, base case excluding Land	23.0	- Note 2	111.0	134.0	
Total		38.3	1.7	162.0	202.0	
		Note 2				

#### Notes

1. The purchase cost by FVSB for the Land was RM 68.0 million. As at LPD, the purchase cost of the Land has been paid in full by L&G Group for the sum of RM 17.0 million and partial drawdown of the Facilities for the sum of RM 51.0 million, Upon the approval of the Proposed Business Venture, LGT shall pay for the Land cost equivalent to RM 1.7 million, equivalent to LGT's 10% equity contribution for the Committed Funding portion in FVSB, if ordinary resolution is approved.



2. On assumption that the total proposed funding requirement is RM 202 million including the cost of the Land, and assumption that LGT's portion for the project funding requirements, is funded by L&G Group, the Committed Funding for both L&G Group and LGT are RM 38.3 million and RM 1.7 million respectively.
3. In the event that the funding required for the Proposed Development by FVSB exceeds RM 202 million, BFSB and LGT is required to fund for any excess of the Committed Funding, based on their respective shareholding proportion, referred to as Additional Funding.

For the Committed Funding / Additional Funding, that is funded by L&G Group and LGT based on a ratio of 90% and 10% respectively:

- Terms of Shareholders Advance:-

FVSB pays an annual interest of 5.0% for the portion of the Committed Funding / Additional Funding, made to FVSB in the form of Shareholders Advances.

- Terms of the RPS

FVSB pays an annual an annual dividend rate of 3.8% for the portion of the Committed Funding / Additional Funding, made to FVSB in the form of RPS.

For the Committed Funding / Additional Funding, that is funded by L&G Group (as a Funding Party) on behalf of LGT (Non-Funding Party):

- Terms of Special Shareholders Advances

FVSB pays an annual interest of 10.0% for the portion of the Committed Funding / Additional Funding made by L&G Group on behalf of LGT to FVSB in the form of advances.

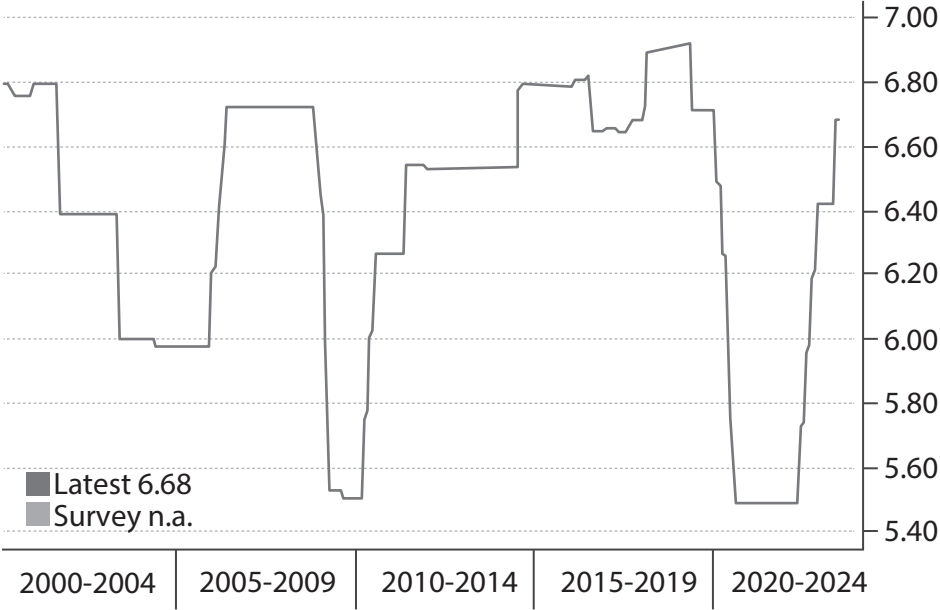
- Terms of the Special RPS

FVSB pays an annual dividend rate of 7.6% for the portion of Committed Funding / Additional Funding made by L&G Group on behalf of LGT to FVSB in the form of RPS.

<b>AER's commentary</b>
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1. The annual interest rate for a portion of the Committed Funding which is funded by Shareholders Advances and RPS are 5.0% and 3.8% respectively. As interest expenses are tax deductible, the net interest payments for an annual payment of 5% before tax is equivalent to a 3.8% annual interest payment after accounting for corporate tax rate of 24%.
2. The annual interest rate for a portion of the Committed Funding which is funded by Special Shareholders Advances and subscription of Special RPS by the Funding Party on behalf of the Non-Funding Party are 10.0% and 7.6% respectively. As interest expenses are tax deductible, the net interest payments for an annual payment of 10.0% before tax is equivalent to a 7.6% annual interest payment after accounting for corporate tax rate of 24%.
3. In the event that L&G Group has to fund for the portion of the Committed Funding / Additional Funding of LGT as a Funding Party, L&G Group shall earn two times the return. The average monthly Base Lending Rate ("**BLR**") of commercial bank for the month of June 2023 was 6.68%. We also extracted a compilation of the monthly BLR over a duration from 2000 to June 2023 ("**Table 1**") and noted that the highest BLR was approximately 6.9%. We concluded that the Prescribed Special Dividend Rate and Prescribed Special Rate offered by FVSB to the Funding Party for both Committed Funding and Additional Funding are **reasonable** as both the Prescribed Special Dividend Rate and Prescribed Special Rate are **higher** than the average BLR.

Table 1



Malaysia Monthly Base Lending Rate Commercial Banks  
Source: Bloomberg Finance L.P

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## 6 EVALUATION OF THE PROPOSED BUSINESS VENTURE

In evaluating the Proposed Business Venture, we have taken into consideration the following areas in forming our opinion:

Areas of Evaluation	Section reference in IAL
Rationale for the Proposed Business Venture	6.1
Committed Funding, Additional Funding and guarantees	6.2
Evaluation of the salient terms of the BVSA - Condition precedent clauses - Subscription of shares - Capital contribution by each party and provisions in the BVSA that protects the interest of a party that funds on behalf of a Non-Funding Party, i.e., the rights to request for capitalisation - the eventual winding up of FVSB when the Proposed Development has been completed - Compensation of guaranteed fee payable by LGT to L&G Group as L&G Group is providing the corporate guarantee on behalf of LGT	6.3
Effects on the substantial shareholder's shareholdings	6.4
Financial effects of the Proposed Business Venture such as the NA per share and gearing	
Prospects of the Proposed Business Venture	6.5
Risk factors of the Proposed Business Venture	6.6

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## 6.1 Rationale for the Proposed Business Venture

As extracted from <b>Part A, Section 3</b> of this Circular	<b>AER's commentary</b>
<p><i>The Proposed Business Venture serves to enable LGT to participate in the Proposed Development jointly with the L&amp;G Group on a fair and equitable basis with due consideration to his long service and contribution towards the L&amp;G Group. LGT has held the position of Managing Director of the Group for the last 15 years which saw the Group record uninterrupted profits during his tenure and declaring dividends to its shareholders for the last 8 consecutive years between FYE2014 to FYE2022, save for FYE2020 due to COVID19.</i></p> <p><i>Through the Proposed Business Venture, the Parties will be jointly contributing the requisite funding requirements for the Proposed Development based on their respective shareholding proportions and likewise, jointly assuming the project risks and liabilities during implementation as well as reaping the associated returns/profits on completion.</i></p> <p><i>The Board is of the view that the equity participation of 10% by LGT shall ensure LGT's continued services, leadership and contribution to L&amp;G Group in the foreseeable future. Further, LGT is required to provide the associated funding for his share of the Proposed Development. Other forms of incentive such as share option schemes and share grants would have an impact on the financial statements of L&amp;G Group as a result of accounting for option expenses.</i></p> <p><i>The Board is of the view that the Proposed Business Venture is expected to contribute positively to the future earnings and cash flows of the L&amp;G Group as the Proposed Development is situated in a strategic location in Kuala Lumpur and the Group is entitled to a significant share of the results and the control of the Proposed Business Venture.</i></p>	<p>If the ordinary resolution for the BVSA is <b>not approved</b> by the shareholders, L&amp;G Group will have the sole right and 100% effective interest in the Proposed Development.</p> <p>If the ordinary resolution for the BVSA is <b>approved</b> by the shareholders, L&amp;G Group shall enter into the BVSA and shall be entitled to 90% effective interest in the Proposed Development while LGT shall be entitled to 10% effective interest in the Proposed Development.</p> <p>The rationale by your Board could be summarised as follows:-</p> <ul style="list-style-type: none"> <li>- In recognition of LGT's position as Managing Director who has been the Group for last 15 years and during his tenure has consistently declared dividends for last eight consecutive years between FYE 2014 to FYE 2022 except for FYE 2020 due to COVID 19.</li> <li>- LGT is required to provide the associated funding for his share of the Proposed Development.</li> </ul> <p>We noted that LGT has been with the Group since 1 January 2008. The net assets of L&amp;G Group has increased from RM 201.9 million to RM 1,206.3 million during the period from FYE 31 March 2008 to 31 March 2022. This represents a total absolute growth in net assets of 497% or an average of 36% annually over the duration of 14 years.</p> <p>We noted that the Proposed Development is projected to earn a profit after tax of approximately RM 104 million. LGT's stake of 10% shall translate to an equivalent value of approximately RM 10.4 million.</p> <p>We conclude that while the compensation is not customary, considering the contributions made by LGT and that LGT enjoys the benefits but also share the risk in the Proposed Business Venture, we conclude that the BVSA are <b>reasonable</b> to the interest of the non-interested shareholders.</p>

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As extracted from <b>Part A, Section 3</b> of this Circular	<b>AER's commentary</b>
<i>LGT has been involved in property development and project management for the past 33 years, handling and implementing projects such as residential, commercial, shopping complex, hotel, golf course, condominium and serviced apartments. During his tenure, LGT has been instrumental in the development and completion of a number of high rise residential/commercial projects for L&amp;G as summarized in Part A, Section 3 of the Circular.</i>	<p>We also noted that apart from contributing capital and sharing the risk upon approval of the Proposed Business Venture, LGT shall also contribute positively to the Proposed Development based on his 33 years past track records in property project management.</p> <p>Hence, we conclude that the BVSA are <b>reasonable</b> to the interest of the non-interested shareholders.</p>

## 6.2 Basis and justification in arriving at the Committed Funding and guarantees

As extracted from <b>Part A, Section 2.8</b> of this Circular	<b>AER's commentary</b>
<p><i>Pursuant to the BVSA, the Parties shall provide further financial assistance to FVSB through the Committed Funding as well as corporate/personal guarantees for credit facilities to be procured by FVSB for the Proposed Development based on their respective shareholding proportions to finance the Acquisition and working capital requirements of FVSB for the Proposed Development. The balance of funding shall be financed via credit facilities of up to RM162.0 million.</i></p> <p><i>The Committed Funding to be extended/provided by the Parties are based on their shareholding proportions as follows:-</i></p> <p><i>(a) BFSB of RM 36 million</i></p> <p><i>(b) LGT of RM 4 million</i></p> <p><i>On 5 July 2022, FVSB received a letter of offer from a financial institution for the Facilities to part fund the Acquisition and Proposed Development. Pursuant to the conditions precedent of the Facilities, L&amp;G has provided the Corporate Guarantee for all monies due and payable under the Facilities and a letter of undertaking to cover any cost overrun of the Proposed Development.</i></p> <p><i>Under the BVSA, the Company shall procure an unconditional and irrevocable undertaking and guarantee from LGT for his proportionate interest in FVSB in favour of L&amp;G in the event L&amp;G is required by the financier to pay any amount under the Corporate Guarantee. Further, L&amp;G shall charge LGT a guarantee</i></p>	<p>The Proposed Development of the Land is intended to be developed into 3 blocks of service apartments comprising 1,546 units of service apartments, a podium with 2 units of shop lots as well as 1,751 car parks and 350 motorcycle.</p> <p>The anticipated GDV is RM 630 million. The anticipated GDC is RM 493 million.</p> <p>The total base case funding required for the Proposed Development by FVSB is estimated to be RM 202 million inclusive of Land cost of RM 68 million. The Committed Funding, pursuant to the BVSA, shall be funded by participation by L&amp;G Group and LGT based on a ratio of 90% and 10% if the ordinary resolution is approved. The remaining balance of RM 162 million shall be funded by financier.</p> <p>In the event that the funding required for the Proposed Development by FVSB exceeds RM 202 million, BFSB and LGT shall fund any excess based on their respective shareholding proportion of 90% and 10% respectively, pursuant to the BVSA, referred to as Additional Funding.</p> <p><b>Guarantee Fee</b></p> <p>On 19 July 2022, FVSB accepted the letter of offer from the financial institution for the Facilities to part fund the Acquisition and the Proposed Development. Correspondingly on 14 December 2022, L&amp;G has provided a Corporate Guarantee to the financier.</p>

<p><i>fee of 1% per annum on the outstanding borrowings guaranteed from time to time based on LGT's shareholding proportion until the Corporate Guarantee is released or the credit facilities are fully settled, whichever is earlier. The unconditional and irrevocable undertaking and guarantee from LGT shall be provided by LGT within 1 (one) month from the Unconditional Date of the BVSA as supplemented by the Supplemental Agreement</i></p> <p><i>The Committed Funding and Guarantees were arrived at between the Parties based on their respective shareholding proportions in FVSB with due consideration to the following:-</i></p> <ul style="list-style-type: none"> <li><i>(a) the funding requirements for the Acquisition as set out in Section 2.3 and 2.8 above;</i></li> <li><i>(b) the estimated GDC to be incurred by FVSB in relation to the Proposed Development as set out in Section 2.3 above; and</i></li> <li><i>(c) the estimated working capital requirements of FVSB.</i></li> </ul> <p><i>In the event additional funding is required in excess of the Committed Funding, BFSB and LGT shall fund any shortfall based on their respective shareholding proportion via Additional Funding pursuant to the BVSA.</i></p>	<p>L&amp;G shall procure an unconditional and irrevocable undertaking and guarantee from LGT for his proportionate interest in FVSB in favour of L&amp;G to safeguard L&amp;G in any situations where L&amp;G is required by the financier to pay any amount under the Corporate Guarantee. LGT shall only provide to L&amp;G an unconditional and irrevocable undertaking and guarantee within 1 (one) month from the Unconditional Date of the BVSA as supplemented by the Supplemental Agreement. This is <b>reasonable</b> and <b>not detrimental</b> to the non-interested shareholders of L&amp;G, as LGT only has a 10% interest in FVSB on and after the Unconditional Date.</p> <p>Further, L&amp;G shall charge LGT a guarantee fee of 1% per annum on the outstanding borrowings guaranteed from time to time based on LGT's shareholding proportion until the Corporate Guarantee is released or the credit facilities are fully settled, whichever is earlier. As an example:- If the facility is fully drawn down, then the outstanding bank borrowings shall be RM 162 million, then, LGT's shareholding proportion of the guarantee shall be RM 16.2 million and the annual guarantee fee that L&amp;G shall charge LGT shall be RM 0.162 million.</p> <p>The frequency of the payment is annually.</p> <p>The payment terms of the guarantee fee shall be by way of offset of any amount payable to LGT by FVSB.</p> <p>There is no cost by L&amp;G to issue the corporate guarantee and the fee earned by L&amp;G to issue a corporate guarantee for LGT's shareholding proportion and earn a guarantee fee is <b>reasonable</b> and <b>not detrimental</b> to the interest of non-interested shareholders of L&amp;G.</p> <p><b>Committed Funding</b></p> <p>The funding for the Proposed Development is estimated by the management to be approximately RM 202 million based base case, key assumptions of the projected sales and projected cost to be incurred during the construction and development stage. As the Facilities granted is RM 162 million, this means that there is a shortfall of RM 40 million to be funded by shareholders contribution. We noted that as the Committed Funding is up to RM 40 million as defined in the BVSA, we are of the view that this amount is appropriately determined with reasonable basis, and hence is it <b>reasonable</b> and <b>not</b></p>
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	<b>detrimental</b> to the non-interested shareholders of L&G.
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### 6.3 Evaluation of the salient terms of the BVSA

The salient terms of the BVSA are set out **Appendix II** of this Circular. Our comments on the salient terms are as follows:

Salient terms of the BVSA	AER's comments
<p>3. <i>Conditions Precedents</i></p> <p>3a <i>Fulfilment of the conditions precedent in the sale and purchase agreement for the purchase of the Puchong Land;</i></p> <p>3b <i>Shareholders' approval of L&amp;G for the Business Venture with LGT and FVSB's subscription of shares into FVSB;</i></p> <p>3c <i>the obtaining by FVSB of the Purchase Financing and the financing to bridge the funding ("Bridging Financing") for the development of the Puchong Land of an aggregate amount of no less than RM160 million; and</i></p> <p>3d <i>FVSB's receipt of a letter of consent or no objection from the financier for the Purchase Financing and the Bridging Financing, to LGT holding his Shareholding Proportion of the Shares, and if the financier shall impose any terms and conditions with its consent or no objection, such terms being mutually acceptable to the Parties,</i></p> <p><i>The non-fulfilment of the conditions precedent will result in the termination of the BVSA and FVSB shall refund all monies paid by LGT in relation to the BVSA.</i></p>	<p>Clause 3a FVSB has bought and paid the entire purchase cost for the Land and hence this condition precedent has been met as at LPD.</p> <p>Clause 3b If the BVSA is approved by the non-interested shareholders, then, the Proposed Business Venture is proceeded.</p> <p>If the BVSA is rejected by the non-interested shareholders, L&amp;G will undertake the Proposed Development entirely by its own without LGT.</p> <p>Clause 3c FVSB has accepted a letter of offer issued by the financial institution dated 5 July 2022 to L&amp;G for a total banking facility of RM 162 million on 19 July 2022 and hence this condition precedent has been met as at LPD.</p> <p>Clause 3d L&amp;G received a letter of consent or no objection from the financial institution on 10 May 2023, for FVSB to enter into a BVSA with LGT for LGT to subscribe a 10% interest in FVSB.</p> <p>L&amp;G is also seeking an approval from the Financial Institution to provide consent for allowing FVSB to increase its paid-up capital from RM 10,000 to RM 280,000 and to allow LGT to nominate LGT Co to subscribe for Shares, RPS, Special RPS and make the Shareholders Advance or Special Shareholders Advance following the execution of the Supplemental Agreement. The management of L&amp;G has informed us that the consent from financial institution is expected in August 2023.</p> <p>We are of the view that all the terms listed as conditions precedents, are <b>reasonable</b> and <b>not detrimental</b> to the non-interested shareholders.</p>

