

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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

This Circular has been reviewed by TA Securities Holdings Berhad, being the Adviser of MQ Technology Berhad for the Proposals (as defined herein).

MQ

TECHNOLOGY BERHAD

MQ TECHNOLOGY BERHAD

(Registration No. 200301033383 (635804-H))

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:

- (I) PROPOSED ACQUISITION;**
 - (II) PROPOSED DIVERSIFICATION; AND**
 - (III) PROPOSED VARIATION**
- (COLLECTIVELY, THE “PROPOSALS”)**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser

TA SECURITIES

AN UNWAVERING COMMITMENT

TA SECURITIES HOLDINGS BERHAD

(Registration No.: 197301001467 (14948-M))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting (“EGM”) of MQ Technology Berhad to be held at Unit 310, Block C, Damansara Intan, No. 1, Jalan SS20/27, 47400 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 11 April 2023 at 11.00 a.m. or at any adjournment thereof, together with the Proxy Form are enclosed in this Circular.

You are entitled to attend and vote at the EGM or to appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, you may deposit the Proxy Form at the Company’s registered office at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia not less than 24 hours before the time and date stipulated for the EGM or at any adjournment thereof. 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.

Last date and time for lodging the Proxy Form : Monday, 10 April 2023, 11.00 a.m.

Date and time of the EGM : Tuesday, 11 April 2023, 11.00 a.m.

This Circular is dated 27 March 2023

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:

- (I) PROPOSED ACQUISITION OF PART OF LEASEHOLD LAND IN KLEBANG, MELAKA MEASURING UP TO 7.155 ACRES WITHIN A LARGER PARCEL OF LAND (MEASURING APPROXIMATELY 10.727 ACRES) IDENTIFIED AS PN 63030, LOT 1, KAWASAN BANDAR XLV, DISTRICT OF MELAKA TENGAH, STATE OF MELAKA BY STAR ACRES SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF MQ TECHNOLOGY BERHAD (“MQ TECH”), FROM CASH SUPPORT SDN BHD FOR A CASH CONSIDERATION OF UP TO RM19,500,000 (“PROPOSED ACQUISITION”);**
- (II) PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESS OF MQ TECH AND ITS SUBSIDIARIES TO INCLUDE PROPERTY DEVELOPMENT AND PROPERTY INVESTMENT (“PROPOSED DIVERSIFICATION”); AND**
- (III) PROPOSED VARIATION OF UTILISATION OF PROCEEDS TO BE RAISED FROM THE SHARE ISSUANCE SCHEME OF UP TO 30% OF THE TOTAL NUMBER OF ISSUED SHARES IN MQ TECH (EXCLUDING TREASURY SHARES, IF ANY) EFFECTED ON 30 NOVEMBER 2022 (“PROPOSED VARIATION”)**

(COLLECTIVELY, THE “PROPOSALS”)

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular and the accompanying appendices:

“3Q”	: Third quarter
“4Q”	: Fourth quarter
“Aggregate Sums Paid”	: Aggregate sum paid by SASB and/or MQ Tech to CSSB of RM18.40 million as at the Announcement LPD
“Announcement LPD”	: 19 January 2023 being the latest practicable date prior to the announcement in relation to the Proposals on 26 January 2023
“Arena”	: Arena stage constructed on the Project Land with an estimated gross floor area of 40,128 sqft
“Balance Purchase Consideration”	: Sum of RM515,000, representing approximately 2.64% of the Purchase Consideration
“BNM”	: Bank Negara Malaysia
“Board”	: Board of Directors of our Company
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“Circular”	: This circular to shareholders dated 27 March 2023
“Completion Date”	: Date on which the Balance Purchase Consideration together with the Late Payment Interest (if any) is paid to the Vendor in full
“Completion Period”	: 90-day period from the Unconditional Date
“Conditional Period”	: 6 months from the date of the SPA which may be automatically extended for the Extended Conditional Period and subsequently, further extended for such period as may be mutually agreed by CSSB and SASB in writing
“Conditions Precedent”	: Conditions precedent to be fulfilled within the Conditional Period or Extended Conditional Period
“CSPSB”	: Cash Support Property Sdn Bhd
“CSPSB Shares”	: Ordinary shares in CSPSB
“CSSB” or “Vendor”	: Cash Support Sdn Bhd
“Delivery Date”	: Delivery of the vacant possession of the Property to the Purchaser within 7 business days from the Completion Date
“Deposit”	: Aggregate Sums Paid, representing 94.36% of the Purchase Consideration, shall be deemed the deposit paid by SASB to CSSB
“EGM”	: Extraordinary general meeting of our Company
“EPS”	: Earnings per Share

DEFINITIONS (CONT'D)

“Excluded Properties”	: Collectively: i) the north-western portion of the Land measuring about 1.537 acres consisting of 2 blocks (Blocks A and B) of 18 units of 2 and 3-storey arcade shops; and ii) the abandoned uncompleted structure of the Arena for a water show with arena seating located at the eastern portion of the Land measuring about 1.662 acres
“Extended Completion Period”	: Extension of 30 days immediately following the expiry of the Completion Period
“Extended Conditional Period”	: Automatic extension for 6 months from the expiration of the Conditional Period
“FPE”	: Financial period ended/ending
“FYE”	: Financial year ended/ending
“GDC”	: Gross development cost
“GDV”	: Gross development value
“Identified Portion of the Land”	: Portion of the Land identified as Plot 1A and demarcated in pink in the pre-computation plan appended under Schedule 5 of the SPA, measuring 14,747 square metres (3.644 acres or approximately 158,736.708 sqft) in area and with a fair market value of RM10,000,000 based on the rate of approximately RM63 per sqft
“km”	: Kilometres
“Land”	: Land measuring approximately 10.727 acres identified as PN 63030, Lot 1, Kawasan Bandar XLV, District of Melaka Tengah, State of Melaka
“Late Payment Interest”	: Late payment interest rate of 8% per annum
“Listing Requirements”	: ACE Market Listing Requirements of Bursa Securities
“LPD”	: 1 March 2023, being the latest practicable date prior to the printing of this Circular
“MQ Builders”	: MQ Builders Sdn Bhd
“MQ Tech” or “Company”	: MQ Technology Berhad
“MQ Tech Group” or “Group”	: Our Company and our subsidiaries, collectively
“MQ Tech Shares” or “Shares”	: Ordinary shares in our Company
“Mr. Tong”	: Mr. Tong Sian Shyen, our Executive Director / Managing Director
“NA”	: Net assets attributable to the owners of our Company
“Previous Agreements”	: SSHA and the Previous SPA, collectively

DEFINITIONS (CONT'D)

“Previous SPA”	: Sale and purchase agreement dated 19 January 2016 entered into between CSSB and CSPSB for the sale and purchase of the Project Land and existing assets on the Project Land, namely the Arena for a purchase consideration of RM28,300,000
“Project Land”	: Part of the Land measuring approximately 9.19 acres
“Property Business”	: Property development and property investment, collectively
“Property”	: Part of leasehold land in Klebang, Melaka measuring up to 7.155 acres within the Land
“Proposals”	: Proposed Acquisition, Proposed Diversification and Proposed Variation, collectively
“Proposed Acquisition”	: Proposed acquisition of the Property in Klebang, Melaka by the Purchaser from the Vendor for the Purchase Consideration to be satisfied entirely in cash pursuant to the terms of the SPA
“Proposed Development”	: Proposed property development on the Property of 2 blocks of 27-storey serviced suites with a total of 1,000 units and 80 units of shoplots
“Proposed Diversification”	: Proposed diversification of the existing business of MQ Tech Group to include property development and property investment
“Proposed Investment”	: Proposed subscription of CSPSB Shares which will function as the joint venture company in relation to the proposed joint venture between SASB and CSSB to develop and carry on the business of a theme park on the Project Land
“Proposed Variation”	: Proposed variation of utilisation of proceeds to be raised from the SIS
“Purchase Consideration”	: Cash consideration of RM19,500,000 for the Proposed Acquisition
“Refund”	: Sum of RM8,400,000, free of interest, to be refunded to the Purchaser without demand to the Purchaser
“Retention Sum”	: Sum of RM585,000, representing 3% of the Purchase Consideration
“Rights Issue”	: Renounceable rights issue of Shares with warrants which was undertaken by our Company and completed on 28 November 2016
“Road Reserve”	: 0.373 acres of the Land for road reserve
“SASB” or “Purchaser”	: Star Acres Sdn Bhd, our wholly-owned subsidiary
“SIS”	: Share issuance scheme of up to 30% of the total number of MQ Tech Shares (excluding treasury shares, if any) effected on 30 November 2022
“SIS Circular”	: Circular to our shareholders dated 8 November 2022 in relation to the SIS
“SIS Options”	: Options with the right to subscribe for new MQ Tech Shares by eligible persons in accordance with the provisions of the by-laws governing the SIS
“SPA”	: Conditional sale and purchase agreement dated 26 January 2023 entered into between the Purchaser and the Vendor to purchase the Property for the Purchase Consideration
“sqft”	: Square feet

DEFINITIONS (CONT'D)

“SSHA”	:	Subscription and shareholders’ agreement dated 19 January 2016 entered into between SASB and CSSB to regulate their rights as shareholders of CSPSB pursuant to the Proposed Investment
“State Authority Approval”	:	Approval from the Melaka State Authority for the transfer of the Property in favour of SASB
“TA Securities”	:	TA Securities Holdings Berhad
“Unconditional Date”	:	Date when the conditions precedent are fulfilled or waived in accordance with the terms and conditions of the SPA
“Valuation Report”	:	Valuation report dated 16 January 2023 issued by the Valuer entitled “Report and Valuation of Part of Lot No. 1, Kawasan Bandar XLV, District of Melaka Tengah, State of Melaka”
“Valuer”	:	TD Aziz Sdn Bhd

All references to “we”, “us”, “our” and “ourselves” in this Circular are to our Company, or where the context requires, are to our Group. All references to “you” in this Circular are references to the shareholders of our Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa.

Any reference to persons in this Circular shall include a corporation, unless otherwise specified. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by our Company, such as in the quarterly results or annual reports of our Company (as the case may be), is due to rounding.

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TABLE OF CONTENTS

PAGE**EXECUTIVE SUMMARY****LETTER TO OUR SHAREHOLDERS CONTAINING:**

1.	INTRODUCTION	1
2.	DETAILS OF THE PROPOSALS.....	2
3.	RATIONALE FOR THE PROPOSALS	10
4.	INDUSTRY OUTLOOK AND PROSPECTS OF THE MQ TECH GROUP	12
5.	RISK FACTORS	15
6.	EFFECTS OF THE PROPOSALS	17
7.	APPROVALS / CONSENT REQUIRED.....	17
8.	CONDITIONALITY OF THE PROPOSALS	17
9.	INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/ OR PERSONS CONNECTED	18
10.	DIRECTORS' STATEMENT AND RECOMMENDATION	18
11.	TENTATIVE TIMETABLE FOR IMPLEMENTATION	18
12.	EGM	18
13.	FURTHER INFORMATION.....	18

APPENDICES

I	SALIENT TERMS OF THE SPA	19
II	VALUATION CERTIFICATE	23
III	FURTHER INFORMATION	31

NOTICE OF EGM **ENCLOSED****PROXY FORM** **ENCLOSED**

EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY SETS OUT SALIENT INFORMATION ON THE PROPOSALS. PLEASE READ THE ENTIRE CIRCULAR AND ITS APPENDICES CAREFULLY FOR FURTHER DETAILS ON THE PROPOSALS BEFORE VOTING.

Our Board recommends that you vote **in favour** of the resolutions in relation to the Proposals to be tabled at the forthcoming EGM.