Salient terms of the BVSA	AER's comments
<p>4. Subscription of Shares</p> <p><i>Subject to the fulfilment of the Conditions Precedent, the Parties shall subscribe into new shares of RM1.00 each in FVSB as follows:</i>  <i>BFSB - 8,998 shares (90% interest)</i>  <i>LGT - 1,000 shares (10% interest)</i></p>	<p>Upon fulfilment of the Conditions Precedent, FVSB shall allot 28,000 shares to LGT. Total number of FVSB's shares held by BFSB and LGT shall be 252,000 shares and 28,000 shares respectively.</p> <p>The terms listed as conditions precedents, are <b>reasonable</b> and <b>not detrimental</b> to the non-interested shareholders, which is required to give effect to the enforcement of the agreement to enable BFSB and LGT to own 90% and 10% in FVSB respectively.</p>

Salient terms of the BVSA	AER's comments
<p>5. Capital Contribution</p> <p><i>Capital Contribution by the Parties shall be utilised to meet the financial requirements of FVSB provided always, the Shareholders shall first fund the Committed Funding of RM40 million and for additional funds, FVSB shall first secure financing from financial institutions. The Capital Contribution shall be used for the following:</i></p> <ul style="list-style-type: none"> <li><i>To pay for the acquisition of Puchong Land not funded by bank borrowings;</i></li> <li><i>To pay for all costs incidental to the acquisition of Puchong Land; and</i></li> <li><i>To pay for all costs incidental to the planning, consultation, construction, management, development, implementation, marketing, sale and completion of the development of the Puchong Land.</i></li> </ul> <p><i>The Parties shall proportionately fund the Committed Funding (RM40,000,000) within 30 days from the capital or funding call notice based on their respective interest in FVSB which shall be made by either:</i></p> <ul style="list-style-type: none"> <li><i>Issuance of new shares in FVSB at issue price of RM1.00 each Share;</i></li> <li><i>Shareholders advances at interest of 5% p.a. ("Prescribed Rate");</i></li> <li><i>Cumulative redeemable preference shares at a dividend rate of 3.8% ("Prescribed Dividend Rate") subject to available profits.</i></li> </ul> <p><i>Failure of either Parties to fund the Committed Funding and such failure to fund is not remedied within 30 days after receiving notice issued by FVSB to remedy the same, the Funding Party may be entitled to the following:</i></p> <ol style="list-style-type: none"> <li><i>fund in the form of:-</i> <ol style="list-style-type: none"> <li><i>special shareholders advances on behalf of the Non-Funding Party at a</i></li> </ol> </li> </ol>	<p>As explained under <b>Section 5</b> of this IAL, the following are the salient features of the points on Capital Contribution for the Proposed Development.</p> <p>The GDC for the Proposed Development is estimated to be RM 493 million. Due to the nature of the property development industry, a developer is able to sell and collect milestone payments from its customers. Based on the cash flow projection by the management of L&amp;G, the total funding required for the Acquisition and Proposed Development is estimated at RM 202 million. As L&amp;G has already secured a debt funding for a total sum of RM 162 million, the remaining sum of RM 40 million, also known as Committed Funding, shall be funded by L&amp;G Group and LGT based on the proportion of 90% and 10%.</p> <p>In the event that, the actual funding requirement exceeds RM 202 million, any excess of the Committed Funding, also known as Additional Funding, shall be funded by L&amp;G Group and LGT based on the proportion of 90% and 10%.</p> <p>The Committed Funding and Additional Funding can be funded in the following forms by L&amp;G and LGT</p> <ul style="list-style-type: none"> <li>- Subscription of new FVSB's share based on issue price of RM 1 each, or</li> <li>- Shareholders Advances that earns a Prescribed Rate.</li> </ul>



Salient terms of the BVSA	AER's comments
<p>higher interest rate of 10% p.a. ("Prescribed Special Rate");</p> <p>ii. special redeemable preference shares on behalf of the Non-Funding Party at a higher dividend rate of 7.6% p.a. ("Prescribed Special Dividend Rate"); and/or</p> <p>b. in the event the Non-Funding Party fail to provide proportionate funding within 30 days after the date of notice given by FVSB to Non-Funding Party to make its required proportionate funding and upon issuance of Capitalisation and Conversion Notice:</p> <p>i. in respect of any funding which was made in the form of Shareholders Advances or Special Shareholders Advances, require all shareholders (being both the Funding Party and Non-Funding Party) to capitalise all shareholders advances or special shareholders advance and all accrued interest thereon at an issue price of RM1.00 per share; and</p> <p>ii. in respect of any funding which was made in the form of RPS or Special RPS, convert redeemable preference shares or special redeemable preference shares and dividend relating thereto into ordinary shares, thereby, diluting the equity interest of the Non-Funding Party, FVSB shall upon conversion issue and allot new Shares to that Shareholder such number of new Shares calculated as follows:</p> $\frac{\text{Number of new Shares} = \text{Number of RPS held by that Shareholder} + \text{Number of Special RPS held by that Shareholder} + \text{Accumulated Dividends related the RPS and the Special RPS held by that Shareholder}}{\text{RM1.00}}$ <p>In such an event, the Shareholding Proportion of the Shareholders shall be varied and revised accordingly after taking into consideration of the total new Shares allotted and issued; and/or</p> <p>c. treat the non-funding by the Non-Funding Party as an event of default ("EOD"), whereby the Funding Party may acquire the shares of the Non-Funding Party at fair market value ("FMV") less a 10% discount provided always that it shall not be an EOD if the</p>	<p>- Subscription of new RPS shares with a Prescribed Dividend Rate.</p> <p>In the event of either party, say LGT is unable to provide the portion of Committed Funding / Additional Funding and L&amp;G funds on behalf of LGT, L&amp;G (as a Funding Party) shall earn a Prescribed <u>Special</u> Rate and Prescribed <u>Special</u> Dividend Rate if funded in the form of Shareholders Advances and subscription of RPS respectively.</p> <p><u>Right of Funding Party to request for capitalisation of Shareholders Advance / Special Shareholders Advance / RPS / Special RPS for Committed Funding and Additional Funding</u></p> <p>Clause 8.4.3 of the BVSA, protects the interest of a party that funds on behalf of the Non-Funding Party. Example:- If LGT is not able to contribute to its portion as required under the Committed Funding / Additional Funding, the Funding Party have a right to request for capitalisation of the Shareholders Advances or RPS with the result in dilution of shareholding of the LGT. This means that if LGT is not providing for its required portion for Committed Funding / Additional Funding, the effective interest in LGT will be diluted from its initial agreed upon equity interest of 10% to lesser than 10%.</p> <p><u>Right of Funding Party to acquire ordinary shares held by Non-Funding Party for Committed Funding, at fair market value less 10% discount</u></p> <p>In addition, Clause 8.4.4 of the BVSA provides that the Funding Party can treat the non-funding by the Non-Funding Party as an Event of Default ("EOD"), whereby the Funding Party may acquire the shares of the Non-Funding Party at Fair Market Value ("FMV") less a 10% discount provided always that it shall not be an EOD if the Funding Party has not funded all (even if part only is funded) of its shareholding proportion of the Committed Funding. In summary, this means that any Non-Funding Party for any Committed Funding / Additional Funding, shall</p>

Salient terms of the BVSA	AER's comments
<p><i>Funding Party has not funded all (even if part only is funded) of its shareholding proportion of the Committed Funding.</i></p> <p><b>Additional Funding</b>  <i>In the event additional funding over the Committed Funding is required, the Parties shall proportionately fund the Additional Funding within 30 days from the capital or funding call notice based on their respective interest in FVSB which shall be made by either:</i></p> <ul style="list-style-type: none"> <li>• <i>Shareholders advances at Prescribed Rate; and</i></li> <li>• <i>Cumulative redeemable preference shares at Prescribed Dividend Rate subject to available profits.</i></li> </ul> <p><i>Failure of either Parties to fund the Additional Funding and such failure to fund is not remedied within 30 days, the Funding Party may be entitled to the following:</i></p> <ol style="list-style-type: none"> <li>a. <i>Fund in the form of:-</i> <ol style="list-style-type: none"> <li>i. <i>special shareholders advances on behalf of the Non-Funding Party at Prescribed Special Rate; and</i></li> <li>ii. <i>special redeemable preference shares on behalf of the Non-Funding Party at Prescribed Special Dividend Rate; and/or</i></li> </ol> </li> <li>b. <i>in the event the Non-Funding Party fail to provide proportionate funding within 30 days after the date of notice given by FVSB to Non-Funding Party to make its required proportionate funding and upon issuance of Capitalisation and Conversion Notice:</i> <ol style="list-style-type: none"> <li>i. <i>in respect of any funding which was made in the form of Shareholders Advances or Special Shareholders Advances, require all shareholders (being both the Funding Party and Non-Funding Party) to capitalise all shareholders advances or special shareholders advance and all accrued interest thereon at an issue price of RM1.00 per share; and/or</i></li> <li>ii. <i>in respect of any funding which was made in the form of RPS or Special RPS, convert redeemable preference shares or special redeemable preference shares and dividend relating thereto into ordinary shares, thereby, diluting the equity interest of the Non-Funding Party, FVSB shall</i></li> </ol> </li> </ol>	<p>result in its shareholding to be diluted from the pre-agreed upon shareholdings in the BVSA.</p> <p>We are of the view that all the terms listed as are <b>reasonable</b> and <b>not detrimental</b> to the non-interested shareholders.</p>

Salient terms of the BVSA	AER's comments
<p><i>upon conversion issue and allot new Shares to that Shareholder such number of new Shares calculated as follows:</i></p> $\frac{\text{Number of new Shares} = \text{Number of RPS held by that Shareholder} + \text{Number of Special RPS held by that Shareholder} + \text{Accumulated Dividends related the RPS and the Special RPS held by that Shareholder}}{\text{RM1.00}}$ <p><i>In such an event, the Shareholding Proportion of the Shareholders shall be varied and revised accordingly after taking into consideration of the total new Shares allotted and issued.</i></p>	

Salient terms of the BVSA	AER's comments
<p><b>6. Shareholders Advances and Special Shareholders Advances</b></p> <p><i>Unless otherwise agreed by the Shareholders, in the event that Shareholders Advances or Special Shareholders Advances are granted to FVSB, the following principles shall apply:</i></p> <p>(a) <i>FVSB shall pay to any Shareholder providing:</i></p> <p>(i) <i>any Shareholders Advances, interest at the Prescribed Rate;</i></p> <p>(ii) <i>Special Shareholders Advances, interest at the Prescribed Special Rate;</i></p> <p>(b) <i>subject to item (c) to (h) below, any Shareholders Advance must be repaid in whole or in part by FVSB within two (2) years after the delivery of vacant possession of the first parcel in the proposed development of Puchong Land by FVSB as may from time to time be extended by the same duration for extension of any defects liability period under any law affecting the parcels or on such other dates as the Shareholders may mutually agree, provided that (unless the Shareholders agree otherwise) repayment shall be made to all Shareholders in proportion to the outstanding principal amount of each of their respective Shareholders Advance and (unless the Shareholders agree otherwise) after payment of all outstanding interest payable on any Shareholders Advance;</i></p> <p>(c) <i>no Shareholders Advance made by any Shareholder shall be repaid unless the corresponding RPS issued to other</i></p>	<p>- The Funding Party has the right to require the Non-Funding Party, to make its required proportionate funding contributions to the company.</p> <p>- If the Non-Funding Party, fails to provide the proportionate funding within 30 days after the notice, the company shall issue a Capitalisation and Conversion Notice to all shareholders.</p> <p>- The company shall capitalize all Shareholders Advances or Special Shareholders Advances made by all shareholders, including the Funding Party and Non-Funding Party, into shares at an issue price of RM1.00 per share.</p> <p>- The company shall issue and allot new shares to such shareholder upon capitalization of such Shareholders Advances or Special Shareholders Advances and interest thereon.</p> <p>We are of the view that all the terms listed as conditions precedents, are <b>reasonable</b> and <b>not detrimental</b> to the non-interested shareholders.</p>

Salient terms of the BVSA	AER's comments
<p>Shareholder in providing the corresponding funding shall at or around the same time be redeemed or repaid;</p> <p>(d) no interest for any Shareholders Advance shall be paid unless dividend for the corresponding RPS issued to other Shareholder in providing the corresponding funding shall at or around the same time be paid;</p> <p>(e) no Shareholders Advance made by any Shareholder shall be repaid unless all the Special Shareholders Advances have been repaid and all the Special RPS have been fully redeemed;</p> <p>(f) no interest for any Shareholders Advance shall be paid unless all accrued interest for the Special Shareholders Advance and all accrued dividend for the Special Shareholders Advances have fully been paid;</p> <p>(g) no Shareholders Advance shall be repayable on demand by any Shareholder; and</p> <p>(h) if required as a condition of the grant of loans or credit facilities by banks and/or financial institutions to FVSB, each Shareholder shall subordinate its Shareholders Advance, Special Shareholders Advance and interest thereon to the loans or credit facilities granted to FVSB.</p>	

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Salient terms of the BVSA	AER's comments
<p>7. <i>RPS and Special RPS</i></p> <p>7.1. <i>The funding contributions to FVSB, including the Committed Funding, the Additional Funding and/or any other amounts which have been agreed to be provided by the Shareholders under the BVSA, can be made by the issuance of:</i></p> <p>(a) <i>cumulative RPS by the FVSB to the Shareholders, on such other terms as may be mutually agreed between the Parties and consistent with the terms of BVSA, according to its shareholding proportions; and/or</i></p> <p>(b) <i>cumulative Special RPS by FVSB to any Funding Shareholders, on such other terms as may be mutually agreed between the Parties and consistent with the terms of BVSA.</i></p> <p>7.2. <i>The RPS shall, subject to the Act:</i></p> <p>(a) <i>be of a separate class from ordinary Shares and shall in respect of payment of dividend, redemption, and return of capital, rank ahead of ordinary Shares issued to all the Shareholders;</i></p> <p>(b) <i>subject to item 4 below, be redeemable at any time at the option of FVSB by notice to the holders of the RPS at such redemption price and on such terms to be determined by the Board prior to the issue of the RPS;</i></p> <p>(c) <i>carry no right to convert to ordinary shares of FVSB save as except where the Funding Shareholder or the Additional Funding Shareholder elects to exercise its rights to convert the RPS into ordinary shares when there is a failure to fund proportionate funding by Non-Funding Shareholder to fund Committed Funding or Additional Funding; and</i></p> <p>(d) <i>carry a cumulative dividend rate of the Prescribed Dividend Rate. Dividend payable for any RPS for any period which is less than a year shall be pro-rated based on a 365 days basis.</i></p> <p>7.3. <i>The Special RPS shall, subject to the Act:</i></p> <p>(a) <i>be of a separate class from ordinary Shares and RPS and shall in respect of payment of dividend, redemption, and return of capital, rank ahead of ordinary Shares and the RPS issued to all the Shareholders shall be declared and paid by FVSB to each Shareholder on an annual basis within three (3) months after the tabling or circulating of the audited accounts of FVSB for that financial year to the Shareholders;</i></p>	<p>The salient features of the RPS are as listed below:-</p> <p><b>RPS ranks higher than ordinary shares</b></p> <p>- RPS are of a separate class from ordinary shares and rank ahead of ordinary shares in terms of payment of dividend, redemption, and return of capital.</p> <p><b>Redemption is at the option FVSB and not holder of RPS.</b></p> <p>- RPS are redeemable at any time at the option of the company, subject to the Companies Act, and carry a cumulative dividend rate of the Prescribed Dividend Rate.</p> <p><b>Special RPS are for shareholders that provided funding on behalf of Non-Funding Party.</b></p> <p>Special RPS are issued to shareholders who have provided additional funding to the company and rank ahead of ordinary shares and RPS issued to other shareholders.</p> <p>Special RPS are redeemable at any time at the option of the company, subject to the Companies Act, and carry a cumulative dividend rate of the Prescribed Special Dividend Rate.</p> <p><b>RPS and Special RPS holders could not exercise right to convert to ordinary share when the Funding Shareholder elects to do so.</b></p> <p>- RPS and Special RPS carry no right to convert to ordinary shares, except where the Funding Party elects to exercise its right to convert the RPS into ordinary shares when there is a failure to fund proportionate funding by Non-Funding Party to fund Committed Funding or Additional Funding; and</p> <p><b>Maturity period of RPS / Special RPS</b></p> <p>- The Company shall redeem the RPS and Special RPS <u>within two years</u> after the vacant possession delivery, subject to the Companies Act and payment of all outstanding RPS dividend and Special RPS dividend.</p> <p>- The redemption of Special RPS shall rank ahead of the redemption of RPS, and the redemption of RPS shall be</p>



Salient terms of the BVSA	AER's comments
<p>(b) <i>subject to item 4 below, be redeemable at any time at the option of FVSB by notice to the holders of the Special RPS at such redemption price and on such terms similar to those of the RPS or at such price or on such terms to be determined by the Board (which shall exclude Directors nominated by Non-Funding Shareholder) prior to the issue of the Special RPS;</i></p> <p>(c) <i>carry no right to convert to ordinary shares of FVSB save as except where the Funding Shareholder or the Additional Funding Shareholder elects to exercise its rights to convert the Special RPS into ordinary shares when there is a failure to fund proportionate funding by Non-Funding Shareholder to fund Committed Funding or Additional Funding; and</i></p> <p>(d) <i>shall carry a cumulative dividend rate of the Prescribed Special Dividend Rate. Dividend payable for any Special RPS for any period which is less than a year shall be pro-rated based on a 365 days basis.</i></p>	<p>made to holders of RPS in proportion to their respective shareholding proportion.</p> <p>- Special RPS shall be entitled to receive dividends on an annual basis within three months after the tabling of the audited accounts of the Company for that financial year.</p> <p>- The parties shall take all necessary action, including the passing of board and shareholders' resolution, to effect the capitalization of Shareholders Advances, Special Shareholders Advances, and interest accrued thereon, the conversion of RPS and Special RPS, and the allotment and issuance of new shares to all shareholders.</p> <p>We are of the view that all the terms listed for RPS and special RPS are <b>reasonable</b> and <b>not detrimental</b> to the non-interested shareholders.</p>
<p>7.4. <i>Subject to the Act, and subject to payment of all outstanding RPS dividend and Special RPS dividend, FVSB shall redeem the RPS and the Special RPS within two (2) years after the delivery of vacant possession of the first parcel in the proposed development of Puchong Land by FVSB as may from time to time be extended by the same duration for extension of any defects liability period under any law affecting the Parcels or on such other dates as the holders of RPS and/or Special RPS may mutually agree, provided that (unless the Shareholders agree otherwise):</i></p> <p>(a) <i>the redemption of the Special RPS shall be rank ahead of redemption of the RPS;</i></p> <p>(b) <i>the redemption of the RPS shall be made to holders of RPS in proportion to their respective shareholder proportion;</i></p> <p>(c) <i>the redemption of the Special RPS shall be made to holders of Special RPS in proportion to their respective shareholding proportion; and</i></p> <p>(d) <i>no RPS issued to any Shareholder shall be redeemed unless the corresponding Shareholders Advances made by other Shareholder in providing the corresponding funding shall at or around the same time be repaid.</i></p>	

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Salient terms of the BVSA	AER's comments
<p>8. <i>Business and Financing of FVSB</i></p> <p><i>The business of FVSB shall be confined to the acquisition of the Puchong Land and development of the land subject to an approved Business Plan agreed by the parties to ensure the proper and efficient manner of the business at arm's length commercial terms and in the best interest of FVSB.</i></p> <p><i>In terms of funding, FVSB shall procure further financing in terms of loans or facilities from banks or financial institutions on reasonable terms. In the event, the financiers require a guarantee from L&amp;G for the loans or facilities exceeding its interest in FVSB ("L&amp;G Guarantee"), LGT shall provide an unconditional and irrevocable undertaking and guarantee in favour of L&amp;G in the event L&amp;G is required by the financier to pay any amount under the L&amp;G Guarantee ("Claimed Amount"), to pay his shareholding proportion of the Claimed Amount to L&amp;G.</i></p> <p><i>Failure of LGT to pay the Claimed Amount shall entitle BFSB to:</i></p> <ol style="list-style-type: none"> <li><i>a) Treat the non-payment as an EOD, whereby, BFSB shall be entitled to require LGT to sell such number of his shares at FMV less 10% discount up to the outstanding LGT's Claimed Amount ("Sale Price"), and the LGT's Claimed Amount payable by LGT shall be set-off against the LGT Sale Price; or</i></li> <li><i>b) require all shareholders (being both the Funding Party and Non-Funding Party) to capitalise all shareholders advances or special shareholders advance and all accrued interest thereon and/or convert redeemable preference shares or special redeemable preference shares and dividend relating thereto into ordinary shares.</i></li> </ol> <p><i>For the provision of financial guarantee by L&amp;G and subject to LGT having subscribed shares in FVSB upon the terms of the BVSA, within one (1) month after each anniversary date of LGT's subscription of shares in FVSB and during which the L&amp;G Guarantee is subsisting, L&amp;G shall be entitled to charge LGT, and LGT shall pay to L&amp;G a fee of 1% p.a. ("Guarantee Fee") on the outstanding borrowings guaranteed from time to time on a daily basis based on LGT's Shareholding Proportion until the L&amp;G Guarantee is released or credit facilities are fully settled, whichever is earlier. The Guarantee Fee shall be paid out of amounts payable by the FVSB to LGT towards accounts of payment of dividends and/or interest, repayment of Shareholders Advance and/or Special Shareholders Advance, and payment for</i></p>	<p><b>Situation if Facilities is defaulted.</b> L&amp;G has two course of actions:-</p> <ol style="list-style-type: none"> <li>(a) Request LGT to sell his shares at FMV less 10% discount and use the proceeds to settle against the any amount payable by L&amp;G to the financier (Clause 13.7.2(a)(ii)(aa) of the BVSA).</li> <li>(b) Request for capitalisation of all Shareholders Advance or Special Shareholders Advance and all accrued interest thereon and/or convert RPS or Special RPS and dividend relating thereto into ordinary shares (Clause 13.7.2(a)(ii)(bb) of the BVSA).</li> </ol> <p>In such an event, L&amp;G shall explore both courses of actions available recover for the amount due from LGT's proportion of guarantee issued to the financier by L&amp;G. Hence this term is <b>reasonable</b> and <b>not detrimental</b> to the interest of non-interested shareholders of L&amp;G.</p>

Salient terms of the BVSA	AER's comments
redemption of RPS and/or Special RPS. LGT hereby irrevocably instructs FVSB to remit such payment first to L&G to pay all outstanding Guarantee Fee before remittance of the balance thereof, if any, to LGT.	

Salient terms of the BVSA	AER's comments
<p>9. <i>Board Composition</i></p> <p><i>The Board of FVSB shall comprise of :</i></p> <p>a) 2 Directors nominated by BFSB;</p> <p>b) 1 Director nominated by LGT.</p> <p><i>Minimum quorum shall require at least 3 Directors present comprising at least 2 Directors from BFSB. The Chairman shall be appointed by the Board and the Chairman shall have no second or casting vote at any meeting of the Board.</i></p> <p><i>All resolutions shall be passed via simple majority vote by Directors save for Reserved Matters as specified below.</i></p>	<p>We are of the view that all the terms listed are <b>reasonable</b> and <b>not detrimental</b> to the non-interested shareholders as L&amp;G being the 90% shareholder has a majority control over the board of FVSB.</p>

Salient terms of the BVSA	AER's comments
<p>10. <i>Reserves matters</i></p> <p><i>The Shareholders and FVSB agree that none of the following actions of FVSB ("Reserved Matters") shall be taken except with the approval of all the Shareholders at shareholders meeting or approval in writing through shareholders circular resolution:</i></p> <p>(a) <i>consolidating, sub-dividing or converting any of the FVSB's share capital;</i></p> <p>(b) <i>the creation, allotment or issue of any Shares in the capital of FVSB or of any other security or the grant of any option or rights to subscribe in respect thereof or convert any instrument into such Shares;</i></p> <p>(c) <i>any change in the nature and/or scope of the Business for the time being of FVSB;</i></p> <p>(d) <i>amendment to the Constitution or other constituent documents of FVSB or to comply with any law, guidelines, by laws, regulations or listing requirements;</i></p> <p>(e) <i>the increase or reduction of the paid-up capital of FVSB;</i></p> <p>(f) <i>the presentation of any petition or passing of any resolution for FVSB to be put into administration or to be wound up; and</i></p>	<p>We are of the view that all the terms listed under reserves matters, are <b>reasonable</b> and <b>not detrimental</b> to the non-interested shareholders.</p>



Salient terms of the BVSA	AER's comments
(g) <i>the amalgamation, reconstruction, consolidation or merger of FVSB.</i>	

Salient terms of the BVSA	AER's comments
<p>11. <i>Dividend</i></p> <p>(a) <i>FVSB shall, subject to appropriation of proper, prudent and adequate reserves for the working capital and other financial requirements of FVSB and the Business, declare payment of a dividend out of the net profit after tax to be divided among the Shareholders in proportion to the Shareholding Proportions.</i></p> <p>(b) <i>The dividend policy and all matters regarding dividends shall be proposed by the Board and approved by the Shareholders by resolution in a Shareholders' meeting. The Directors in making any recommendations shall take into consideration the financial requirements and the cash flow position of FVSB and any restrictions imposed by the Act and the Constitution. For the purpose of this clause, the net profit of FVSB shall be the net profit after tax determined by the Auditor from time to time.</i></p> <p>(c) <i>Upon completion of the development, sale of all parcels comprised within the development and the transfer of all parcels to the respective purchasers, the parties shall do all necessary act, including the passing of Board and Shareholders' resolutions to:</i></p> <p>(i) <i>repay all outstanding Shareholders Advances and Special Shareholders Advances and interest accrued thereon;</i></p> <p>(ii) <i>redeem all RPS and Special RPS; and</i></p> <p>(iii) <i>wind up FVSB, repay capital and distribute surplus assets to the Shareholders in accordance with the Shareholding Proportions.</i></p>	<p>Upon the completion of the development, FVSB shall repay outstanding Shareholders Advances and Special Shareholders Advances and interest accrued thereon, redeem all RPS and Special RPS, and thereon, wind up FVSB, repay capital and distribute surplus assets to the Shareholders in accordance with the Shareholding Proportions.</p> <p>The mechanism of unwinding FVSB upon completion of the development are <b>reasonable</b> and <b>not detrimental</b> to the non-interested shareholders.</p>

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Salient terms of the BVSA	AER's comments
<p>12. <i>Restrictions on Shares</i></p> <p><i>Any new shares shall be offered to existing shareholders based on the proportionate interests. No shareholder shall sell or transfer its shares unless:</i></p> <ul style="list-style-type: none"> <li>- <i>It sells all the shares held by it;</i></li> <li>- <i>the shares are sold with the shareholders advances and redeemable preferences shares;</i></li> <li>- <i>accordance with the provisions of the Constitution and the BVSA.</i></li> </ul> <p><i>In the event any shareholder wishes to sell or transfer its shares, it shall first offer to the other shareholder based on the same terms offered to the 3rd party. If the other shareholder does not take up the offer, the 3rd party shall be entitled to acquire the shares subject to the 3rd party executing a deed of accession under which the 3rd party agrees to be bound by the BVSA in place of the selling shareholder.</i></p>	<p>No shareholder shall transfer any shares held by them in the company unless they are selling all the shares held by them in the company or selling all the RPS or Special RPS and any Shareholder's Advances together with the shares.</p> <p>This is a pre-emptive right provided for by the Constitution that existing shareholder shall have a first right of refusal before an offering of share to other parties are made.</p> <p>The Restriction on Shares are <b>reasonable</b> and <b>not detrimental</b> to the non-interested shareholders.</p>

Salient terms of the BVSA	AER's comments
<p>13. <i>Tag Along Option</i></p> <p><i>If a shareholder holding more than 51% interests proposes to transfer all its shares in FVSB, the other shareholder may be entitled to tag along to sell its shares based on the same terms and conditions.</i></p>	<p>As L&amp;G holds 90% upon the ordinary resolution is approved, this "tag-along option" is a right given to LGT to tag-along if L&amp;G wishes to sell all of its shareholding in FVSB in the future.</p> <p>We are of the view that the Tag Along Option is <b>reasonable</b> and <b>not detrimental</b> to the non-interested shareholders.</p>

Salient terms of the BVSA	AER's comments
<p>14. <i>Drag Along Option</i></p> <p><i>If a shareholder holding more than 51% interests proposes to transfer all its shares in FVSB, and the other shareholder does not wish purchase the shares based on its pre-exemption rights, the selling party may exercise the Drag Along Rights to require the non-selling shareholder to sell its shares in FVSB based on the same terms and conditions.</i></p>	<p>As L&amp;G holds 90% in FVSB, upon the ordinary resolution is approved, this "drag-along option" enables L&amp;G to force LGT to sell all of his shares in FVSB under the same terms to enable L&amp;G to complete the sale. This provision is an option given to L&amp;G, to be exercised, in situation when LGT refuses to sell his shareholding and the potential new buyer wishes to buy the entire FVSB.</p> <p>We are of the view that this term is <b>reasonable</b> and <b>not detrimental</b> to the non-interested shareholders.</p>

Salient terms of the BVSA	AER's comments
<p>15. <i>Default</i></p> <p><i>In the event:</i></p> <ul style="list-style-type: none"> <li>(a) <i>any of the Shareholders shall commit a material breach of the BVSA or materially violates the Constitution ("Defaulting Party"), which is incapable of being remedied or being capable of remedy but is not remedied within thirty (30) days from the date on which notice requiring it to do so is served on it by the non-defaulting Shareholder; or</i></li> <li>(b) <i>the Defaulting Party goes into liquidation, whether compulsory or voluntary (except for the purposes of a bona fide reconstruction or amalgamation) or is wound up by any court, or the Defaulting Party has been adjudicated bankrupt or has committed an act of bankruptcy or a bankruptcy petition has been filed against the Defaulting Party; or</i></li> <li>(c) <i>the Defaulting Party is convicted of an offence relating to bribery and/or corruption where such charges would adversely affect the reputation of FVSB; or</i></li> <li>(d) <i>an administrator or receiver and/or manager or judicial manager or similar officer appointed over the whole or a substantial part of the assets or undertaking of the Defaulting Party; or</i></li> <li>(e) <i>the Defaulting Party becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as they fall due or enters into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors, then the non-defaulting Shareholder ("Non-Defaulting Party") may (in addition to seeking contractual damages or other remedies permitted by law in the case of a breach of the BVSA) within three (3) months from the date the event of default first came to his or their knowledge ("Notice Period") by notice in writing ("Default Notice") require the Defaulting Party to sell its Shares, RPS, Special RPS, Shareholders Advance and Special Shareholders Advance held by the Defaulting Party (collectively, "Defaulting Party Sale Shares") to the Non-Defaulting Party and if there is more than one (1) Non-Defaulting Party, in proportion to their</i></li> </ul>	<p>In summary, the Default clause states that if any shareholder commits a material breach of the agreement or violates the constitution, goes into liquidation, is adjudicated bankrupt, or is convicted of an offense relating to bribery and/or corruption, the non-defaulting shareholder can require the defaulting shareholder to sell their shares.</p> <p>The non-defaulting shareholder must serve a default notice to the defaulting shareholder within three months of becoming aware of the event of default.</p> <p>The remedies available to the Non-Defaulting Shareholder ("<b>Non-Defaulting Party</b>") may (in addition to seeking contractual damages or other remedies permitted by law in the case of a breach of the BVSA) require the Defaulting Party to sell its Shares, RPS, Special RPS, Shareholders Advance and Special Shareholders Advance held by the Defaulting Party.</p> <p>If the Non-Defaulting Shareholder does not serve the default notice within this period, they will be deemed to have waived their rights in respect of such default.</p> <p>The purchase price for the shares will be determined by an independent valuer and auditor and will be the fair market value of the shares.</p> <p>We are of the view that Default clauses listed are <b>reasonable</b> and <b>not detrimental</b> to the non-interested shareholders.</p>

Salient terms of the BVSA	AER's comments
<p><i>Shareholding Proportions in FVSB at the time of the Default Notice, and upon the determination of the fair market value of the Defaulting Party Sale Shares by an independent valuer and an auditor as stated below, the Defaulting Party shall be deemed to have given its notice for the sale of all Defaulting Party Sale Shares at the Default Sale Price (defined below).</i></p> <p><i>If the Non-Defaulting Party does not serve the Default Notice to the Defaulting Party within the Notice Period requiring the Defaulting Party to sell the Defaulting Party Sale Shares within the Notice Period, it shall be deemed to have waived such of its rights in respect of such default.</i></p> <p><i>If the Non-Defaulting Party requires the Defaulting Party to sell the Defaulting Party Sale Shares, the Non-Defaulting Party shall serve a written notice on FVSB and the Defaulting Party on the same and the Defaulting Party shall be bound to transfer its Defaulting Party Sale Shares in accordance with the provisions of BVSA and the Constitution, and the purchase price:</i></p> <ul style="list-style-type: none"> <li><i>(a) in respect of each Share held by the Defaulting Party, shall be the FMV per Share as determined by the Independent Valuer and the Auditor;</i></li> <li><i>(b) in respect of each RPS or Special RPS held by the Defaulting Party, shall be the aggregate of the issue price of that RPS or Special RPS and any dividend which may have been payable for that RPS or Special RPS but for:</i> <ul style="list-style-type: none"> <li><i>a. the restrictions made under Shareholders Advances and Special Shareholders Advances or RPS and Special RPS; or</i></li> <li><i>b. the insufficiency in profit of FVSB;</i></li> </ul> </li> <li><i>(c) in respect of each RM1.00 of Shareholders Advance or Special Shareholders Advance advanced by the Defaulting Party, shall be the aggregate of RM1.00 and any interest payable on that RM1.00 of Shareholders Advance or Special Shareholders Advance;</i></li> <li><i>(d) in respect of each other security in FVSB held by the Defaulting Party, shall be the issue price of that other security, with a discount of ten per centum (10%) (collectively, "Default Sale Price").</i></li> </ul>	

Salient terms of the BVSA	AER's comments
<p><i>Determination of Fair Market Value</i></p> <p><i>The Non-Defaulting Party shall within fourteen (14) days from the date of service of the Default Notice appoint:</i></p> <ul style="list-style-type: none"> <li><i>(a) an Independent Valuer to re-value and determine the Open Market Value for all real properties of FVSB ("Property Value"); and</i></li> <li><i>(b) an Auditor to determine:-</i> <ul style="list-style-type: none"> <li><i>(i) the Net Asset Value of FVSB;</i></li> <li><i>(ii) the FMV per Share; and</i></li> <li><i>(iii) the Default Sale Price,</i></li> </ul> </li> </ul> <p><i>as at the date of the Default Notice.</i></p> <p><i>The Independent Valuer and the Auditor shall:</i></p> <ul style="list-style-type: none"> <li><i>(a) act as experts and not as arbitrators;</i></li> <li><i>(b) apply such customary accounting and valuation principles, practices and methodologies (including comparisons with recent similar transactions and/or valuation ratios of comparable public companies) as they shall think fit and appropriate for the nature of the Business and assets in order to provide a fair and accurate appraisal of the fair market value of the Defaulting Party's Shares as at the relevant valuation date;</i></li> <li><i>(c) assume the Shares to be valued are the subject of an arm's length on a willing buyer and willing seller basis, but disregard the shareholding percentage which such Shares represent in FVSB; and</i></li> <li><i>(d) resolve any difficulties determining the fair market value of the Defaulting Party's Shares in such manner as they shall think fit and appropriate.</i></li> </ul> <p><i>Subject to the provision stated below, the Independent Valuer and the Auditor shall complete and deliver their written report and determination of the matters referred to them not later than sixty (60) days from the date of their appointment or such other longer period as the Independent Valuer and/or the Auditor may require. The decision and determination of the Independent Valuer and the Auditor shall be final and binding on the Defaulting Party and Non-Defaulting Party save in the case of negligence or manifest error.</i></p> <p><i>The fees of the Independent Valuer and the Auditor shall be borne and paid by the Defaulting Party and may, if not paid by the Defaulting Party, be deducted and set off against the Default Sale Price.</i></p>	