PROPOSED ACQUISITION															
Transaction details	<p>In view that the conditions precedent of the Previous Agreements remain unfulfilled as at the Announcement LPD, the respective parties of the Previous Agreements had engaged into further discussions to consider the variation of the mechanism of the transactions contemplated in the Previous Agreements. In consideration that SASB is desirous to undertake a development project on its own accord on the Property, all parties of the Previous Agreements mutually agreed to terminate the Previous Agreements and CSSB agreed to accept an offer from SASB to purchase the Property from CSSB. Hence, SASB had on 26 January 2023 entered into the SPA with CSSB to purchase the Property for a cash consideration of RM19,500,000.</p> <table border="1"><thead><tr><th colspan="2">Brief details of the Property</th></tr></thead><tbody><tr><td>Title no.</td><td>PN 63030⁽¹⁾</td></tr><tr><td>Lot no.</td><td>Part of Lot 1, Kawasan Bandar XLV, District of Melaka Tengah, State of Melaka⁽¹⁾</td></tr><tr><td>Land area</td><td>7.155 acres (or 311,671 sqft)⁽²⁾</td></tr><tr><td>Tenure</td><td>Leasehold interest for 99 years expiring on 13 July 2114</td></tr><tr><td>Existing and proposed use</td><td>Existing: Vacant land Proposed: Commercial development</td></tr><tr><td>Market value</td><td>RM19,500,000</td></tr></tbody></table> <p>Notes:</p> <p>(1) The title is formerly known as HSD 80529, PT 146, Pekan Klebang Seksyen II, District of Melaka Tengah and State of Melaka.</p> <p>(2) The Property is a piece of land measuring 7.155 acres within the Land (measuring approximately 10.727 acres including the Excluded Properties and Road Reserve).</p> <p>Refer to Section 2.1 of this Circular for further details on the Proposed Acquisition.</p>	Brief details of the Property		Title no.	PN 63030 ⁽¹⁾	Lot no.	Part of Lot 1, Kawasan Bandar XLV, District of Melaka Tengah, State of Melaka ⁽¹⁾	Land area	7.155 acres (or 311,671 sqft) ⁽²⁾	Tenure	Leasehold interest for 99 years expiring on 13 July 2114	Existing and proposed use	Existing: Vacant land Proposed: Commercial development	Market value	RM19,500,000
Brief details of the Property															
Title no.	PN 63030 ⁽¹⁾														
Lot no.	Part of Lot 1, Kawasan Bandar XLV, District of Melaka Tengah, State of Melaka ⁽¹⁾														
Land area	7.155 acres (or 311,671 sqft) ⁽²⁾														
Tenure	Leasehold interest for 99 years expiring on 13 July 2114														
Existing and proposed use	Existing: Vacant land Proposed: Commercial development														
Market value	RM19,500,000														
Rationale	<p>The Proposed Acquisition represents an opportunity for our Group to venture into the Property Business, allowing our Group to undertake the Proposed Development which will diversify our Group's income stream and is expected to contribute positively towards the future financial performance and enhance the financial position of our Group.</p> <p>Refer to Section 3.1 of this Circular for further details on the rationale and justifications for the Proposed Acquisition.</p>														
Source of funds	<p>The Aggregate Sums Paid were funded by SASB and MQ Tech via internally-generated funds and proceeds from the Rights Issue while the Retention Sum and the Balance Purchase Consideration are expected to be funded by SASB via internally-generated funds.</p>														
PROPOSED DIVERSIFICATION															
Purpose	<p>To diversify the existing business of our Group to include the Property Business.</p> <p>Refer to Section 2.2 of this Circular for further details on the Proposed Diversification.</p>														
Rationale	<ul style="list-style-type: none">To provide a new income stream to our Group and reduce dependence on our Group's existing manufacturing business.To enhance our Group's financial performance. <p>Refer to Section 3.2 of this Circular for further details on the rationale and justifications for the Proposed Diversification.</p>														

EXECUTIVE SUMMARY (CONT'D)

PROPOSED VARIATION	
Purpose	<p>: To vary the purpose of utilisation of proceeds raised and/ or to be raised from the exercise of any existing and new SIS Options not only to be used for the working capital of our Group as stated in Section 3 of the SIS Circular but to also include the following:</p> <ul style="list-style-type: none">(i) working capital for the Property Business which include, amongst others, payment to external consultants, staff costs and general expenses of the Property Business;(ii) property development costs which is inclusive of any preliminary expenses to be incurred in relation to the Proposed Development and/or any future development projects to be undertaken by our Group; and/or(iii) capital expenditure for the proposed expansion and/or modification of our Group's existing production plant and office for our manufacturing business. <p>Refer to Section 2.3 of this Circular for further details on the Proposed Variation.</p>
Rationale	<p>: Our Group will be able to use the proceeds from the exercise of existing SIS Options and/or additional new SIS Options to be granted in the future without having to incur interest expenses if our Group utilised bank borrowings to fund the abovementioned purposes.</p> <p>Refer to Section 3.3 of this Circular for further details on the rationale and justifications for the Proposed Variation.</p>
PROPOSALS	
Risk factors	<p>: • Delay or non-completion of the Proposed Acquisition due to non-fulfilment of conditions precedent as well as the obligations stipulated in the SPA or if there is any material breach of the terms and/or conditions of the SPA.</p> <ul style="list-style-type: none">• No guarantee that the expected benefits from the Proposed Acquisition will materialise that our Group would be able to generate sufficient returns from the Property Business.• Delay in the property development projects may increase the development costs which will materially affect profitability of our Group. <p>Refer to Section 5 of this Circular for further details on the risk factors of the Proposals.</p>
Effects	<p>: The Proposals:</p> <ul style="list-style-type: none">• will not have an effect on the issued share capital and the substantial shareholders' direct and/or indirect shareholdings of our Company as the Proposals do not involve any issuance of Shares;• are not expected to have any material impact on the NA, NA per Share and gearing of our Group for the FYE 30 September 2023; and• are not expected to have any immediate effects on the earnings and EPS of our Group for the FYE 30 September 2023. <p>Refer to Section 6 of this Circular for further details on the effects of the Proposals.</p>



TECHNOLOGY BERHAD

MQ TECHNOLOGY BERHAD
(Registration No. 200301033383 (635804-H))
(Incorporated in Malaysia)

Registered Office:

MQ Technology Berhad
Level 5, Tower 8, Avenue 5, Horizon 2
Bangsar South City
59200 Kuala Lumpur
Wilayah Persekutuan

27 March 2023

Board of Directors

Dato' Nurulhidayah binti Ahmad Zahid (*Independent Non-Executive Chairman*)
Dato' Lim Char Boo (*Senior Independent Non-Executive Vice Chairman*)
Tong Sian Shyen (*Executive Director / Managing Director*)
Terence Cheah Eu Lee (*Executive Director*)
Gerald Nicholas Tang Eng Hoe (*Non-Independent Non-Executive Director*)
Paulinus Mojiun (*Independent Non-Executive Director*)
Dr. Koay Boon Hooi (*Independent Non-Executive Director*)

To: Our shareholders

Dear Sir / Madam,

- (I) PROPOSED ACQUISITION;**
- (II) PROPOSED DIVERSIFICATION; AND**
- (III) PROPOSED VARIATION**

1. INTRODUCTION

On 26 January 2023, TA Securities had, on behalf of our Board, announced that we proposed to undertake the Proposals.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS, TO SET OUT OUR BOARD'S RECOMMENDATION ON THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE EGM TO BE CONVENED. THE NOTICE OF EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

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

2. DETAILS OF THE PROPOSALS

2.1 Proposed Acquisition

On 19 January 2016, SASB entered into the SSHA with CSSB to regulate their rights as shareholders of C PSPS pursuant to the Proposed Investment.

Pursuant to the terms of the SSHA, CSSB and C PSPS had on 19 January 2016 entered into the Previous SPA for the sale and purchase of the Project Land and existing assets on the Project Land, namely the Arena for a purchase consideration of RM28,300,000 in accordance with the terms and conditions of the Previous SPA.