Salient terms of the BVSA	AER's comments
<p>16. <i>Deadlock Resolution</i></p> <p><i>A deadlock ("Deadlock") is deemed to have occurred if:</i></p> <ul style="list-style-type: none"> <li><i>(a) a Reserved Matter has been raised and/or considered by way of circulation of shareholders resolution in writing, and no resolution has been passed after the lapse of three (3) months since the date of first circulation; or</i></li> <li><i>(b) a Reserved Matter has been raised and/or considered at a general meeting, and no resolution has been passed at three (3) consecutive general meetings by reason of a disagreement on any of the Reserved Matter(s); or</i></li> <li><i>(c) no resolution in respect of any of the Reserved Matter(s) has been passed by reason of an absence of a quorum at any three (3) successive Shareholders' meetings which all the Shareholders have been notified.</i></li> </ul> <p><i>Conciliation Procedure</i></p> <ul style="list-style-type: none"> <li><i>(a) In the event of a Deadlock, any Shareholder shall be entitled to serve a notice which shall briefly describe (i) the matter to be discussed; and (ii) their position in respect of that matter ("Conciliation Notice") on the other Shareholder requiring the Shareholders to attempt to resolve the matter through negotiation between LGT and any director(s) of L&amp;G as authorised by the board of L&amp;G ("Officers").</i></li> <li><i>(b) LGT and the Officers shall discuss their respective positions with a view to resolving the Deadlock in good faith within twenty (20) Business Days of service of the Conciliation Notice or such extended period as the Shareholders may mutually agree ("Resolution Period"). Such discussions may be by way of meetings in person, audio or video conference.</i></li> </ul>	<p>A deadlock is considered to have occurred if no resolution has been passed on a Reserved Matter after the lapse of three (3) months since the date of first circulation, three consecutive general meetings or three successive shareholder's meetings with no quorum. In the event of a deadlock, any shareholder can serve a Conciliation Notice on the other shareholder requiring them to attempt to resolve the matter through negotiation. The shareholders must discuss their respective positions with a view to resolving the deadlock in good faith within twenty (20) Business Days of service of the Conciliation Notice or such extended period as the shareholders may mutually agree.</p> <p>We are of the view that the terms of Deadlock Resolution are <b>reasonable</b> and <b>not detrimental</b> to the non-interested shareholders.</p>

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Salient terms of the BVSA	AER's comments
<p>17. <i>Change in Managing Director</i></p> <p><i>The Shareholders hereby agrees and undertakes that:</i></p> <p>(a) <i>BFSB hereby grants LGT a put option ("CIMD – Put Option") that if LGT shall be removed or dismissed as the managing director of L&amp;G before the completion of the development of Puchong Land with issuance of Certificate of Completion and Compliance therefor ("CIMD – Put Option Event"), LGT shall be entitled to require BFSB to purchase all his Shares, Shareholders Advance, Special Shareholders Advance, RPS, Special RPS (collectively, "LGT CIMD Sale Shares") at the CIMD Option Price;</i></p> <p>(b) <i>LGT hereby grants BFSB a call option ("CIMD – Call Option") that if LGT:-</i></p> <p>(i) <i>shall be removed or dismissed as the managing director of L&amp;G due to misconduct or with just cause;</i></p> <p>(ii) <i>voluntarily resigns as the managing director of L&amp;G with the exception of the following:</i></p> <p>(aa) <i>LGT resigns due to illness;</i></p> <p>(bb) <i>LGT resigns after issuance of Certificate of Completion and Compliance for the development of Puchong Land;</i></p> <p>(cc) <i>LGT resigns as part of agreed mutual separation between LGT and L&amp;G;</i></p> <p>(iii) <i>is disqualified to hold an office as a director under Section 198 of the Act, or vacates or is required to vacate the office of a director under Section 208 of the Act, before the completion of the development of Puchong Land with issuance of Certificate of Completion and Compliance therefor ("CI-D - Call Option Event"), BFSB shall be entitled to require LGT to sell the LGT CIMD Sale Shares at the CIMD Option Price, with a discount of twenty per centum (20%). For the avoidance of doubt, non-renewal by L&amp;G of LGT's service contract with L&amp;G shall neither be regarded as a voluntary resignation by LGT nor a removal or dismissal of LGT due to misconduct or with just cause; and</i></p> <p>(c) <i>the price for the sale and purchase of the LGT CIMD Sale Shares (the</i></p>	<p><b>LGT is the owner of a put option granted by BFSB</b></p> <p>LGT is granted a put option by BFSB if LGT is removed or dismissed (other than the specified reasons) before completion of the Development with issuance of Certificate of Completion and Compliance.</p> <p>The put option granted by BFSB to LGT is <b>reasonable</b> as it allows LGT to request BFSB to purchase LGT's entire shareholding when LGT is removed or dismissed. In such a situation, it is reasonable to require BFSB to purchase his shareholding.</p> <p><b>BFSB is the owner of a call option granted by LGT</b></p> <p>BFSB is granted a call option by LGT, that allows BFSB to require LGT to sell all his shares if LGT is removed or dismissed due to misconduct, voluntarily resigns or is disqualified to hold an office as a director before completion of the Development with issuance of Certificate of Completion and Compliance.</p> <p>The call option granted by LGT to BFSB is reasonable as it allows BFSB to purchase LGT's entire shareholding when LGT is removed or dismissed. The call option granted by LGT to BVSB is <b>reasonable</b>.</p> <p><b>Mechanism to determine the future price per share of FVSB if there is any future transaction between the parties.</b></p> <p>Determination of the fair value per share in any such future exercise of put by LGT or call by BFSB is done by professional valuer.</p> <p>We are of the view that all these terms are <b>reasonable</b> and <b>not detrimental</b> to the non-interested shareholders.</p>

Salient terms of the BVSA	AER's comments
<p><i>"CIMD Option Price") shall be determined as follows:</i></p> <ul style="list-style-type: none"> <li><i>(i) in respect of each Share held by LGT, the FMV per Share as determined by the Independent Valuer and the Auditor;</i></li> <li><i>(ii) in respect of each RPS or Special RPS held by LGT, the aggregate of the issue price of that RPS or Special RPS and any dividend which may have been payable for that RPS or Special RPS but for:</i> <ul style="list-style-type: none"> <li><i>(aa) the restrictions made under Shareholders Advances and Special Shareholders Advances or RPS and Special RPS; or</i></li> <li><i>(bb) the insufficiency in profit of</i></li> </ul> </li> <li><i>(iii) in respect of each RM1.00 of Shareholders Advance or Special Shareholders Advance advanced by LGT, the aggregate of RM1.00 and any interest payable on that RM1.00 of Shareholders Advance or Special Shareholders Adv</i></li> <li><i>(iv) in respect of each other security in FVSB held by LGT, the issue price of that other security, and the total CIMD Option Price for all the LGT CIMD Sale Shares shall be the aggregate of the above.</i></li> </ul> <p><i>If:-</i></p> <ul style="list-style-type: none"> <li><i>(a) LGT intends to exercise his–CIMD - Put Option, he shall within sixty (60) days after he is made aware of the occurrence of the–CIMD - Put Option Event, by notice to FVSB to require the determination of the CIMD Option Price, and thereafter to elect whether to exercise the–CIMD - Put Option; and</i></li> <li><i>(b) BFSB intends to exercise its–CIMD - Call Option, it shall within sixty (60) days after it is made aware of the occurrence of the–CIMD - Call Option Event, by notice to FVSB to require the determination of the CIMD Option Price, and thereafter to elect whether to exercise the–CIMD - Call Option. If LGT or BFSB fails to issue the notice in the manner and within the period as stated as aforesaid, LGT or BFSB shall be deemed to have waived his or its rights to exercise the CIMD – Put Option or the CIMD – Call Option, as the case may be.</i></li> </ul>	



Salient terms of the BVSA	AER's comments
<p><i>Upon FVSB receiving a notice from LGT or BFSB to determine the CIMD Option Price, the following shall apply:</i></p> <p><i>(a) FVSB shall forthwith appoint an Independent Valuer and an Auditor to determine the fair market value of a Share and the CIMD Option Price at the cost of FVSB, within sixty (60) days of such appointment or such other longer period as the Independent Valuer and/or the Auditor may require. The fair market value of a Share and the CIMD Option Price shall be determined as of the date on which the CIMD Put Option Notice or the CIMD Call Option Notice was served and that:-</i></p> <p><i>(i) references to Defaulting Party's Shares therein shall refer to the LGT CIMD Sale Shares;</i></p> <p><i>(ii) references to Default Sale Shares therein shall refer to the CIMD Option Price;</i></p> <p><i>(b) upon being notified of the fair market value of the Share and the CIMD Option Price as determined by the Independent Valuer and the Auditor, FVSB shall forthwith give the notice ("Fair Value Notice") to LGT and BFSB of the fair market value and the CIMD Option Price so determined, and:-</i></p> <p><i>(i) LGT may, within fourteen (14) days from the date of his receipt of the Fair Value Notice, elect to exercise the CIMD – Put Option by notice to BFSB and FVSB ("CIMD Put Option Notice"), to require BFSB to purchase from LGT all the LGT CIMD Sale Shares free from all Encumbrances and with all rights and advantages attaching thereto at the respective CIMD Option Price; or</i></p> <p><i>(ii) BFSB may, within fourteen (14) days from the date of its receipt of the Fair Value Notice, elect to exercise the CIMD – Call Option by serve a notice to LGT and FVSB ("CIMD Call Option Notice"), to purchase from LGT all the LGT CIMD Sale Shares free from all Encumbrances and with all rights and advantages attaching thereto at the respective CIMD Option Price; and</i></p>	

Salient terms of the BVSA	AER's comments
<p>(c) if LGT or BFSB fails to issue the CIMD Put Option Notice or the CIMD Call Option Notice, as the case may be, in the manner and within the period as stated as aforesaid, LGT or BFSB shall be deemed to have waived his or its rights to exercise the CIMD – Put Option or the CIMD – Call Option, as the case may be.</p> <p>The Auditor and/or the Independent Valuer shall then determine the CIMD Option Price and their decision shall (save for manifest error) be final and binding on the Shareholders.</p> <p>Completion for the sale and purchase of the LGT CIMD Sale Shares shall take place on the day falling ninety (90) days from the date of the CIMD Put Option Notice or the CIMD Call Option Notice, as the case may be (or if such day is not a Business Day, the next Business Day immediately following such day) or such longer period as parties may mutually agree. On the date of completion, LGT shall deliver to BFSB, the relevant Share certificates together with duly executed transfer forms and such other documents to transfer or assign the LGT CIMD Sale Shares accompanied by the written resignation of the Director appointed by LGT, if required by BFSB. In exchange for such documents, BFSB shall pay to LGT the aggregate CIMD Option for the LGT CIMD Sale Shares to be sold, in cash or by way of 'cashier's order made out in favour of LGT.</p> <p>The LGT CIMD Sale Shares shall be sold to BFSB free from all encumbrances together with all rights and benefits attached thereto.</p> <p>The exercise of CIMD – Put Option by LGT and CIMD – Call Option by BFSB shall be subject to the approval of any authorities or shareholders, if applicable.</p>	

Salient terms of the BVSA	AER's comments
<p>18. Duration</p> <p>The BVSA shall continue without limit until the dissolution of FVSB.</p>	<p>We are of the view that the Duration clause is <b>reasonable</b> and <b>not detrimental</b> to the non-interested shareholders.</p>

Based on our evaluation of the salient terms of the BVSA, we are of the view that the salient terms of the BVSA are commercial terms for transactions of such nature and the said terms are **fair and reasonable** and **not detrimental** to the interests of the non-interested shareholders.

#### 6.4 Effects of the Proposed Business Venture

The financial effects of the Proposed Business Venture are as set out in **Part A, Section 4** of this Circular.

Our comments on the financial effects of the Proposed Business Venture on a proforma basis on assumption that the Proposed Business Venture is completed immediately after 31 March 2023 are as follows:

Effects of the Proposed Business Venture	AER's comments
Issued share capital and substantial shareholders' shareholdings.	The Proposed Business Venture do not to have any effect on the substantial shareholders' shareholdings of L&G as the Proposed Business Venture does not involve any issuance of new securities by L&G.
NA and gearing	<p><b>Effects on NA</b></p> <p>The Proposed Business Venture is expected to contribute positively to the net asset per share of L&amp;G Group.</p> <p><b>Effects on gearing</b></p> <p>The Proposed Business Venture is expected to increase the total borrowing by RM 162 million assuming the Facilities are fully drawn down. As at LPD, the total borrowings of L&amp;G Group is RM 228.248 million (i.e, which includes a sum of RM 51 million that was already drawdown for the Acquisition, leaving a remaining balance of RM 111 million not yet drawdown). Hence, the Proposed Business Venture shall increase the borrowings up to RM 339.248 million and shall progressively reduce and repaid when the Proposed Development is completed.</p>
Earnings and EPS	<p><b>Effects on Earnings</b></p> <p>The Proposed Business Venture is not expected to have any immediate effects on the earnings, save for the estimated expenses of RM300,000 in relation to the transaction cost.</p> <p><b>Effects on EPS</b></p> <p>The Proposed Business Venture is expected to increase the future EPS due to the contribution of projected earnings from the Proposed Business Venture.</p>

Based on the above, taken as a whole, we are of the view that the overall effect of the Proposed Business Venture is **not detrimental** to the interests of the non-Interested shareholders.

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## 6.5 Prospects and outlook of the Proposed Development

The risk factors associated with the Proposed Business Venture are as set out in **Section 5.3, Part A** of this Circular.

PROSPECTS	AER's comments
<p><i>The Proposed Business Venture serves to undertake the Proposed Development which envisages a development of serviced apartments focused on the mid-market and affordable segment group of home buyers. With the Proposed Development located within walking distance from a LRT station and a major shopping mall as well as Puchong being a well-developed and mature township with good accessibility and proximity to Kuala Lumpur city centre, the Board believes that the Proposed Development should be well received by home buyers when it is launched.</i></p> <p><i>(Source: Management of L&amp;G)</i></p>	<p>We are of the view that the Proposed Business Venture is beneficial to L&amp;G Group considering the strategic location of the Land.</p>

## 6.6 Risk Factors

The risk factors associated with the Proposed Business Venture are as set out in **Section 6, Part A** of this Circular.

RISK FACTORS	AER's comments
<p><b>6. RISK FACTORS</b></p> <p><i>The risks associated with the Proposed Business Venture are not entirely new risks to be faced as property development is already one of the businesses of the L&amp;G Group. Notwithstanding this, the Proposed Business Venture is subject to various risk factors, which, among others, are listed below:-</i></p> <p><b>6.1 Political, regulatory and economic risks</b></p> <p><i>The property market can be characterised as cyclical in nature and is somewhat correlated to the general economic conditions of Malaysia. Adverse developments in political, regulatory and economic conditions in Malaysia could materially affect the property industry in the country. Political, regulatory and economic uncertainties include changes in labour laws, interest rates, fiscal and monetary policies, risks of expropriation of land by authorities and methods of taxation.</i></p> <p><i>In mitigating such risk, the L&amp;G Group will continue to review its business development strategies in response to the changes in political, regulatory and economic conditions. Nonetheless, no assurance can be given that any change to these factors would not have any material adverse impact on the L&amp;G Group's financial performance in the future.</i></p> <p><b>6.2 Business venture risks</b></p> <p><i>The Proposed Development may potentially expose the L&amp;G Group to certain risks which may include but are not limited to the diversion of financial resources</i></p>	<p>We are of the view that the potential risk as presented in Circular are commercial risks associated with the nature of a business transaction. We also noted that your Company have safeguard measures to address such risk and therefore we are of the view that the measures and safeguards are <b>reasonable</b>.</p>

RISK FACTORS	AER's comments
<p><i>from existing operations. There is no assurance that the anticipated benefits from the Proposed Development will be realised and that the L&amp;G Group will be able to generate sufficient revenue to offset the costs which would have been invested by L&amp;G.</i></p> <p><i>Nevertheless, through the Proposed Business Venture, L&amp;G would have divested 10% of its participation in the Proposed Development to LGT and hence, to a certain extent, lowering L&amp;G's risk associated with any adverse event in the Proposed Development as well as the associated adverse financial impact on L&amp;G.</i></p> <p><i>The collective efforts of the Parties to take advantage of business opportunities, manage the business venture company, resolve conflicts and overcome challenges will be critical to the success of the business venture. Nevertheless, the Board endeavours to take reasonable steps to ensure that the potential benefits from the Proposed Development and the Proposed Business Venture will be realised.</i></p> <p><b>6.3 Completion risk and delay in completion</b></p> <p><i>There is always a potential risk that the returns from the Proposed Development may have a longer payback period than expected or the investment in the Proposed Development may not generate the expected return due to various factors including, inter-alia, increased in development and/or construction costs, unavailability of skilled manpower, delay in completion of project and obtaining approvals from the relevant authorities for the development, securing adequate funding for the Proposed Development and a ready market would be available for the developed units in the future. Adverse developments in respect of these factors can lead to interruptions or delays in completing a project, which can consequently result in cost overruns and affect the profitability and cash flows of the L&amp;G Group.</i></p> <p><i>Although the L&amp;G Group will mitigate its investment risks by exercising due care in the evaluation of its investments and continuously review and evaluate market conditions, the work in progress of the Proposed Development, there can be no assurance that the Proposed Business Venture will yield positive and expected returns to the L&amp;G Group, completed as scheduled and would not have any adverse material impact on the L&amp;G Group's future financial performance.</i></p>	