The respective parties of the Previous Agreements mutually agreed to further extend the relevant cut-off dates of the Previous Agreements to 19 July 2023 for the respective parties to fulfil the conditions precedent set out in the Previous Agreements. As at the Announcement LPD, such conditions precedent of the Previous Agreements have not been fulfilled.

As at the Announcement LPD, the Aggregate Sums Paid by SASB and/or MQ Tech to CSSB are tabulated below:

Payment date	Purpose of payment	Amount (RM)
6 November 2015	Payment by MQ Tech via internally-generated funds for the partial advance payment of stamp duty of the Previous SPA	500,000
31 May 2016	Payment by SASB via internally-generated funds for appointment of CSSB as the project manager for the proposed development on the Project Land	1,000,000
15 June 2016		1,000,000
28 November 2016	Partial payment by MQ Tech via proceeds from the Rights Issue for the subscription of C PSPS Shares	15,266,100
16 April 2019	Final payment by MQ Tech via internally-generated funds for the subscription of C PSPS Shares	633,900
	Total	18,400,000

In view that the conditions precedent of the Previous Agreements remain unfulfilled as at the Announcement LPD, the respective parties of the Previous Agreements had engaged into further discussions and negotiations on a good faith basis to consider the variation of the mechanism of the transactions contemplated in the Previous Agreements. Further, none of the conditions precedent of the Previous Agreements form part of the terms and conditions of the SPA.

In consideration that SASB is desirous to undertake a development project on its own accord on the Property, all parties of the Previous Agreements have mutually agreed to terminate the Previous Agreements and CSSB has agreed to accept an offer from SASB to purchase the Property from CSSB. Hence, SASB had on 26 January 2023 entered into the SPA with CSSB to purchase the Property for the Purchase Consideration. Pursuant to the SPA, the Vendor has agreed to sell and the Purchaser has agreed to purchase the Property free from all encumbrances with vacant possession subject to the terms and conditions contained in the SPA. After the State Authority Approval has been obtained by the Vendor, the Previous Agreements will be terminated within the Conditional Period or the Extended Conditional Period.

The Purchase Consideration which is to be satisfied by SASB entirely in cash will be completed in the following manner:

- (i) the Aggregate Sums Paid shall be deemed the Deposit;
- (ii) the Retention Sum shall be paid to the Purchaser's solicitors on the date of the grant of the State Authority Approval; and
- (iii) the Balance Purchase Consideration shall be paid or cause to be paid to the Vendor within the Completion Period.

If the Conditions Precedent are not fulfilled upon the expiry of the Extended Conditional Period, unless otherwise mutually agreed in writing or waived, the Vendor irrevocably and unconditionally agrees to subdivide or cause the Identified Portion of the Land to be subdivided under separate issue document of titles and thereafter transfer or cause the Identified Portion of the Land to be transferred in favour of the Purchaser which is subject to the approval from the Melaka State Authority and without delay and no later than 90 days from the expiry of the Extended Conditional Period (or any agreed extension thereof, if applicable) refund or cause to be refunded to the Purchaser the Refund. Our Board is of the view that if the Conditions Precedent of the Proposed Acquisition are not fulfilled, our Group will still be able to complete the acquisition of the Identified Portion of the Land which is not subject to our shareholders' approval and to develop the land albeit on a smaller scale to diversify the income stream of our Group in the future upon receipt of our shareholders' approval for the Proposed Diversification. All such costs and expenses arising from, incidental to or in connection with sub-division and transfer of the Identified Portion of the Land shall be solely borne by the Purchaser.

The salient terms of the SPA are set out in **Appendix I** of this Circular.

Upon completion of the Proposed Acquisition, SASB will become the registered owner of the Property. The Proposed Acquisition is not a related party transaction (i.e., none of our Directors and/or major shareholders and/or persons connected with them (as defined under the Listing Requirements of Bursa Securities has any direct or indirect interest in the Proposed Acquisition).

2.1.1 Information on the Property

The Property is sited on reclaimed land measuring 7.155 acres within the near rectangular shaped Land. The land size is measured after excluding the following which will not form part of the Proposed Acquisition:

- (i) the north-western portion of the Land measuring about 1.537 acres consisting of 2 blocks (Blocks A and B) of 18 units of 2 and 3-storey arcade shops. The reinforced concrete piling is completed at Block A while Block B is 95% completed and has been sold to individuals;
- (ii) the abandoned uncompleted structure of the Arena for a water show with arena seating is located at the eastern portion of the Land measuring about 1.662 acres; and
- (iii) the Road Reserve.

The Property is located in Melaka and is approximately 10 km north-west of the Melaka city centre. The Property is in the locality of Klebang, which is one of the popular beach and resort developments in Melaka and falls under the jurisdiction of Majlis Bandaraya Melaka Bersejarah. It is sited on the right side off Jalan Klebang Besar/Klebang Kecil if travelling from Tanjung Kling towards Melaka town city. It is located about 20 km from the Melaka International Trade Centre and 40 km from A'Famosa Resort. The Submarine Museum, Melaka is located next to the Property and there are on-going residential and commercial developments in the vicinity which include apartments, hotel and condotel.

The Property is fronting an unnamed metalled road off Jalan Klebang Besar/Klebang Kecil which is close to Klebang beach. It is accessible from the North-South Expressway via the Ayer Keroh interchange which is located about 25 km northeast of the Property.

Further details of the Property are summarised in the table below:

Title no.	PN 63030 ⁽¹⁾
Lot no.	Part of Lot 1, Kawasan Bandar XLV, District of Melaka Tengah, State of Melaka ⁽¹⁾
Tenure	Leasehold interest for 99 years expiring on 13 July 2114
Land area	7.155 acres (or 311,671 sqft) ⁽²⁾

Registered proprietor	CSSB
Category of land use	Building
Express condition	<i>Untuk bangunan perniagaan sahaja</i> (For commercial building only)
Restriction-in-interest	<i>Tanah ini tidak boleh dipindahmilik atau dipajak kecuali dengan kebenaran Pihak Berkuasa Negeri</i> (The land cannot be transferred or leased except with the approval of the Melaka State Authority)
Existing and proposed use	Existing: Vacant land Proposed: Commercial development
Audited net book value of the Land as at 30 September 2020	RM25,897,527 being the development cost for the Land recorded in the financial statements of CSSB as at 30 September 2020 ⁽³⁾ after being pro-rated for the reclamation cost of the Land.
Market value of the Property	RM19,500,000 per the Valuation Report.
Material date of valuation	11 January 2023
Encumbrances	Nil

Notes:

- (1) The title is formerly known as HSD 80529, PT 146, Pekan Klebang Seksyen II, District of Melaka Tengah and State of Melaka.
- (2) The Property is a piece of land measuring 7.155 acres within the Land (measuring approximately 10.727 acres including the Excluded Properties and Road Reserve).
- (3) Being the latest available audited accounts of CSSB.

Upon completion of the Proposed Acquisition, our Group intends to undertake the Proposed Development. The proposed development plans and ancillary applications for the Proposed Development such as the application for development order and building plans are targeted to be submitted to the Melaka State Authority after the completion of the Proposed Acquisition which is expected to be in the 4th quarter of 2023. Hence, no planning consent for the Proposed Development has been obtained as at the LPD. Barring any unforeseen circumstances and subject to the approvals of the relevant authorities being granted, the Proposed Development is expected to commence in the 1st quarter of 2025 and is expected to be completed within 3 years from the commencement of the Proposed Development.

The estimated GDV and GDC of the Proposed Development provided by our management is approximately RM275 million and RM200 million, respectively, with an estimated gross development profit of RM75 million from the Proposed Development. The estimated GDC consists of the cost of the Property i.e., the Purchase Consideration and the estimated cost of developing the Property of RM180.5 million. The exact GDV and GDC cannot be ascertained at this juncture as it can only be determined after the Proposed Development is approved by the relevant authorities. Further, it is the intention of our Group to sell the 1,000 units of serviced suites and retain the majority of the shoplots for recurring rental income. At this juncture, our management is unable to estimate the number of units of the shoplots to be retained by our Group and expected annual rental income for the shoplots as it shall depend on the prevailing property market demand and rental market within the vicinity of the Property in 5-years' time upon completion of the Proposed Development, which is expected to be completed within 3 years from the 1st quarter of 2025.

The development cost for the Proposed Development is expected to be funded through a combination of our Group's internally generated funds, bank borrowings and/or other equity fundraising exercises such as private placement or rights issue, the proportion of which has not been determined at this juncture. Our Company will make the necessary announcement(s) in accordance with the Listing Requirements in the event the said development cost will be funded through any equity fundraising exercise and if required, our shareholders' approval will be sought for such fundraising exercise.

2.1.2 Sources of funding

The Aggregate Sums Paid were funded by SASB and MQ Tech via internally-generated funds and proceeds from the Rights Issue as detailed in **Section 2.1** of this Circular while the Retention Sum and the Balance Purchase Consideration are expected to be funded by SASB via internally-generated funds.

2.1.3 Liabilities to be assumed by our Company

Save for the obligation arising from, pursuant to or in connection with the SPA and the risks in relation to the Property to be assumed by our Company and/or SASB on and from the delivery of the vacant possession of the Property following the completion of the Proposed Acquisition, there are no liabilities (including contingent liabilities) and/or guarantees to be assumed by our Company and/or SASB arising from the Proposed Acquisition.

2.1.4 Information on the Vendor

CSSB was incorporated in Malaysia as a private limited company on 2 November 2000 under the Companies Act 1965 and is deemed registered under the Companies Act 2016. CSSB is principally involved in property development.

As at the LPD, the issued share capital of CSSB is RM5,000,000 comprising of 5,000,000 ordinary shares.

The Directors of CSSB (all of whom are Malaysians) and their shareholdings in CSSB as at the LPD are as follows:

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
Dato' Sri Dr. Teh Chee Teong	4,980,000	99.60	-	-
Datin Sri Wai Ai Fan	-	-	-	-

As at the LPD, the substantial shareholder of CSSB is Dato' Sri Dr. Teh Chee Teong.

2.1.5 Valuation of the Property

TD Aziz Sdn Bhd was appointed by our Company to conduct an independent valuation on the Property to facilitate the Proposed Acquisition.

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

In arriving at the market value of the Property, the Valuer had only adopted the comparison method whereby comparison is made of the properties under valuation with sales of other similar properties where the characteristics, benefits and restrictions of the comparable properties as well as the conditions under which they were transacted are noted and adjusted accordingly to arrive at the opinion of value.

The Valuer has:

- (i) made no allowances in the valuation for any expense of realisation or for taxation which might arise in the event of a disposal, deemed or otherwise;
- (ii) considered the Property as if free and clear of all charges, lien and all other encumbrances which may be secured thereon;
- (iii) assumed the Property is free of statutory notices and outgoings;

- (iv) assumed that written consent from the Melaka State Authority permitting the transfer or lease of the Property will not be unreasonably withheld; and
- (v) in arriving at the market value of the Property, excluded the Excluded Properties and Road Reserve, and valued the remaining area of 7.155 acres or 311,671 sqft.

Having regard to the foregoing, the market value of the Property, with vacant possession and subject to the title being free of all encumbrances, good, marketable and registrable is RM19,500,000.

(Source: Valuation Report)

2.1.6 Basis and justification of arriving at the Purchase Consideration

The Purchase Consideration was arrived at on a willing-buyer willing-seller basis, after taking into consideration the market value of the Property of RM19,500,000 as provided by the Valuer which is justifiable after taking into consideration, amongst others, the following:

- (i) the rationale for the Proposed Acquisition, further details are as set out in **Section 3.1** of this Circular;
- (ii) the Proposed Acquisition is transacted at the market value of the Property as appraised by the Valuer; and
- (iii) the future prospects of the Property as set out in **Section 4.3** of this Circular.

2.1.7 Additional financial commitment required

Our Group is not expected to incur any other additional financial commitment in relation to the Proposed Acquisition save for the following:

- (i) cost of developing the Property for the Proposed Development which is estimated to be RM180.50 million; or
- (ii) in the event the Conditions Precedent are not fulfilled, the costs for the sub-division and transfer of the Identified Portion of the Land as stated in **Section 2.1** of this Circular as well as the cost of developing the Identified Portion of the Land, the estimation of which cannot be determined at this juncture.

2.2 Proposed Diversification

Presently, our Group is principally engaged in investment holding; manufacturing of tools, dies, jigs and fixtures mainly for use in the manufacture of hard disk drives; manufacture of car spare parts, metal moulds, tooling, jigs and fixtures for electronic and semiconductor as well as design, development and manufacture of advanced suspension tooling, progressive tooling, semiconductor cavity/encapsulation moulds for application in hard disk drives and semiconductor industries, advanced automation modules/ assemblies for digital data storage, medical instrument systems/devices and optoelectronics applications and related components. Our Group had ventured into the theme park industry which was approved by our shareholders on 13 June 2016 via the signing of the SSHA but had not commenced operations of the theme park business in view that the conditions precedent of the Previous Agreements remain unfulfilled. In view of the Proposed Acquisition and Proposed Development, our Group no longer intends to venture into the theme park industry in the future.