RISK FACTORS	AER's comments
<p data-bbox="252 230 879 259">6.4 Competitions from other developments</p> <p data-bbox="252 291 879 808"><i>Based on the initial plan for the product type and price levels, the market survey shows that the Proposed Development when launched is expected to be competitive against competition from other planned development projects around its location. However, new developments may emerge in the future in the vicinity of the Proposed Development which may then pose a challenge to the overall saleability of the properties under the Proposed Development. The sales and marketing team of the L&amp;G Group has and will continuously conduct an in-depth market study on the product types and price levels which will attract buyers to the Proposed Development prior to the launch but there is no assurance that the properties when launched under the Proposed Development will achieve a high take-up rate.</i></p> <p data-bbox="252 840 879 898">6.5 Funding by LGT for his proportionate investment</p> <p data-bbox="252 929 879 1267"><i>The Company had via FVSB acquired the Land for the Proposed Development and had secured funding for the Proposed Development prior to entry into the BVSA. With the execution of the BVSA with the LGT, the Company will continue to hold an indirect 90% interest in FVSB, an indirect subsidiary of the Company. Whilst both L&amp;G and LGT are required to proportionately fund their respective portion of the Committed Funding, there is no assurance that LGT will be able to fund the Committed Funding or Additional Funding in the Proposed Development.</i></p> <p data-bbox="252 1299 879 1386"><i>Under the terms of the BVSA, the Company has incorporated various terms to mitigate the above risk which include amongst others the following:</i></p> <ul style="list-style-type: none"> <li data-bbox="316 1391 879 1478">i) <i>Failure of LGT to fund the Committed Funding provides the Company with a number options:</i> <ul style="list-style-type: none"> <li data-bbox="379 1482 879 1693">a) <i>The Company may fund LGT's portion by way of special shareholders advance or subscription of special redeemable preference shares but with higher interest rate or higher dividend rate respectively;</i></li> <li data-bbox="379 1697 879 1935">b) <i>The Company may capitalise all shareholders advances, special shareholders advance, redeemable preference shares or special redeemable preference shares issued including any interest accrued or accumulated dividends, thereby diluting LGT's shareholdings; and/or</i></li> <li data-bbox="379 1939 879 2022">c) <i>The Company may treat the failure by LGT to fund the Committed Funding as an event of default and the</i></li> </ul> </li> </ul>	

RISK FACTORS	AER's comments
<p><i>Company may acquire LGT's shares at fair market value with a discount of 10% where LGT has not funded any of his shareholding proportion of the Committed Funding.</i></p> <p><i>ii) Similarly, failure of LGT to fund any Additional Funding shall entitle the Company to exercise 6.5 (i) (a) and/or (b) above.</i></p> <p><i>LGT shall provide an unconditional and irrevocable undertaking and guarantee in favour of the Company in the event the Company is required by the financier to pay LGT's shareholding proportion of any financial guarantees extended by the Company.</i></p>	

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## 7. CONCLUSION AND RECOMMENDATION

The non-interested shareholders, should consider all the merits and demerits of the Proposed Business Venture, based on all relevant pertinent factors including those which are set out in Part A of this Circular, the relevant appendices thereof, this IAL and other publicly available information.

In our evaluation of the Proposed Business Venture and in arriving at our opinion, we have taken into consideration various factors as follows:

- (a) the rationale for the Proposed Business Venture by the Board and the Company, are reasonable and not detrimental to the non-interested shareholders
- (b) the basis and justification in arriving the Committed Funding, Additional Funding and guarantees
- (c) salient terms of the BVSA under various captioned such as listed below:-
  - condition precedents of the BVSA
  - the additional returns earned by Funding Party on behalf of Non-Funding Party
  - Remedies and recourses available to L&G Group over LGT in adverse scenarios such as when the corporate guarantee is called upon by the financiers
  - Situations that govern the rights of both parties in the BVSA
- (d) financial effects of the Proposed Business Venture on the NA per share and gearing
- (e) the prospects of the Proposed Business Venture
- (f) risk factors of the Proposed Business Venture

After having considered all the various factors included in our evaluation for the Proposed Business Venture that is based on the information made available to us, we are of the opinion that the Proposed Business Venture is **fair and reasonable** insofar as to the non-interested shareholders are concerned and it is **not to the detriment** of the non-interested shareholders, taking into consideration that the Proposed Business Venture may provide L&G Group with a valuable additional source of income and contribute to the Group's long-term growth and success.

Accordingly, we recommend the non-interested shareholders to **vote in favour** of the ordinary resolution pertaining to the Proposed Business Venture which is to be tabled at the Company's forthcoming EGM.

Yours faithfully,  
For and on behalf of  
**ASIA EQUITY RESEARCH SDN. BHD.**

**ONG TEE CHIN, CFA, FRM, CAIA**  
Director

**KHAIRIL ANUAR BIN MOHD NOR**  
Director

**1. HISTORY AND BUSINESS**

FVSB was incorporated on 2 November 2021 and its principal business is in investment holding and property development. On 10 January 2022, FVSB had entered in a sale and purchase agreement to acquire a 3.55 acre piece of Land in Puchong which was subsequently completed on 27 October 2022. The Land is intended to be developed into 3 blocks of service apartments comprising 1,546 units of service apartments, a podium with 2 units of shop lots as well as 1,751 car parks and 350 motorcycle bays.

**2. SHARE CAPITAL**

As at the LPD, FVSB has a total issued share capital of RM27,564,000.00 comprising of 252,000 ordinary shares of RM1.00 each and 27,312,000 RCPS of RM1.00 each. The RCPS were issued on 31 March 2023. The ordinary shares and RCPS are owned by BFSB.

The current salient terms of FVSB's RCPS are as follows:

1	Issuer	FVSB
2	Issue Price	RM1.00 for each RCPS
3	Maturity Date	Perpetual with no fixed maturity date
4	Ranking	RCPS shall rank equally amongst themselves but in priority of the existing ordinary shares
5	Dividends	Board shall have sole discretion on the declaration and payment of dividend
6	Conversion and Redemption	RCPS have no fixed date of conversion or redemption. Redemption is at the option of FVSB for cash at the Issue Price together with an unpaid dividend.  Conversion of the preference shares is at the discretion of the holder at one ordinary share for every one RCPS in FVSB.

*Note:*

*Upon the BVSA and Supplemental Agreement being unconditional, the terms of the RCPS shall be varied to reflect the terms as reflected in Section 6, 7, 8 and 9 of Appendix II.*

**3. DIRECTORS AND SHAREHOLDERS**

The directors of FVSB are Low Gay Teck and Chiah Hwa Kai and both Directors do not hold any ordinary shares in FVSB as at the LPD.

As at LPD, BFSB is the sole owner of all the ordinary shares and RCPS of FVSB.

**4. SUBSIDIARY AND ASSOCIATE COMPANY**

As at the LPD, FVSB has no subsidiary or associate companies.

5. SUMMARY OF FINANCIAL INFORMATION

The first financial period for FVSB is from 2 November 2021 to 31 March 2023. The summary of the financial position and results for the period ended 31 March 2023 is shown below:

**Statement of financial position as at 31 March 2023**

	<b>Audited</b> <b>2.11.2021 to 31.3.2023</b> <b>RM</b>
<b>Assets</b>	
Equipment	415,259
Right-of-use assets	1,019,007
Inventories	75,140,971
Deferred tax assets	134,951
<b>Total non-current assets</b>	<u>76,710,188</u>
Other receivables	103,159
Cash and cash equivalents	879,913
<b>Total current assets</b>	<u>983,072</u>
<b>Total assets</b>	<u>77,693,260</u>
<b>Equity</b>	
Share capital	27,312,002
Accumulated losses	(436,445)
<b>Total equity</b>	<u>26,875,557</u>
<b>Liabilities</b>	
Borrowings	49,727,480
Lease liabilities	909,842
<b>Total non-current liability</b>	<u>50,637,322</u>
Lease liabilities	173,447
Other payables	6,934
<b>Total current liabilities</b>	<u>180,381</u>
<b>Total liabilities</b>	<u>50,817,703</u>
<b>Total equity and liabilities</b>	<u>77,693,260</u>

**Statement of profit or loss for the period ended 31 March 2023**

	<b>Audited</b> <b>2.11.2021 to 31.3.2023</b> <b>RM</b>
Depreciation and amortisation	(92,689)
Other expenses	(76,213)
Finance cost	(402,494)
<b>Loss before tax</b>	(571,396)
Tax credit	134,951
<b>Loss and total comprehensive expense for the period</b>	<u>(436,445)</u>

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**APPENDIX II – SALIENT TERMS OF THE BVSA SUPPLEMENTED BY THE SUPPLEMENTAL AGREEMENT**

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The salient terms of the BVSA supplemented by the Supplemental Agreement include the following:-

1. Parties of the Agreement

- a. BFSB, a wholly owned subsidiary of L&G;
- b. LGT, Executive Director and Managing Director of L&G; and
- c. FVSB, a wholly owned subsidiary of BFSB

The Parties proposes to enter into a BVSA to regulate the interests of the parties in relation to the Business Venture as described below.

2. Purpose

BFSB and LGT (hereafter, referred to as “the Parties”) proposes to enter into a Business Venture subject to FVSB completing the acquisition of a piece of leasehold land in Puchong measuring approximately 14,366.353 square metres (“Puchong Land”) whereby the parties propose to construct, manage and develop the Puchong Land via FVSB, wherein, LGT shall subscribe to a 10% equity stake in FVSB.

3. Conditions Precedents

- (a) Fulfilment of the conditions precedent in the sale and purchase agreement for the purchase of the Puchong Land;
- (b) Shareholders' approval of L&G for the Business Venture with LGT and LGT's subscription of shares into FVSB;
- (c) the obtaining by FVSB of the Purchase Financing and the financing to bridge the funding (“Bridging Financing”) for the development of the Puchong Land of an aggregate amount of no less than RM160 million; and
- (d) FVSB's receipt of a letter of consent or no objection from the financier for the Purchase Financing and the Bridging Financing, to LGT holding his Shareholding Proportion of the Shares, and if the financier shall impose any terms and conditions with its consent or no objection, such terms being mutually acceptable to the Parties,

The non-fulfilment of the conditions precedent, will result in the termination of the BVSA supplemented by the Supplemental Agreement and FVSB shall refund all monies paid by LGT in relation to the BVSA supplemented by the Supplemental Agreement.

4. Appointment of Holding Company by LGT

Following LGT's request to incorporate LGT Co to subscribe for his entitlement, the Parties agree that LGT may nominate LGT Co to subscribe for Shares, RPS, Special RPS and make the Shareholders Advance or Special Shareholders Advance, for and on behalf of LGT under the Supplemental Agreement provided always that upon nomination of LGT Co, LGT shall:

- (a) give notice in writing to BFSB and FVSB of the identity and details of the LGT Co; and
- (b) procure LGT Co, to give a letter of undertaking to BFSB and FVSB, undertaking to perform all obligations of LGT under the Supplemental Agreement.

LGT agrees and undertakes that during the term of the BVSA supplemented by the Supplemental Agreement:

- (a) LGT shall be the registered and beneficial shareholder of all the shares in LGT Co and that LGT shall be the sole shareholder in LGT Co;

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**APPENDIX II – SALIENT TERMS OF THE BVSA SUPPLEMENTED BY THE SUPPLEMENTAL AGREEMENT (CONT'D)**

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- (b) LGT shall not sell, assign, dispose or encumber any shares in LGT Co or any interest thereof to any person; and
- (c) LGT shall ensure that LGT Co shall not be involved in any other business other than its investment in FVSB.

5. Subscription of Shares

Subject to the fulfilment of the Conditions Precedent, the Parties shall subscribe into new shares of RM1.00 each in FVSB as follows:

BFSB - 251,998 shares (90% interest)

LGT - 28,000 shares (10% interest)

6. Capital Contribution – Committed Funding

Capital Contribution by the Parties shall be utilised to meet the financial requirements of FVSB provided always, the Shareholders shall first fund the Committed Funding of RM40 million and for additional funds, FVSB shall first secure financing from financial institutions. The Capital Contribution shall be used for the following:

- To pay for the acquisition of Puchong Land not funded by bank borrowings;
- To pay for all costs incidental to the acquisition of Puchong Land; and
- To pay for all costs incidental to the planning, consultation, construction, management, development, implementation, marketing, sale and completion of the development of the Puchong Land.

The Parties shall proportionately fund the Committed Funding (RM40,000,000) within 30 days from the capital or funding call notice based on their respective interest in FVSB which shall be made by either:

- Issuance of new shares in FVSB at issue price of RM1.00 each Share;
- Shareholders advances at interest of 5% p.a. ("Prescribed Rate");
- Cumulative redeemable preference shares at a dividend rate of 3.8% ("Prescribed Dividend Rate") subject to available profits.

Failure of either Parties to fund the Committed Funding and such failure to fund is not remedied within 30 days after receiving notice issued by FVSB to remedy the same, the Funding Party may be entitled to the following:

(a) fund in the form of:-

- (i) special shareholders advances on behalf of the Non-Funding Party at a higher interest rate of 10% p.a. ("Prescribed Special Rate");
- (ii) special redeemable preference shares on behalf of the Non-Funding Party at a higher dividend rate of 7.6% p.a. ("Prescribed Special Dividend Rate"); and/or

(b) in the event the Non-Funding Party fail to provide proportionate funding within 30 days after the date of notice given by FVSB to Non-Funding Party to make its required proportionate funding and upon issuance of Capitalisation and Conversion Notice:

- (i) in respect of any funding which was made in the form of Shareholders Advances or Special Shareholders Advances, require all shareholders (being both the Funding Party and Non-Funding Party) to capitalise all shareholders advances or special shareholders advance and all accrued interest thereon at an issue price of RM1.00 per share; and
- (ii) in respect of any funding which was made in the form of RPS or Special RPS, convert redeemable preference shares or special redeemable preference shares and dividend relating thereto into ordinary shares, thereby, diluting the equity interest of the Non-Funding Party, FVSB shall upon conversion issue and allot new Shares to that Shareholder such number of new Shares calculated as follows:

**APPENDIX II – SALIENT TERMS OF THE BVSA SUPPLEMENTED BY THE SUPPLEMENTAL AGREEMENT (CONT'D)**

$$\begin{array}{ccccccc} \text{Number of} & & \text{Number of} & & \text{Number of} & & \text{Accumulated Dividends} \\ \text{new} & = & \text{RPS held by} & + & \text{Special} & + & \text{related the RPS and the} \\ \text{Shares} & & \text{that} & & \text{RPS held} & & \text{Special RPS held by that} \\ & & \text{Shareholder} & & \text{by that} & & \text{Shareholder} \\ & & & & \text{Shareholder} & & \\ & & & & & & \hline & & & & & & \text{RM1.00} \end{array}$$

In such an event, the Shareholding Proportion of the Shareholders shall be varied and revised accordingly after taking into consideration of the total new Shares allotted and issued; and/or

- (c) treat the non-funding by the Non-Funding Party as an event of default ("EOD"), whereby the Funding Party may acquire the shares of the Non-Funding Party at fair market value ("FMV") less a 10% discount provided always that it shall not be an EOD if the Funding Party has not funded all (even if part only is funded) of its shareholding proportion of the Committed Funding.

**7. Additional Funding**

In the event additional funding over the Committed Funding is required, the Parties shall proportionately fund the Additional Funding within 30 days from the capital or funding call notice based on their respective interest in FVSB which shall be made by either:

- Shareholders advances at Prescribed Rate; and
- Cumulative redeemable preference shares at Prescribed Dividend Rate subject to available profits.

Failure of either Parties to fund the Additional Funding and such failure to fund is not remedied within 30 days, the Funding Party may be entitled to the following:

- (a) Fund in the form of:-
- (i) special shareholders advances on behalf of the Non-Funding Party at Prescribed Special Rate; and
  - (ii) special redeemable preference shares on behalf of the Non-Funding Party at Prescribed Special Dividend Rate; and/or
- (b) in the event the Non-Funding Party fail to provide proportionate funding within 30 days after the date of notice given by FVSB to Non-Funding Party to make its required proportionate funding and upon issuance of Capitalisation and Conversion Notice:
- (i) in respect of any funding which was made in the form of Shareholders Advances or Special Shareholders Advances, require all shareholders (being both the Funding Party and Non-Funding Party) to capitalise all shareholders advances or special shareholders advance and all accrued interest thereon at an issue price of RM1.00 per share; and/or
  - (ii) in respect of any funding which was made in the form of RPS or Special RPS, convert redeemable preference shares or special redeemable preference shares and dividend relating thereto into ordinary shares, thereby, diluting the equity interest of the Non-Funding Party, FVSB shall upon conversion issue and allot new Shares to that Shareholder such number of new Shares calculated as follows:

$$\begin{array}{ccccccc} \text{Number of} & & \text{Number of} & & \text{Number of} & & \text{Accumulated Dividends} \\ \text{new} & = & \text{RPS held by} & + & \text{Special} & + & \text{related the RPS and the} \\ \text{Shares} & & \text{that} & & \text{RPS held} & & \text{Special RPS held by that} \\ & & \text{Shareholder} & & \text{by that} & & \text{Shareholder} \\ & & & & \text{Shareholder} & & \\ & & & & & & \hline & & & & & & \text{RM1.00} \end{array}$$

In such an event, the Shareholding Proportion of the Shareholders shall be varied and revised accordingly after taking into consideration of the total new Shares allotted and issued.