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Over the past few years, our Group has seen increasing challenges in our existing manufacturing business with the losses incurred in the FYEs / FPEs 2020 to 2021 and the 3-month FPE 31 December 2022, as shown below:

	Audited			Unaudited	
	18-month FPE 30 June 2020 (RM'000)	15-month FPE 30 September 2021 (RM'000)	FYE 30 September 2022 (RM'000)	3-month FPE 31 December 2021 (RM'000)	3-month FPE 31 December 2022 (RM'000)
Revenue	12,645	10,650	16,115	3,246	3,080
Profit / (Loss) before tax	(12,632)	(1,458)	1,442	186	(630)
Profit / (Loss) after tax	(12,616)	(1,356)	2,182	186	(630)

Although our Group has recorded profitability based on the audited consolidated financial statements of our Company for FYE 30 September 2022 which was mainly due to higher revenue recorded from the business of manufacturing, our Group intends to mitigate our reliance on our sole business of manufacturing by diversifying our business to include the Property Business, through the Proposed Acquisition.

While SASB will be the registered owner of the Property, the Property Business will be operated under our Company's currently dormant wholly-owned subsidiary, MQ Builders, with the intended principal business activities of property development and property investment. Nonetheless, our Group intends to continue with our existing manufacturing business even after the Proposed Diversification.

Key management personnel

In view that our Group has no prior experience in the Property Business, our Group plans to recruit or appoint relevant key management personnel with the requisite experience to join our Group upon the approval of the Proposed Development by the relevant authorities. Our Executive Director / Managing Director, Mr. Tong, who has extensive managerial experiences in a wide array of industries (particularly in Finance and Accounting matters) which includes manufacturing, information technology, mobile application and digital marketing, construction, property development, and agriculture produce will oversee the implementation of our Group's Proposed Diversification.

In the meantime, our Group will engage external consultants to consult and assist Mr. Tong on matters relating to the Proposed Development which include the feasibility and design of the Proposed Development as well as submission of documentation to the relevant authorities. These consultants include but are not limited to town planner, architect, land surveyor, civil and structural engineers and mechanical and engineering (M&E) consultants. Such engagements are expected to commence after the approval of the Proposals up to the commencement of the Proposed Development.

Mr. Tong (aged 59, Malaysian)

He is a member of Malaysian Institute of Accountants, associate member of Chartered Institute of Management Accountants and Chartered Global Management Accountant. He is also an associate member of Chartered Tax Institute of Malaysia.

He started his career in 1985 as an Accounts Clerk of TAS Industries Sdn Bhd and left the company in 1988 to join Doe Plastic Sdn Bhd as a Finance/Administrative Executive until 1991. Thereafter, he joined Alphamatic Systems Sdn Bhd as a Senior Accounts Executive until 1994. Subsequently, he was a Finance Manager of Powersteel & EP Sdn Bhd from 1994 until 1998 and a Finance and Administrative Manager of Soon Hun Technology Sdn Bhd and Bintang Elit Sdn Bhd from 1998 until 2000 and 2001 until 2006, respectively. From 2006 to 2009, Mr. Tong was a Finance Manager in Besteel Berhad.

In year 2009, he joined the Dolomite group as a Finance and Administrative Manager and left the following year to join NWP Berhad as a Financial Manager for 4 years. Prior to rejoining NWP Berhad as a Group Accountant in 2017, he was a Finance Manager in Protech Global Sdn Bhd from 2014 to 2017. In 2018, Mr. Tong left NWP Berhad and joined our Company as Financial Controller. Concurrently, he served as Head of Finance and Administration in SMTrack Berhad and Chief Financial Officer of Zen Tech International Berhad (*formerly known as INIX Technologies Holdings Berhad*) until his resignation from the companies in 2020 and 2019, respectively. Mr. Tong was appointed to our Board as an Executive Director on 4 March 2019, thereafter also appointed as Chief Operating Officer on 3 July 2020 and was subsequently redesignated as Executive Director / Managing Director on 2 June 2022.

Mr. Tong will be supported by the following key management personnel who has given his written agreement-in-principle to join our Group upon the approval of the Proposed Development by the relevant authorities to spearhead the Property Business and he will be assisted by at least 2 qualified civil engineers and 2 administrative staff for the handling of day-to-day operations of the Property Business and are expected to be employed by our Group upon the approval of the Proposed Development:

Mohd Fadzilah bin Samsuri (aged 41, Malaysian)

He will be appointed as the Senior Project Manager of MQ Builders. He graduated from University Technology Malaysia with a Bachelor's degree in Geomatic Engineering in 2003 and Master of Engineering in Construction Management in 2019.

Upon his graduation in 2003, he began his career with Fugro Geodetic (M) Sdn Bhd as a Positioning Surveyor/Hydrographer where he was responsible for site surveys, marine construction and engineering surveys for various oil and gas industry clients in South East Asia. He left Fugro Geodetic (M) Sdn Bhd in 2006 and then joined WesternGeco, Schlumberger based in Gatwick, United Kingdom from 2006 until 2011 as a Navigator/ Positioning Specialist. From 2011 until 2015, he worked as a Shift leader Navigator for Dolphin Geophysical based in Bergen, Norway. As a navigator for both of the companies, he was responsible for the planning of the acquisition schedule, all in-sea navigational equipment, positioning the vessel and ensuring that accurate positional information produced for all seismic data where it is used for oil and gas exploration industries worldwide.

Upon his return to Malaysia at the end of 2015, he began his career as a Project Manager for onshore construction including being involved in the quality, health, safety and environmental system (QHSE) starting with NDQ Global Sdn Bhd in 2016, Promosi Tegas Sdn Bhd in 2017 until 2018, Prestige Construction Sdn Bhd in 2018 until 2020 and Hadhari Resources Sdn Bhd until January 2023. He had a short stint with POIS Sdn Bhd as a Project Manager in the construction division where he was involved in an eco-tourism project in 2021.

During his employment with Hadhari Resources Sdn Bhd, he was involved in the construction and completion of Ipoh Heritage Tourism Package 1A and 1B for the Northern Corridor Implementation Authority (NCIA) where the project was completed in February 2022. Currently, he volunteers as the Project Manager and client representative on behalf of Majlis Agama Islam, Perak for the construction of Pusat Pengajian Tahfiz At-Tayyibin in Perak, where he is responsible for contractual matters and monitoring the performance of contractors of the project.