8. Shareholders Advances and Special Shareholders Advances

Unless otherwise agreed by the Shareholders, in the event that Shareholders Advances or Special Shareholders Advances are granted to FVSB, the following principles shall apply:

- (a) FVSB shall pay to any Shareholder providing:
  - (i) any Shareholders Advances, interest at the Prescribed Rate;
  - (ii) Special Shareholders Advances, interest at the Prescribed Special Rate;
- (b) subject to item (c) to (h) below, any Shareholders Advance must be repaid in whole or in part by FVSB within two (2) years after the delivery of vacant possession of the first parcel in the proposed development of Puchong Land by FVSB as may from time to time be extended by the same duration for extension of any defects liability period under any law affecting the parcels or on such other dates as the Shareholders may mutually agree, provided that (unless the Shareholders agree otherwise) repayment shall be made to all Shareholders in proportion to the outstanding principal amount of each of their respective Shareholders Advance and (unless the Shareholders agree otherwise) after payment of all outstanding interest payable on any Shareholders Advance;
- (c) no Shareholders Advance made by any Shareholder shall be repaid unless the corresponding RPS issued to other Shareholder in providing the corresponding funding shall at or around the same time be redeemed or repaid;
- (d) no interest for any Shareholders Advance shall be paid unless dividend for the corresponding RPS issued to other Shareholder in providing the corresponding funding shall at or around the same time be paid;
- (e) no Shareholders Advance made by any Shareholder shall be repaid unless all the Special Shareholders Advances have been repaid and all the Special RPS have been fully redeemed;
- (f) no interest for any Shareholders Advance shall be paid unless all accrued interest for the Special Shareholders Advance and all accrued dividend for the Special Shareholders Advances have fully been paid;
- (g) no Shareholders Advance shall be repayable on demand by any Shareholder; and
- (h) if required as a condition of the grant of loans or credit facilities by banks and/or financial institutions to FVSB, each Shareholder shall subordinate its Shareholders Advance, Special Shareholders Advance and interest thereon to the loans or credit facilities granted to FVSB.

9. RPS and Special RPS

9.1. The funding contributions to FVSB, including the Committed Funding, the Additional Funding and/or any other amounts which have been agreed to be provided by the Shareholders under the BVSA supplemented by the Supplemental Agreement, can be made by the issuance of:

- (a) cumulative RPS by the FVSB to the Shareholders, on such other terms as may be mutually agreed between the Parties and consistent with the terms of BVSA supplemented by the Supplemental Agreement, according to its shareholding proportions; and/or
- (b) cumulative Special RPS by FVSB to any Funding Shareholders, on such other terms as may be mutually agreed between the Parties and consistent with the terms of BVSA supplemented by the Supplemental Agreement.

9.2. The RPS shall, subject to the Act:

- (a) be of a separate class from ordinary Shares and shall in respect of payment of dividend, redemption, and return of capital, rank ahead of ordinary Shares issued to all the Shareholders;
- (b) subject to item 4 below, be redeemable at any time at the option of FVSB by notice to the holders of the RPS at such redemption price and on such terms to be determined by the Board prior to the issue of the RPS;
- (c) carry no right to convert to ordinary shares of FVSB save as except where the Funding Shareholder or the Additional Funding Shareholder elects to exercise its rights to convert the RPS into ordinary shares when there is a failure to fund proportionate funding by Non-Funding Shareholder to fund Committed Funding or Additional Funding; and
- (d) carry a cumulative dividend rate of the Prescribed Dividend Rate. Dividend payable for any RPS for any period which is less than a year shall be pro-rated based on a 365 days basis.



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**APPENDIX II – SALIENT TERMS OF THE BVSA SUPPLEMENTED BY THE SUPPLEMENTAL AGREEMENT (CONT'D)**

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- 9.3. The Special RPS shall, subject to the Act:
- (a) be of a separate class from ordinary Shares and RPS and shall in respect of payment of dividend, redemption, and return of capital, rank ahead of ordinary Shares and the RPS issued to all the Shareholders shall be declared and paid by FVSB to each Shareholder on an annual basis within three (3) months after the tabling or circulating of the audited accounts of FVSB for that financial year to the Shareholders;
  - (b) subject to item 4 below, be redeemable at any time at the option of FVSB by notice to the holders of the Special RPS at such redemption price and on such terms similar to those of the RPS or at such price or on such terms to be determined by the Board (which shall exclude Directors nominated by Non-Funding Shareholder) prior to the issue of the Special RPS;
  - (c) carry no right to convert to ordinary shares of FVSB save as except where the Funding Shareholder or the Additional Funding Shareholder elects to exercise its rights to convert the Special RPS into ordinary shares when there is a failure to fund proportionate funding by Non-Funding Shareholder to fund Committed Funding or Additional Funding; and
  - (d) shall carry a cumulative dividend rate of the Prescribed Special Dividend Rate. Dividend payable for any Special RPS for any period which is less than a year shall be pro-rated based on a 365 days basis.
- 9.4. Subject to the Act, and subject to payment of all outstanding RPS dividend and Special RPS dividend, FVSB shall redeem the RPS and the Special RPS within two (2) years after the delivery of vacant possession of the first parcel in the proposed development of Puchong Land by FVSB as may from time to time be extended by the same duration for extension of any defects liability period under any law affecting the Parcels or on such other dates as the holders of RPS and/or Special RPS may mutually agree, provided that (unless the Shareholders agree otherwise):
- (a) the redemption of the Special RPS shall be rank ahead of redemption of the RPS;
  - (b) the redemption of the RPS shall be made to holders of RPS in proportion to their respective shareholder proportion;
  - (c) the redemption of the Special RPS shall be made to holders of Special RPS in proportion to their respective shareholding proportion; and
  - (d) no RPS issued to any Shareholder shall be redeemed unless the corresponding Shareholders Advances made by other Shareholder in providing the corresponding funding shall at or around the same time be repaid.
10. Business and Financing of FVSB

The business of FVSB shall be confined to the acquisition of the Puchong Land and development of the land subject to an approved Business Plan agreed by the parties to ensure the proper and efficient manner of the business at arm's length commercial terms and in the best interest of FVSB.

In terms of funding, FVSB shall procure further financing in terms of loans or facilities from banks or financial institutions on reasonable terms. In the event, the financiers require a guarantee from L&G for the loans or facilities exceeding its interest in FVSB ("L&G Guarantee"), LGT shall provide an unconditional and irrevocable undertaking and guarantee in favour of L&G in the event L&G is required by the financier to pay any amount under the L&G Guarantee ("Claimed Amount"), to pay his shareholding proportion of the Claimed Amount to L&G.

Failure of LGT to pay the Claimed Amount shall entitle BFSB to:

- a) Treat the non-payment as an EOD, whereby, BFSB shall be entitled to require LGT to sell such number of his shares at FMV less 10% discount up to the outstanding LGT's Claimed Amount ("Sale Price"), and the LGT's Claimed Amount payable by LGT shall be set-off against the LGT Sale Price; or
- b) require all shareholders (being both the Funding Party and Non-Funding Party) to capitalise all shareholders advances or special shareholders advance and all accrued interest thereon and/or convert redeemable preference shares or special redeemable preference shares and dividend relating thereto into ordinary shares.

For the provision of financial guarantee by L&G and subject to LGT having subscribed shares in FVSB upon the terms of the BVSA supplemented by the Supplemental Agreement, within one (1) month after each anniversary date of LGT's subscription of shares in FVSB and during which the L&G Guarantee

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**APPENDIX II – SALIENT TERMS OF THE BVSA SUPPLEMENTED BY THE SUPPLEMENTAL AGREEMENT (CONT'D)**

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is subsisting, L&G shall be entitled to charge LGT, and LGT shall pay to L&G a fee of 1% p.a. ("Guarantee Fee") on the outstanding borrowings guaranteed from time to time on a daily basis based on LGT's Shareholding Proportion until the L&G Guarantee is released or credit facilities are fully settled, whichever is earlier. The Guarantee Fee shall be paid out of amounts payable by the FVSB to LGT towards accounts of payment of dividends and/or interest, repayment of Shareholders Advance and/or Special Shareholders Advance, and payment for redemption of RPS and/or Special RPS. LGT hereby irrevocably instructs FVSB to remit such payment first to L&G to pay all outstanding Guarantee Fee before remittance of the balance thereof, if any, to LGT.

**11. Board Composition**

The Board of FVSB shall comprise of :

- (a) 2 Directors nominated by BFSB;
- (b) 1 Director nominated by LGT.

Minimum quorum shall require at least 3 Directors present comprising at least 2 Directors from BFSB.

The Chairman shall be appointed by the Board and the Chairman shall have no second or casting vote at any meeting of the Board.

All resolutions shall be passed via simple majority vote by Directors save for Reserved Matters as specified below.

**12. Reserved Matter**

The Shareholders and FVSB agree that none of the following actions of FVSB ("Reserved Matters") shall be taken except with the approval of all the Shareholders at shareholders meeting or approval in writing through shareholders circular resolution:

- (a) consolidating, sub-dividing or converting any of the FVSB's share capital;
- (b) the creation, allotment or issue of any Shares in the capital of FVSB or of any other security or the grant of any option or rights to subscribe in respect thereof or convert any instrument into such Shares;
- (c) any change in the nature and/or scope of the Business for the time being of FVSB;
- (d) amendment to the Constitution or other constituent documents of FVSB or to comply with any law, guidelines, by laws, regulations or listing requirements;
- (e) the increase or reduction of the paid-up capital of FVSB;
- (f) the presentation of any petition or passing of any resolution for FVSB to be put into administration or to be wound up; and
- (g) the amalgamation, reconstruction, consolidation or merger of FVSB.

**13. Dividends**

- (a) FVSB shall, subject to appropriation of proper, prudent and adequate reserves for the working capital and other financial requirements of FVSB and the Business, declare payment of a dividend out of the net profit after tax to be divided among the Shareholders in proportion to the Shareholding Proportions.
- (b) The dividend policy and all matters regarding dividends shall be proposed by the Board and approved by the Shareholders by resolution in a Shareholders' meeting. The Directors in making any recommendations shall take into consideration the financial requirements and the cash flow position of FVSB and any restrictions imposed by the Act and the Constitution. For the purpose of this clause, the net profit of FVSB shall be the net profit after tax determined by the Auditor from time to time.
- (c) Upon completion of the development, sale of all parcels comprised within the development and the transfer of all parcels to the respective purchasers, the parties shall do all necessary act, including the passing of Board and Shareholders' resolutions to:
  - (i) repay all outstanding Shareholders Advances and Special Shareholders Advances and interest accrued thereon;
  - (ii) redeem all RPS and Special RPS; and
  - (iii) wind up FVSB, repay capital and distribute surplus assets to the Shareholders in accordance with the Shareholding Proportions.

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**APPENDIX II – SALIENT TERMS OF THE BVSA SUPPLEMENTED BY THE SUPPLEMENTAL AGREEMENT (CONT'D)**

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**14. Restrictions on Shares**

Any new shares shall be offered to existing shareholders based on the proportionate interests.

No shareholder shall sell or transfer its shares unless:

- It sells all the shares held by it;
- the shares are sold with the shareholders advances and redeemable preferences shares;
- accordance with the provisions of the Constitution and the BVSA supplemented by the Supplemental Agreement.

In the event any shareholder wishes to sell or transfer its shares, it shall first offer to the other shareholder based on the same terms offered to the 3rd party. If the other shareholder does not take up the offer, the 3rd party shall be entitled to acquire the shares subject to the 3rd party executing a deed of accession under which the 3rd party agrees to be bound by the BVSA supplemented by the Supplemental Agreement in place of the selling shareholder.

**15. Tag Along Option**

If a shareholder holding more than 51% interests proposes to transfer all its shares in FVSB, the other shareholder may be entitled to tag along to sell its shares based on the same terms and conditions.

**16. Drag Along Option**

If a shareholder holding more than 51% interests proposes to transfer all its shares in FVSB, and the other shareholder does not wish purchase the shares based on its pre-exemption rights, the selling party may exercise the Drag Along Rights to require the non-selling shareholder to sell its shares in FVSB based on the same terms and conditions.

**17. Default**

In the event:

- (a) any of the Shareholders shall commit a material breach of the BVSA supplemented by the Supplemental Agreement or materially violates the Constitution ("Defaulting Party"), which is incapable of being remedied or being capable of remedy but is not remedied within thirty (30) days from the date on which notice requiring it to do so is served on it by the non-defaulting Shareholder; or
- (b) the Defaulting Party goes into liquidation, whether compulsory or voluntary (except for the purposes of a bona fide reconstruction or amalgamation) or is wound up by any court, or the Defaulting Party has been adjudicated bankrupt or has committed an act of bankruptcy or a bankruptcy petition has been filed against the Defaulting Party; or
- (c) the Defaulting Party is convicted of an offence relating to bribery and/or corruption where such charges would adversely affect the reputation of FVSB; or
- (d) an administrator or receiver and/or manager or judicial manager or similar officer appointed over the whole or a substantial part of the assets or undertaking of the Defaulting Party; or
- (e) the Defaulting Party becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as they fall due or enters into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors,

then the non-defaulting Shareholder ("Non-Defaulting Party") may (in addition to seeking contractual damages or other remedies permitted by law in the case of a breach of the BVSA supplemented by the Supplemental Agreement) within three (3) months from the date the event of default first came to his or their knowledge ("Notice Period") by notice in writing ("Default Notice") require the Defaulting Party to sell its Shares, RPS, Special RPS, Shareholders Advance and Special Shareholders Advance held by the Defaulting Party (collectively, "Defaulting Party Sale Shares") to the Non-Defaulting Party and if there is more than one (1) Non-Defaulting Party, in proportion to their Shareholding Proportions in FVSB at the time of the Default Notice, and upon the determination of the fair market value of the Defaulting Party Sale Shares by an independent valuer and an auditor as stated below, the Defaulting Party shall be deemed to have given its notice for the sale of all Defaulting Party Sale Shares at the Default Sale Price (defined below).

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**APPENDIX II – SALIENT TERMS OF THE BVSA SUPPLEMENTED BY THE SUPPLEMENTAL AGREEMENT (CONT'D)**

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If the Non-Defaulting Party does not serve the Default Notice to the Defaulting Party within the Notice Period requiring the Defaulting Party to sell the Defaulting Party Sale Shares within the Notice Period, it shall be deemed to have waived such of its rights in respect of such default.

If the Non-Defaulting Party requires the Defaulting Party to sell the Defaulting Party Sale Shares, the Non-Defaulting Party shall serve a written notice on FVSB and the Defaulting Party on the same and the Defaulting Party shall be bound to transfer its Defaulting Party Sale Shares in accordance with the provisions of BVSA supplemented by the Supplemental Agreement and the Constitution, and the purchase price:

- (a) in respect of each Share held by the Defaulting Party, shall be the FMV per Share as determined by the Independent Valuer and the Auditor;
- (b) in respect of each RPS or Special RPS held by the Defaulting Party, shall be the aggregate of the issue price of that RPS or Special RPS and any dividend which may have been payable for that RPS or Special RPS but for:
  - (i) the restrictions made under Shareholders Advances and Special Shareholders Advances or RPS and Special RPS; or
  - (ii) the insufficiency in profit of FVSB;
- (c) in respect of each RM1.00 of Shareholders Advance or Special Shareholders Advance advanced by the Defaulting Party, shall be the aggregate of RM1.00 and any interest payable on that RM1.00 of Shareholders Advance or Special Shareholders Advance;
- (d) in respect of each other security in FVSB held by the Defaulting Party, shall be the issue price of that other security,

with a discount of ten per centum (10%) (collectively, "Default Sale Price").

**Determination of Fair Market Value**

The Non-Defaulting Party shall within fourteen (14) days from the date of service of the Default Notice appoint:

- (a) an Independent Valuer to re-value and determine the Open Market Value for all real properties of FVSB ("Property Value"); and
- (b) an Auditor to determine:-
  - (i) the Net Asset Value of FVSB;
  - (ii) the FMV per Share; and
  - (iii) the Default Sale Price,as at the date of the Default Notice.

The Independent Valuer and the Auditor shall:

- (a) act as experts and not as arbitrators;
- (b) apply such customary accounting and valuation principles, practices and methodologies (including comparisons with recent similar transactions and/or valuation ratios of comparable public companies) as they shall think fit and appropriate for the nature of the Business and assets in order to provide a fair and accurate appraisal of the fair market value of the Defaulting Party's Shares as at the relevant valuation date;
- (c) assume the Shares to be valued are the subject of an arm's length on a willing buyer and willing seller basis, but disregard the shareholding percentage which such Shares represent in FVSB; and
- (d) resolve any difficulties determining the fair market value of the Defaulting Party's Shares in such manner as they shall think fit and appropriate.

Subject to the provision stated below, the Independent Valuer and the Auditor shall complete and deliver their written report and determination of the matters referred to them not later than sixty (60) days from the date of their appointment or such other longer period as the Independent Valuer and/or the Auditor may require. The decision and determination of the Independent Valuer and the Auditor shall be final and binding on the Defaulting Party and Non-Defaulting Party save in the case of negligence or manifest error.

The fees of the Independent Valuer and the Auditor shall be borne and paid by the Defaulting Party and may, if not paid by the Defaulting Party, be deducted and set off against the Default Sale Price.

18. Deadlock Resolution

A deadlock ("Deadlock") is deemed to have occurred if:

- (a) a Reserved Matter has been raised and/or considered by way of circulation of shareholders resolution in writing, and no resolution has been passed after the lapse of three (3) months since the date of first circulation; or
- (b) a Reserved Matter has been raised and/or considered at a general meeting, and no resolution has been passed at three (3) consecutive general meetings by reason of a disagreement on any of the Reserved Matter(s); or
- (c) no resolution in respect of any of the Reserved Matter(s) has been passed by reason of an absence of a quorum at any three (3) successive Shareholders' meetings which all the Shareholders have been notified.

Conciliation Procedure

- (a) In the event of a Deadlock, any Shareholder shall be entitled to serve a notice which shall briefly describe (i) the matter to be discussed; and (ii) their position in respect of that matter ("Conciliation Notice") on the other Shareholder requiring the Shareholders to attempt to resolve the matter through negotiation between LGT and any director(s) of L&G as authorised by the board of L&G ("Officers").
- (b) LGT and the Officers shall discuss their respective positions with a view to resolving the Deadlock in good faith within twenty (20) Business Days of service of the Conciliation Notice or such extended period as the Shareholders may mutually agree ("Resolution Period"). Such discussions may be by way of meetings in person, audio or video conference.

19. Change in Managing Director

The Shareholders hereby agrees and undertakes that:

- (a) BFSB hereby grants LGT a put option ("CIMD – Put Option") that if LGT shall be removed or dismissed as the managing director of L&G before the completion of the development of Puchong Land with issuance of Certificate of Completion and Compliance therefor ("CIMD – Put Option Event"), LGT shall be entitled to require BFSB to purchase all his Shares, Shareholders Advance, Special Shareholders Advance, RPS, Special RPS (collectively, "LGT CIMD Sale Shares") at the CIMD Option Price;
- (b) LGT hereby grants BFSB a call option ("CIMD – Call Option") that if LGT:-
  - (i) shall be removed or dismissed as the managing director of L&G due to misconduct or with just cause;
  - (ii) voluntarily resigns as the managing director of L&G with the exception of the following:
    - (aa) LGT resigns due to illness;
    - (bb) LGT resigns after issuance of Certificate of Completion and Compliance for the development of Puchong Land;
    - (cc) LGT resigns as part of agreed mutual separation between LGT and L&G; or
  - (iii) is disqualified to hold an office as a director under Section 198 of the Act, or vacates or is required to vacate the office of a director under Section 208 of the Act,before the completion of the development of Puchong Land with issuance of Certificate of Completion and Compliance therefor ("CIMD - Call Option Event"), BFSB shall be entitled to require LGT to sell the LGT CIMD Sale Shares at the CIMD Option Price, with a discount of twenty per centum (20%). For the avoidance of doubt, non-renewal by L&G of LGT's service contract with L&G shall neither be regarded as a voluntary resignation by LGT nor a removal or dismissal of LGT due to misconduct or with just cause; and
- (c) the price for the sale and purchase of the LGT CIMD Sale Shares (the "CIMD Option Price") shall be determined as follows:
  - (i) in respect of each Share held by LGT, the FMV per Share as determined by the Independent Valuer and the Auditor;



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**APPENDIX II – SALIENT TERMS OF THE BVSA SUPPLEMENTED BY THE SUPPLEMENTAL AGREEMENT (CONT'D)**

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- (ii) in respect of each RPS or Special RPS held by LGT, the aggregate of the issue price of that RPS or Special RPS and any dividend which may have been payable for that RPS or Special RPS but for:
    - (aa) the restrictions made under Shareholders Advances and Special Shareholders Advances or RPS and Special RPS; or
    - (bb) the insufficiency in profit of FVSB;
  - (iii) in respect of each RM1.00 of Shareholders Advance or Special Shareholders Advance advanced by LGT, the aggregate of RM1.00 and any interest payable on that RM1.00 of Shareholders Advance or Special Shareholders Advance;
  - (iv) in respect of each other security in FVSB held by LGT, the issue price of that other security,
- and the total CIMD Option Price for all the LGT CIMD Sale Shares shall be the aggregate of the above.

If:-

- (a) LGT intends to exercise his CIMD - Put Option, he shall within sixty (60) days after he is made aware of the occurrence of the CIMD - Put Option Event, by notice to FVSB to require the determination of the CIMD Option Price, and thereafter to elect whether to exercise the CIMD - Put Option; and
- (b) BFSB intends to exercise its CIMD - Call Option, it shall within sixty (60) days after it is made aware of the occurrence of the CIMD - Call Option Event, by notice to FVSB to require the determination of the CIMD Option Price, and thereafter to elect whether to exercise the CIMD - Call Option.

If LGT or BFSB fails to issue the notice in the manner and within the period as stated as aforesaid, LGT or BFSB shall be deemed to have waived his or its rights to exercise the CIMD – Put Option or the CIMD – Call Option, as the case may be.

Upon FVSB receiving a notice from LGT or BFSB to determine the CIMD Option Price, the following shall apply:

- (a) FVSB shall forthwith appoint an Independent Valuer and an Auditor to determine the fair market value of a Share and the CIMD Option Price at the cost of FVSB, within sixty (60) days of such appointment or such other longer period as the Independent Valuer and/or the Auditor may require. The fair market value of a Share and the CIMD Option Price shall be determined as of the date on which the CIMD Put Option Notice or the CIMD Call Option Notice was served and that:-
  - (i) references to Defaulting Party's Shares therein shall refer to the LGT CIMD Sale Shares;
  - (ii) references to Default Sale Shares therein shall refer to the CIMD Option Price;
- (b) upon being notified of the fair market value of the Share and the CIMD Option Price as determined by the Independent Valuer and the Auditor, FVSB shall forthwith give the notice ("Fair Value Notice") to LGT and BFSB of the fair market value and the CIMD Option Price so determined, and:-
  - (i) LGT may, within fourteen (14) days from the date of his receipt of the Fair Value Notice, elect to exercise the CIMD – Put Option by notice to BFSB and FVSB ("CIMD Put Option Notice"), to require BFSB to purchase from LGT all the LGT CIMD Sale Shares free from all Encumbrances and with all rights and advantages attaching thereto at the respective CIMD Option Price; or
  - (ii) BFSB may, within fourteen (14) days from the date of its receipt of the Fair Value Notice, elect to exercise the CIMD – Call Option by serve a notice to LGT and FVSB ("CIMD Call Option Notice"), to purchase from LGT all the LGT CIMD Sale Shares free from all Encumbrances and with all rights and advantages attaching thereto at the respective CIMD Option Price; and
- (c) if LGT or BFSB fails to issue the CIMD Put Option Notice or the CIMD Call Option Notice, as the case may be, in the manner and within the period as stated as aforesaid, LGT or BFSB shall be deemed to have waived his or its rights to exercise the CIMD – Put Option or the CIMD – Call Option, as the case may be.

The Auditor and/or the Independent Valuer shall then determine the CIMD Option Price and their decision shall (save for manifest error) be final and binding on the Shareholders.

Completion for the sale and purchase of the LGT CIMD Sale Shares shall take place on the day falling ninety (90) days from the date of the CIMD Put Option Notice or the CIMD Call Option Notice, as the case may be (or if such day is not a Business Day, the next Business Day immediately following such day) or such longer period as parties may mutually agree. On the date of completion, LGT shall deliver to BFSB, the relevant Share certificates together with duly executed transfer forms and such other documents to transfer or assign the LGT CIMD Sale Shares accompanied by the written resignation of the Director appointed by LGT, if required by BFSB. In exchange for such documents, BFSB shall pay to LGT the aggregate CIMD Option for the LGT CIMD Sale Shares to be sold, in cash or by way of a cashier's order made out in favour of LGT.

The LGT CIMD Sale Shares shall be sold to BFSB free from all encumbrances together with all rights and benefits attached thereto.

The exercise of CIMD – Put Option by LGT and CIMD – Call Option by BFSB shall be subject to the approval of any authorities or shareholders, if applicable.

20. Duration

The BVSA supplemented by the Supplemental Agreement shall continue without limit until the dissolution of FVSB.

21. Governing Law

Malaysia



**1. DIRECTORS' RESPONSIBILITY STATEMENT**

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

**2. CONSENT**

AER, being the Independent Adviser for the Proposed Business 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.

**3. DECLARATION OF CONFLICT OF INTERESTS**

AER have given their written confirmation that as at the date of this Circular, there is no situation of conflict of interests that exists or is likely to exist in relation to their respective roles as the Independent Adviser for the Proposed Business Venture.

**4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES****Material Commitments**

As at 31 March 2023, the audited material commitments are as below,

	<b>RM'000</b>
<b>Approved and contracted for</b>	
- Investment in jointly controlled entity	1,875
- Investment in properties and property, plant and equipment	-
<b>Approved but not contracted for</b>	
- Property, plant and equipment	252

**Contingent Liabilities**

On 11 March 2021, Sri Damansara Sdn Bhd ("SDSB"), a wholly-owned subsidiary of the Company received a Notice of Additional Assessment (Form JA) from Inland Revenue Board ("IRB") in respect of Year of Assessment ("YA") 2018, wherein a sum of RM6.69 million of additional taxes and penalties was sought by IRB in relation to compulsory acquisition of a part of a piece of land by the Government for the same YA where IRB is of the view that the gains arising from the compulsory acquisition of the land should be subject to income tax instead of real property gain tax .

SDSB is of the view that the said additional taxes and penalties levied by IRB are open to challenge and has hence, engaged tax solicitors to assist in challenging the said disputed additional taxes and penalties imposed by IRB.

**A. Judicial Review Application at the High Court of Malaya**

On 15 March 2021, SDSB filed an Application for Judicial Review to the High Court of Kuala Lumpur ("High Court") in challenging the said notice of additional assessment and the Court had fixed the hearing for leave to commence judicial review on 21 April 2021. Nonetheless, during the hearing for leave to commence judicial review, the Court was informed that the IRB

had filed an application to intervene in the judicial review proceedings. Thus, the hearing for the leave application was vacated and Court subsequently fixed the hearing date for the IRB's application to intervene on 10 June 2021, which is to be disposed of first before the leave application is heard.

Due to the implementation of Full Movement Control Order and upon the Attorney General Chamber's and the IRB's requests to adjourn the hearing, the hearing for the IRB's application to intervene was adjourned to 12 April 2022. However, the court vacated the hearing and the next hearing date was fixed on 18 July 2022. On 18 July 2022, IRB's application to intervene under Enclosure 17 was struck off with no order as to cost. IRB appealed against the decision by the High Court judge and the matter was fixed at the Court of Appeal on 20 July 2023. However, IRB has withdrawn their appeal and filed a notice of discontinuance.

In the meantime, at the High Court on 8 December 2022, the judge had decided not to grant leave for SDSB to commence judicial review. Pursuant thereto, SDSB had instructed its solicitors to file an Appeal and Motion of Stay. The Motion of Stay at the Court of Appeal was heard and dismissed with cost on 9 February 2023. The judges were of the view that there was no reason to grant a stay as there is no execution proceedings. As for the appeal against the High Court's decision in dismissing SDSB's leave application, the Court of Appeal has directed parties to attend the hearing on 19 October 2023.

#### **B. Appeal at the Special Commissioners of Income Tax ("SCIT")**

On 9 April 2021, SDSB had filed a notice of appeal ("Form Q") to the IRB in respect of the Form JA for the YA 2018. On 22 September 2021, the Form Q was registered at the SCIT. Accordingly, the SCIT had fixed 22 October 2021 as the first case mention. Subsequently the Court had ordered parties to proceed with the filing of cause papers and attended the case management on 24 March 2022. Following the case management, the court had fixed the hearing date on 10 April 2023 and 11 April 2023. The examination in chief, cross examination and re-examination of SDSB's witness was conducted on 10 April 2023. Thereafter SCIT adjourned the matter to 19 June 2023 whereby on this date IRB did not call their witness and closed their case. Pursuant thereto, the SCIT has instructed parties to file written submissions and thereafter parties to attend for clarification or decision on 10 November 2023.

Xtreme Meridian Sdn. Bhd. ("XMSB"), a subsidiary of the Company on 5 August 2021 received a Writ and Statement of Claim dated 13 July 2021 filed in court by purchasers claiming for compensation sums for contractual disputes. XMSB is disputing these claims. The Directors of the Group in consultation with its solicitors are of the view that the Group has reasonably good defence against this Writ. Further disclosure may be prejudicial to the Group's business and legal positions.

### **5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

As at the LPD and as disclosed in Section 4 above, the Group is not engaged in any other material litigation, claim or arbitration either as plaintiff or defendant or otherwise and the directors of L&G are not aware of any proceeding pending or threatened against the Group, or of any fact likely to give rise to any proceeding which might materially or adversely affect the financial position or business of the Group.

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of L&G, 8trium, Level 21, Menara 1, Jalan Cempaka SD 12/5, Bandar Sri Damansara, 52200 Kuala Lumpur, Malaysia 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 forthcoming EGM:-

- i. Constitutions of L&G and FVSB;
- ii. audited consolidated financial statements of L&G for the past 2 financial years up to the FYE 31 March 2023;
- iii. audited accounts of FVSB for the first financial period ended 31 March 2023;
- iv. BVSA and the Supplemental Agreement;
- v. letters of consent and declaration of conflict of interests referred to in **Sections 2 and 3 of Appendix III** above respectively; and
- vi. relevant cause papers in respect of material litigation referred to in **Section 4 and 5 of Appendix III** of this Circular;

## APPENDIX IV – DIRECTORSHIPS OF LGT

### DIRECTORSHIPS IN L&G GROUP (as at 15 June 2023)

Name of Director		NAME OF COMPANY
Low Gay Teck	1.	Land & General Berhad (Co. No.: 196401000184 (5507-H))
	2.	Lang Education Holdings Sdn Bhd (Co. No.: 199401041513 (327200-W))
	3.	Lang Education Sdn Bhd (Co. No.: 199301030644 (285383-X))
	4.	Sri Damansara Sdn Bhd (Co. No.: 198301015123 (110516-H))
	5.	Synergy Score Sdn Bhd (Co. No.: 200801019605 (820915-D))
	6.	Bright Term Sdn Bhd (Co. No.: 200901033114 (876226-P))
	7.	Elite Forward Sdn Bhd (50.01%) (Co. No.: 200901023150 (866249-T))
	8.	Victory Vista Sdn Bhd (Co. No.: 201501018241 (1143573-M))
	9.	Pembinaan Jaya Megah Sdn Bhd (Co. No.: 199301015417 (270157-K))
	10.	Triumph Bliss Sdn Bhd (Co. No.: 201001000876 (885448-X))
	11.	Primal Milestone Sdn Bhd (Co. No.: 201101026341 (954477-W))
	12.	Forward Esteem Sdn Bhd (Co. No.: 200701021377 (779392-U))
	13.	Quantum Bonus Sdn Bhd (Co. No.: 201101026366 (954502-V))
	14.	Bestari Elsa Sdn Bhd (70%) (Co. No.: 201901046549 (1355879-K))
	15.	Success View Sdn Bhd (Co. No.: 202001013656 (1369976-U))
	16.	Forward Victory Sdn Bhd ( <i>fka Billion Megastar Sdn Bhd</i> ) (Co No. 202101036579 (1436879-K))
	17.	Country Garden Properties (Malaysia) Sdn Bhd (Co. No.: 201101030696 (958831-P))
	18.	Mayland Venue Sdn Bhd (Co. No.: 200101029264 (565022-D))
	19.	Vibrant Corridor Sdn Bhd (Co. No.: 200901035047 (878163-K))

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**APPENDIX IV – DIRECTORSHIPS OF LGT (CONT'D)**


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**DIRECTORSHIPS IN MPSB GROUP (as at 31 March 2023)**

<b>Name of Director</b>		<b>NAME OF COMPANY</b>
<b>Low Gay Teck</b>	1.	Asia Land Private Limited
	2.	Blue Ocean Dominance Sdn Bhd
	3.	Image Objectives Sdn Bhd
	4.	Malaysia Land Properties Sdn Bhd
	5.	Mayland Austin Sdn Bhd
	6.	Mayland Century Sdn Bhd
	7.	Mayland Development Sdn Bhd
	8.	Mayland Grace Sdn Bhd
	9.	Mayland Home (MM2H) Sdn Bhd
	10.	Mayland Lending Sdn Bhd
	11.	Mayland Merit Sdn Bhd
	12.	Mayland Parkview Sdn Bhd
	13.	Merit Response Sdn Bhd
	14.	Pacific Excellence Sdn Bhd
	15.	Prestige Aspect Sdn Bhd
	16.	Superb Upline Sdn Bhd
	17.	Supreme Expansion Sdn Bhd
	18.	Supreme Formac Sdn Bhd
	19.	Surplus Pact (MM2H) Sdn Bhd
	20.	Synergy Protocol Sdn Bhd
	21.	View Esteem Sdn Bhd

**DIRECTORSHIPS IN PUBLIC LISTED COMPANIES**

<b>Name of Director</b>		<b>NAME OF COMPANY</b>
<b>Low Gay Teck</b>	1.	Wang-Zheng Berhad Appointed 13.4.2023



(Registration No.: 196401000184/5507-H)  
Incorporated in Malaysia

## **ADMINISTRATIVE GUIDE FOR THE EXTRAORDINARY GENERAL MEETING**

Dear Valued Shareholders,

### **1. IMPORTANT NOTE**

**THE 60<sup>TH</sup> AGM AND THIS EGM ARE SEPARATE MEETINGS. SHAREHOLDERS WHO HAVE LOGGED IN FOR THE 60<sup>TH</sup> AGM MUST LOGOUT AND THEN RE-LOGIN AGAIN WITH A SEPARATE MEETING ID AND LOGIN CREDENTIAL TO PARTICIPATE IN THIS EGM.**

### **2. VIRTUAL EXTRAORDINARY GENERAL MEETING**

The Extraordinary General Meeting (“EGM”) of Land & General Berhad (“L&G” or “the Company”) will be conducted virtually via live streaming from the Broadcast Venue and via the online meeting platform on the date and time set out below.

**Date : Tuesday, 19 September 2023**

**Time : 12.00 p.m. or 15 minutes after the conclusion of the 60<sup>th</sup> Annual General Meeting (“AGM”)**

**Broadcast Venue : Level 21, Menara 18trium, Jalan Cempaka SD12/5, Bandar Sri Damansara, 52200 Kuala Lumpur**

**Meeting Platform : <https://meeting.boardroomlimited.my>**

The EGM will be conducted virtually in line with Practice 13.3 of the Malaysian Code on Corporate Governance 2021 which recommends listed companies to leverage on technology to facilitate remote shareholders’ participation at general meetings.

Only the Chairman of the EGM and other key management personnel will be physically present at the Broadcast Venue to conduct the virtual EGM proceedings. Shareholders, proxies and authorised representatives are invited to participate through the remote participation and electronic voting facilities (“RPEV facilities”) via the above-stated online meeting platform. **Shareholders/proxies/corporate representatives WILL NOT BE ALLOWED TO BE PHYSICALLY PRESENT at the Broadcast Venue on the day of the EGM of the Company.**

The quality of the connectivity to the RPEV facilities for live webcast as well as for electronic voting is highly dependent on the bandwidth and stability of the internet connection at the location of the remote participant.

### **3. SHAREHOLDERS ENTITLED TO ATTEND THE VIRTUAL EGM**

Shareholders whose names appear on the **Record of Depositors on 13 September 2023** (“General Meeting Record of Depositors”) shall be eligible to participate in the virtual EGM or appoint proxy(ies) to participate on his/her behalf.

The registration for RPEV facilities will **open on Thursday, 10 August 2023** until such time before the voting session ends at the EGM on **Tuesday, 19 September 2023** (“Registration Deadline”).