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As a Project Manager, he has gained relevant experience in the development, construction and upgrading works of buildings as well as tourism-related projects and agriculture-related projects. Some of his past involvements in construction and development projects include the following:

Projects	Type of project	Period of involvement	Roles and responsibilities
Construction of 9 units of modern cage houses for Pusat Ternakan Haiwan Pondok Tanjung, Batu Kurau, Perak under the Ministry of Agriculture and Food Securities	Construction of 9 units of modern cage houses including mechanical and electrical systems as well as other ancillary systems.	Hadhari Resources Sdn Bhd for 12 months from January 2022 to January 2023	Project Management Consultant who is responsible for contractual matters, preparation of all technical documentation and liaison with client and other consultants.
Construction of Kompleks Pusat Pengajian Tahfiz At-Tayyibin, Tanah Hitam, Chemor	Construction of a hall, 6 units of shop lots, 4 units of teacher quarters, 10 blocks of hostel as well as related infrastructure, mechanical and electrical works.	Volunteer for 3 years from September 2019 till present which is expected to be completed in June 2023	
Taman Herba Negeri Perak, Gopeng	Development and upgrading of Taman Herba Negeri Perak	POIS Sdn Bhd for approximately 6 months from November 2020 to May 2021	Project Manager for the construction division who is involved in the planning of the procedures of the construction works and subcontractor selection.
Ipoh Heritage Tourism Package 1A & 1B	Construction of a new amenities building with glass fiber reinforced concrete façade, installation of light and sound projection system, water cascade and upgrading of landscaping works in Ipoh.	Hadhari Resources Sdn Bhd for approximately 16 months from October 2020 to February 2022	Project Manager who is involved in the planning and overseeing the whole construction project, documentation of contracts, liaison with client, consultants, local authorities and subcontractors.
Kolej Vokasional Taiping	Construction of 6 blocks of workshop building.	Prestige Construction Sdn Bhd for 12 months from December 2018 to December 2019	
Upgrading of badminton arena for Kompleks Sukan MBI, Ipoh for Sukan Malaysia 2018	Upgrading of stadium with construction of new 3 storey main stadium amenities building including mechanical and electrical works, new retractable seat system, new flooring system and new billboard and sound system.	Promosi Tegas Sdn Bhd for approximately 15 months from June 2017 to September 2018	

Our Board will, from time to time, review the capabilities and resources needed for the Property Business. Should the needs arise and/or business expands, our Group will recruit additional personnel who are experienced and with the relevant qualifications, skillsets and networks specifically in the Property Business, to support this new business segment.

2.3 Proposed Variation

As disclosed in Section 3 of the SIS Circular, any proceeds raised from the exercise of the SIS Options is intended to be used for the working capital requirements of our Group which include, amongst others, purchase of raw materials, payment to trade creditors, upkeep and maintenance of machineries and factory as well as staff costs and general expenses of our Group. The breakdown of which was not provided in the SIS Circular.

Our Company had on 30 November 2022 implemented the SIS which was approved by our shareholders on 25 November 2022. As at 17 March 2023, 150,000,000 SIS Options were offered to the eligible persons at RM0.0397 or RM0.0437 each and 130,123,800 SIS Options have been exercised raising gross proceeds of approximately RM5.51 million. The SIS Committee has not granted any additional SIS Options as at 17 March 2023.

After due deliberation and taking into consideration the rationale set out in **Section 3.3** of this Circular, our Board proposes to vary the purpose of utilisation of proceeds to be raised from the exercise of any existing and new SIS Options not only to be used for the working capital of our Group as stated above per disclosure in Section 3 of the SIS Circular but to also include the following:

- (i) working capital for the Property Business which include, amongst others, payment to external consultants, staff costs and general expenses of the Property Business;
- (ii) property development costs which are inclusive of any preliminary expenses such as project planning, contribution to relevant authorities and preliminary infrastructure works to be incurred in relation to the Proposed Development and/or any future development projects to be undertaken by our Group; and/or
- (iii) capital expenditure for the proposed modification of our Group's existing production plant and office for our manufacturing business. The proposed modification entails an extension to the main building in Bayan Lepas, Penang to build a 3-storey factory cum office with a canteen and car park which is estimated to be 15,000 sqft. Despite the proposed extension, there will be no change to our Group's production capacity as some of the existing production facility will be relocated to the 2nd floor of the extended building. Our Group expects the proposed extension to be completed within 1.5 years from the commencement of works in June 2023. The total cost for the proposed extension is approximately RM6.41 million and is expected to be funded via internally-generated funds including the proceeds from the exercise of the SIS Options and/or bank borrowings.

The breakdown for utilisation of the abovementioned proceeds raised and to be raised cannot be determined at this juncture as the proceeds will be used as and when the funds are required.

3. RATIONALE FOR THE PROPOSALS

3.1 Proposed Acquisition

Despite the conditions precedent of the Previous Agreements remaining unfulfilled as stated in **Section 2.1** of this Circular, our Group is still desirous in undertaking a development project on the Property in view of the improving outlook of the property sector as set out in **Section 4.2** of this Circular. Further, our Group anticipates that the future prospects of our manufacturing business will continue to be challenging due to increasing competition among the existing industry players. In addition, it is the intention of our Group to retain majority of the shoplots for recurring rental income upon completion of the Proposed Development. As such, the Proposed Acquisition represents an opportunity for our Group to venture into the Property Business, allowing our Group to undertake the Proposed Development which will diversify the income stream of our Group and is expected to contribute positively towards the future financial performance and enhance the financial position of our Group.

As such, our Board is of the view that the Proposed Acquisition is expected to augur well for the growth prospects of our Group in the long term, as it provides our Group with an opportunity to expand our income stream and growth prospect.

3.2 Proposed Diversification

In conjunction with the Proposed Acquisition, our Company intends to seek shareholders' approval for the Proposed Diversification as our Group is currently not involved in the Property Business.

Pursuant to Rule 10.13(1) of the Listing Requirements, a listed corporation must obtain its shareholders' approval in a general meeting for any transaction or business arrangement which might reasonably be expected to result in either:

- (i) the diversion of 25% or more of the NA of the listed corporation to an operation which differs widely from those operations previously carried on by the listed corporation; or
- (ii) the contribution from such operation of 25% or more of the net profit of the listed corporation.

Following the completion of the Proposed Acquisition, it is anticipated that more than 25% of our Group's NA will be diverted towards the Property Business and may potentially contribute 25% or more of our Group's net profits. As such, in accordance with Rule 10.13(1) of the Listing Requirements, our Company is required to obtain our shareholders' approval in the EGM for the Proposed Diversification.

The Proposed Diversification enables our Group to venture into the Property Business, which is an industry with foreseeable demand and positive prospects as set out in **Section 4.2** of this Circular. Further, the Proposed Diversification allows our Group to have a new income stream to enhance our financial performance as well as to reduce dependence on our existing manufacturing business. Premised on the above, our Board anticipates that the Proposed Diversification will add value and contribute positively to the future growth of our Group, thereby enhancing shareholders' value.