If you are unable to participate, you are encouraged to appoint the Chairman of the EGM as your proxy and indicate your voting instructions in the proxy form. The instrument appointing a proxy must be received latest by **Monday, 18 September 2023 at 12.00 p.m.** (“Proxy Lodgement Deadline”). Please refer to Note 5 below in this Administrative Guide.

## APPENDIX V – ADMINISTRATIVE GUIDE (CONT'D)

### 4. RPEV FACILITIES

Shareholders and proxies are advised to log in to the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> for the following services:

- (a) Register to participate at the virtual EGM;
- (b) Submit proxy form electronically; and
- (c) Submit questions prior to the virtual EGM.

As part of our Caring for the environment effort, the Board urges you to refer to the digital copies of the Circular to Shareholders, Notice of EGM, Proxy Form and this Administrative Guide which are available on our corporate website at <https://lg.investors-centre.com/lq-ar2023/>.




### 5. REGISTRATION FOR REMOTE PARTICIPATION

Kindly follow the steps below to register your participation as a shareholder or appoint a proxy for the virtual EGM:

PROCEDURES		STEPS
BEFORE THE DAY OF THE EGM		
(1)	<p>Register online with Boardroom Smart Investor Portal ("BSIP") for Individual and Corporate Shareholder</p> <p><i>Note:</i></p> <ul style="list-style-type: none"><li>✓ <i>If you have previously registered with BSIP, you may proceed to Step (2)</i></li><li>✓ <i>BSIP now facilitates the registration of Corporate Shareholders</i></li></ul>	<p>(Only for first-time BSIP users)</p> <ul style="list-style-type: none"><li>a. Access the website <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a></li><li>b. Click "<b>Register</b>" to sign up as a user</li><li>c. Select "<b>Account Type</b>" to "<b>Sign Up As Shareholder</b>" or "<b>Sign Up As Corporate Holder</b>"</li><li>d. Complete registration and upload compulsory documents such as softcopy of MyKad (front and back) or passport and authorisation letter (template available on the BSIP) for Corporate Shareholder</li><li>e. Enter a valid mobile number and email address</li><li>f. You will receive an email from BSIP for email address verification. Click "<b>Verify E-mail Address</b>" in the email received to continue with the registration</li><li>g. Once your email address is verified, you will be re-directed to BSIP for verification of mobile number. Click "<b>Request OTP Code</b>" and an OTP code will be sent to the registered mobile number. You will need to enter the OTP Code and click 'Enter' to complete the process</li><li>h. Once your mobile number is verified, registration of your new BSIP account will be pending for final verification. Your registration will be verified and approved within one business day and an email notification will be provided</li></ul>



(2)	<p>Submit request for remote participation</p> <p>Note:</p> <ul style="list-style-type: none"> <li>✓ You must be a registered BSIP user. If not, return to Step (1)</li> </ul>	<p>The registration for RPEV facilities will open on <b>Thursday, 10 August 2023</b> until such time before the voting session ends at the EGM on <b>Tuesday, 19 September 2023</b> ("Registration Deadline")</p> <p>The instrument appointing a proxy must be received latest by <b>Monday, 18 September 2023 at 12.00 p.m</b> ("Proxy Lodgement Deadline")</p> <p><b>For Individual and Corporate Shareholders</b></p> <ol style="list-style-type: none"> <li>a. Log in to <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a></li> <li>b. Click 'Meeting Event(s)' and select from the list of companies – <b>"LAND &amp; GENERAL BERHAD - EXTRAORDINARY GENERAL MEETING"</b> and click 'Enter'</li> <li>c. To attend the virtual EGM remotely <ul style="list-style-type: none"> <li>✓ Click '<b>Register for RPEV</b>'</li> <li>✓ Read and accept the General Terms and Conditions and enter your CDS account no. to submit your request</li> </ul> </li> <li>d. To appoint proxy <ul style="list-style-type: none"> <li>✓ Click 'Submit eProxy Form'</li> <li>✓ For Corporate Shareholder, select the company you would like to represent (if more than one)</li> <li>✓ Read and accept the General Terms and Conditions and enter your CDS account no. Then, insert your proxy details and voting instructions. If you wish your proxy(ies) to act upon his/her discretion, please indicate 'Discretionary'</li> </ul> </li> </ol> <p><b>For Authorised Nominees and Exempt Authorised Nominees</b></p> <ol style="list-style-type: none"> <li>a. Log in to <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a></li> <li>b. Click 'Meeting Event(s)' and select from the list of companies – <b>"LAND &amp; GENERAL BERHAD - EXTRAORDINARY GENERAL MEETING"</b> and click "Enter"</li> <li>c. Click "Submit eProxy Form"</li> <li>d. Select the company you would like to represent (if more than one)</li> <li>e. Proceed to download the file format for <b>"Submission of Proxy Form"</b></li> <li>f. Prepare the file for the appointment of proxy(ies) by inserting the required data</li> <li>g. Proceed to upload the duly completed Proxy Appointment file</li> <li>h. Review and confirm your proxy(ies) appointment(s) and click <b>"Submit"</b></li> <li>i. Download or print the eProxy form as acknowledgement</li> </ol> <p>For Corporate Shareholders, Authorised Nominees/Exempt Authorised Nominees and Attorneys, you may also write to <b>bsr.helpdesk@boardroomlimited.com</b> and provide the name of the shareholder, CDS account no. and the Certificate of Appointment of Corporate Representative or Proxy Form (as the case may be). A copy of MyKad or passport and a valid email address are required</p>
(3)	<p>Verification and email notification</p>	<p><b>For Individual Shareholders, Corporate Shareholders, Authorised Nominees/Exempt Authorised Nominees and Attorneys</b></p> <ol style="list-style-type: none"> <li>a. An email notification will be sent by Boardroom to notify that your request for remote participation has been received for system verification</li> <li>b. Upon verification against the General Meeting Record of Depositors, you will receive an email from Boardroom on <b>the day prior</b> to the EGM, i.e. Tuesday, 19 September 2023 either approving or rejecting your request for remote participation</li> <li>c. If your registration is approved, the said email will provide the Meeting ID, User Name and Password for the virtual EGM</li> </ol>

ON THE DAY OF THE EGM		
(4)	Log in	<p>a. The meeting platform will open for log in on Tuesday, 19 September 2023 at 11.00 a.m., i.e. <b>one hour before</b> the commencement of the EGM</p> <p>b. Click the link provided in the email in Step (3)c to join the virtual EGM. Insert the Meeting ID and sign in with the User Name and Password provided to you via the same email</p>
(5)	Participate	<p>a. Please follow the user guides in the email to view the live webcast, submit questions and vote</p> <p>b. To view the live webcast, select the broadcast icon </p> <p>c. To ask a question during the EGM, select the messaging icon . Type your question in the chat box and click the send button to submit</p>
(6)	Vote	<p>a. Once voting has commenced, the polling icon  will appear with the resolutions and voting choices until such time that the Chairman declares an end to the voting session</p> <p>b. To vote, select your voting preference from the options provided. A confirmation message will appear to indicate that your vote has been received</p> <p>c. To change your vote, re-select your voting preference</p> <p>d. If you wish to cancel your vote, please press "Cancel"</p>
(7)	End	Upon declaration by the Chairman of the closure of the EGM, the live webcast will end

## 6. APPOINTMENT OF PROXY

- (a) A member entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A member shall be entitled to appoint not more than two proxies to attend and vote at the EGM.
- (b) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- (c) Where a member appoints two (2) proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (d) Where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (e) The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney, and in the case of a corporation either under its common seal or signed by its attorney or by an officer on behalf of the corporation.
- (f) The Proxy Form, duly completed, must be deposited at the Registered Office of the Company at 8trium, Level 21 Menara 1, Jalan Cempaka SD12/5, Bandar Sri Damansara, 52200 Kuala Lumpur via post/courier/by hand **or** via email to [lgbsec@land-general.com](mailto:lgbsec@land-general.com) **or** via facsimile to Fax No. 603-6277 7061, **or alternatively**, the proxy appointment may also be lodged **electronically** at <https://investor.boardroomlimited.com> not less than twenty-four (24) hours i.e. **Monday, 18 September 2023 at 12.00 p.m.**, before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
- (g) Only members whose names appear in the Record of Depositors as at **13 September 2023** will be entitled to attend and vote at the meeting or appoint proxy (proxies) to attend and vote on their behalf.

**7. CORPORATE REPRESENTATIVE**

A corporate shareholder who wishes to appoint a representative(s) or attorney(s) to participate at the EGM, please deposit the ORIGINAL Certificate of Appointment or Power of Attorney, as the case may be, by hand or by post or by courier to Level 21, Menara 1 8trium, Jalan Cempaka SD12/5, Bandar Sri Damansara, 52200 Kuala Lumpur.

Upon verification against the General Meeting Record of Depositors, an email will be sent to the corporate representative by Boardroom to furnish the User Name and Password. Please note that only one (1) User Name will be provided to each corporate representative.

**8. SUBMISSION OF QUESTIONS**

- (a) Prior to the virtual EGM  
Shareholders may submit questions in relation to the agenda items by logging in to the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> latest by **Sunday, 17 September at 12.00 p.m.** Click “**Submit Questions**” after selecting “**LAND & GENERAL BERHAD - EXTRAORDINARY GENERAL MEETING**” from “**Meeting Event(s)**”.
- (b) During the virtual EGM  
Shareholders may submit their questions in the chat box at any time during the virtual EGM on the online meeting platform.

In order to ensure a smooth and efficient conduct of the EGM, questions that are repetitive in nature will not be specifically addressed. The Board and Management of L&G will endeavour to provide the responses at the virtual EGM. However, being mindful of time constraints, some responses may be emailed after the conclusion of the virtual EGM.

**9. VOTING PROCEDURES**

Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the EGM will be conducted by poll. The Company has appointed Boardroom as the poll administrator to conduct the poll by way of electronic voting and Sky Corporate Services Sdn Bhd as the independent scrutineer to verify the poll results.

The electronic voting session will commence from the start of the EGM at 12.00 p.m. or 15 minutes after the conclusion of the 60<sup>th</sup> AGM on Tuesday, 19 September 2023 or such other time as announced by the Chairman, and will continue until the time declared by the Chairman to be the end of the voting session.

**10. NO RECORDING OR PHOTOGRAPHY**

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

**11. ENQUIRIES RELATING TO THE VIRTUAL EGM**

If you have any enquiries prior to the EGM or require technical assistance to participate in the virtual EGM, please contact Boardroom during office hours from Monday to Friday (8.30 a.m. to 5.30 p.m.), details of which are as follows:

Tel : +603 7890 4700 (Helpdesk)  
Fax : +603 7890 4670  
E-mail : [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com)

You are encouraged to submit your enquiries via email to avoid any delays in response.

In view of uncertainties that may arise, the Company shall observe the guidelines or new procedures that may be issued from time to time, which may affect the administration of the virtual EGM as set out in this Administrative Guide. If there is any material change required to the proceedings of the meeting, the Company will issue an announcement on the same accordingly. Hence, please contact the above officers or check the Company's website for announcements on the latest update (if any) in relation to the virtual EGM.

**12. PERSONAL DATA PRIVACY NOTICE**

By registering for the RPEV and/or submitting the instrument appointing a proxy(ies) and/or representative(s), you consent to Land & General Berhad (196401000184/5507-H) processing your personal data in the manner stipulated in the Privacy Notice for Shareholders set out in [www.land-general.com](http://www.land-general.com) and warrant that consent of the proxy(ies) and/or representative(s) whose personal data you have provided has also been obtained accordingly and that they have been informed of the privacy notice.



(Registration No.: 196401000184/5507-H)  
Incorporated in Malaysia

## NOTICE OF THE EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Extraordinary General Meeting (“EGM”) of Land & General Berhad (“L&G” or “the Company”) will be conducted virtually on **Tuesday, 19 September 2023 at 12.00 p.m. or 15 minutes after the conclusion of the 60<sup>th</sup> Annual General Meeting** of the Company from the broadcast venue at Meeting Room, Level 21, Menara 1 8trium, Jalan Cempaka SD 12/5, Bandar Sri Damansara, 52200 Kuala Lumpur, Malaysia and via the online meeting platform at <https://meeting.boardroomlimited.my> for the purpose of considering and, if thought fit, passing, with or without modifications the resolution set out in this notice.

### ORDINARY RESOLUTION

**PROPOSED BUSINESS VENTURE BETWEEN BRILLIANT FORWARD SDN BHD (“BFSB”), A WHOLLY-OWNED SUBSIDIARY OF L&G, AND LOW GAY TECK (“LGT”), A DIRECTOR OF L&G, TO DEVELOP A PARCEL OF 99-YEAR LEASEHOLD LAND HELD UNDER PAJAKAN NEGERI 117584, LOT 5240, PEKAN DESA PUCHONG, DAERAH PETALING, NEGERI SELANGOR MEASURING APPROXIMATELY 14,366.353 SQUARE METRES (“LAND”) VIA FORWARD VICTORY SDN BHD (“FVSB”) (FORMERLY KNOWN AS BILLION MEGASTAR SDN BHD)**

“**THAT** subject to the approvals being obtained from the relevant authorities and/or parties, approval be and is hereby given to:

- (A) BFSB and FVSB to enter in the BVSA and the Supplemental Agreement to regulate and govern the business venture between BFSB, FVSB and LGT;
- (B) FVSB to allot 28,000 ordinary shares of RM1.00 each and 4,000,000 preference shares of RM1.00 each in FVSB, or equivalent to 10% equity interest in FVSB to LGT or any further allotment of shares including preference shares pursuant to the BVSA supplemented by the Supplemental Agreement; and
- (C) The Company and/or BFSB to provide financial assistance to FVSB by way of subscription of preference shares, advance and/or guarantees in relation to credit facilities secured by FVSB for development of the Land and the working capital requirements of FVSB pursuant to the BVSA supplemented by the Supplemental Agreement.

**AND THAT** the Board of Directors of the Company (“**Board**”) be and is hereby authorised and empowered to do or procure to be done all such acts, deeds and things and to execute, sign and deliver, on behalf of L&G, all such documents to give effect to and complete the Proposed Business Venture with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or imposed by the relevant authorities and/or parties and as the Board may deem necessary and expedient to finalise, implement and give full effect to the Proposed Business Venture.”

By order of the Board

Lee Siw Yeng (MAICSA 7048942)  
SSM Practising Certificate No. 201908001160  
Secretary

Kuala Lumpur  
10 August 2023

## NOTES:-

- (a) The EGM of the Company shall be conducted virtually via live streaming from the broadcast venue and via the online meeting platform at <https://meeting.boardroomlimited.my>.

### **Important Note:**

**Please follow the procedures provided in the Administrative Guide for the EGM in order to register, participate and vote remotely.**

- (b) A member entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A member shall be entitled to appoint not more than two proxies to attend and vote at the EGM.
- (c) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- (d) Where a member appoints two (2) proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (e) Where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (f) The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney, and in the case of a corporation either under its common seal or signed by its attorney or by an officer on behalf of the corporation.
- (g) The Proxy Form, duly completed, must be deposited at the Registered Office of the Company at 8trium, Level 21 Menara 1, Jalan Cempaka SD12/5, Bandar Sri Damansara, 52200 Kuala Lumpur via post/courier/by hand **or** via email to [lgbsec@land-general.com](mailto:lgbsec@land-general.com) **or** via facsimile to Fax No. 603-6277 7061, **or alternatively**, the proxy appointment may also be lodged **electronically** at <https://investor.boardroomlimited.com> not less than twenty-four (24) hours i.e. **Monday, 18 September 2023 at 12.00 p.m.**, before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
- (h) A corporate shareholder who wishes to appoint representative(s) or attorney(s) to participate at the EGM, please deposit the ORIGINAL Certificate of Appointment or Power of Attorney, as the case may be, by hand or by post or by courier to Level 21, Menara 1 8trium, Jalan Cempaka SD12/5, Bandar Sri Damansara, 52200 Kuala Lumpur.

Upon verification against the General Meeting Record of Depositors, an email will be sent to the corporate representative by Boardroom to furnish the User Name and Password. Please note that only one (1) User Name will be provided to each corporate representative.

- (i) Only members whose names appear in the Record of Depositors as at **13 September 2023** will be entitled to attend and vote at the meeting or appoint proxy (proxies) to attend and vote on their behalf.



(Registration No.: 196401000184/5507-H)  
Incorporated in Malaysia

## PROXY FORM

I/We \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS AND NRIC NO./PASSPORT NO./COMPANY NO.)

of \_\_\_\_\_  
(ADDRESS IN FULL)

being a member / members of **LAND & GENERAL BERHAD** hereby appoint:-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Mobile Phone No.			

and/or, failing him,

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Mobile Phone No.			

or failing him, the CHAIRMAN OF THE MEETING as my/our proxy/proxies to vote for me/us and on my/our behalf at the Extraordinary General Meeting of Land & General Berhad which will be conducted virtually on **Tuesday, 19 September 2023 at 12.00 p.m. or 15 minutes after the conclusion of the 60<sup>th</sup> Annual General Meeting** of the Company from the broadcast venue at Meeting Room, Level 21, Menara 1 8trium, Jalan Cempaka SD 12/5, Bandar Sri Damansara, 52200 Kuala Lumpur, Malaysia and via the online meeting platform at <https://meeting.boardroomlimited.my> and at any adjournment thereof.

My/our proxy/proxies shall vote as indicated below:-

Agenda	RESOLUTION	FOR	AGAINST
Proposed Business Venture	Ordinary Resolution		

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

No. of Shares	
CDS Account No.	
Contact No.	
Email address	

Signature : \_\_\_\_\_

Date : \_\_\_\_\_

**NOTES:-**

- (a) The EGM of the Company shall be conducted virtually via live streaming from the broadcast venue and via the online meeting platform at <https://meeting.boardroomlimited.my>.

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Fold this flap for sealing

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Stamp

The Secretary  
LAND & GENERAL BERHAD (196401000184/5507-H)  
8TRIUM LEVEL 21 MENARA 1  
JALAN CEMPAKA SD 12/5  
BANDAR SRI DAMANSARA  
52200 KUALA LUMPUR  
MALAYSIA

First fold here