3.3 Proposed Variation

Our Company has raised gross proceeds of approximately RM5.51 million from 130,123,800 SIS Options exercised as at 17 March 2023 and the potential proceeds to be raised from the exercise of the remaining 19,876,200 SIS Options granted as at 17 March 2023 is approximately RM0.84 million. Our Group will be able to fund the working capital of our Group as stated in Section 3 of the SIS Circular and the Property Business; preliminary development costs in relation to the Proposed Development and/or any future development projects to be undertaken by our Group; and/or capital expenditure for our Group's manufacturing business via the proceeds from the exercise of existing SIS Options and/or additional new SIS Options to be granted in the future without having to incur interest expenses if our Group utilised bank borrowings to fund the abovementioned purposes.

Pursuant to Rule 8.24 of the Listing Requirements, a listed corporation must issue a circular to its shareholders and seek its shareholders' approval if it proposes to make a material change to the utilisation of proceeds raised by the listed corporation from its initial public offering or new issue of securities which has been approved by way of specific shareholder approval. As the Proposed Variation is deemed a material variation to the utilisation of proceeds to be raised from the exercise of the SIS Options as disclosed in the SIS Circular, our Company intends to obtain shareholders' approval for the Proposed Variation.

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4. INDUSTRY OUTLOOK AND PROSPECTS OF THE MQ TECH GROUP

4.1 Overview and outlook of the Malaysian economy

The Malaysian economy registered a growth of 7.0% in 4Q 2022 to 14.2% in 3Q 2022, as support from the stimulus measures and low base effect waned. At 7.0%, the 4Q growth was still above the long-term average of 5.1%. On a quarter-to-quarter seasonally adjusted basis, the economy registered a decline of 2.6% (3Q 2022: 1.9%). For 2022 as a whole, the economy expanded by 8.7% (2021: 3.1%).

All economic sectors registered growth in 4Q 2022. The services sector expanded by 8.9% (3Q 2022: 16.7%), supported by consumer-related subsectors amid better labour market conditions and the continued recovery in tourism activities. The sector also benefitted from improvements in real estate and business services activities. The construction sector expanded by 10.1% (3Q 2022: 15.3%). Of significance, civil engineering and non-residential subsectors were lifted by continued progress of large infrastructure, commercial and industrial projects.

For 2023, the Malaysian economy is expected to expand at a more moderate pace, amid a challenging external environment. Growth will be driven by domestic demand, supported by the continued recovery in labour market and realisation of multi-year investment projects. The services and manufacturing sectors will continue to drive the economy. Meanwhile, the slowdown in exports following weaker global demand will be partially cushioned by higher tourism activity. The balance of risks to Malaysia's growth outlook remains tilted to the downside. This stems from weaker-than-expected global growth, tighter financial conditions, further escalation of geopolitical conflicts, and worsening supply chain disruptions.

(Source: BNM Quarterly Bulletin Vol. 37 No. 4, BNM)

Looking ahead, the Malaysian economy is expected to expand by 4.0 – 5.0% in 2023. The Malaysian economy will continue to be supported by firm domestic demand amid continued improvements in the labour market. Growth would also benefit from the realisation of large infrastructure projects as well as higher tourist arrivals. However, Malaysia's growth remains susceptible to a weaker-than-expected global growth, higher risk aversion in global financial markets, further escalation of geopolitical conflicts and re-emergence of supply chain disruptions.

(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2022, BNM)

4.2 Overview and outlook of property sector in Malaysia

The property market recorded a total of 389,107 transactions worth RM179.07 billion for 2022. This indicated an increase of 29.5% in volume and 23.6% in value compared to 2021. Of the total transactions recorded in the review year, 20.7% (80,373) and 76.5% (297,700) were transfers dated 2021 and 2022 respectively while the remaining percentage share was for prior years' transfer. Primary market formed 13.8% (53,698 transactions) of the total transactions (purchase from developers) while secondary market took up the remaining 86.2% (335,409 transactions). Volume of transactions across the sub-sectors showed upward movements. Residential, commercial and industrial, agriculture and development land sub-sectors recorded year-on-year growths of 22.3%, 46.3%, 44.5%, 44.6% and 35.7% respectively. Value of transactions moved in tandem with residential, commercial, industrial, agriculture and development land sub-sectors recorded an increase of 22.6%, 16.7%, 24.8%, 50.5% and 16.6% respectively.

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

The residential overhang situation improved as the numbers reduced compared to the previous year. A total of 27,746 overhang units worth RM18.41 billion recorded in 2022, reduced by 24.7% and 19.2% in volume and value respectively against 2021 (36,863 units worth RM22.79 billion). The unsold under construction residential units improved as the numbers dropped to 57,649 units (2021: 70,231 units), declined by 17.9% meanwhile unsold not constructed recorded sharply decrease by 49.7% in number with 11,053 units (2021: 21,960 units). Condominium/apartment formed 61.9% (17,162 units) of the national total overhang, followed by terraced houses (20.3%; 5,636 units). By price range, those priced at RM500,001 to RM1.0 million formed 33.6% (9,323 units) of the total, higher than 30.2% in 2021. Price range between RM300,001 and RM500,000 came second, accounting for 29.3% (8,128 units). Meanwhile, houses in the affordable price range of below RM300,000 formed another 23.5% (6,509 units) of the total and followed by more than RM1.0 million price range formed 13.6% (3,786 units). Serviced apartment segment overhang situation slightly improved with 23,978 overhang units worth RM20.19 billion, down by 1.3% in both volume and value against 2021 (24,295 units with a value of RM20.46 billion). Similarly, the unsold under construction decreased to 33,101 units, down by 21.4% but not constructed increased to 10,644, up by 27.3%.

Construction activities for hotels were on a recovery tone as completion and starts increased. There were 10 new hotels completed in 2022 offering 1,341 rooms (2021: 3 hotels; 337 rooms). Starts showed an increase (1,501 rooms) whilst new planned supply reduced (219 rooms) compared to 2021. There were 3,517 hotels/resorts across the country offering 271,322 rooms, another 85 hotels/resorts (17,919 rooms) were in the incoming supply and 91 hotels/resorts (18,113 rooms) are at the planned supply stage as at end-2022; all led by Kuala Lumpur.

The property market continued to record growth in 2022, supported by the implementation of various government initiatives and assistance, improving labour market conditions and higher tourist arrivals. The property market is expected to continue its momentum with various initiatives outlined by the government under the revised Budget 2023 which are, among others, the following:

- (i) full stamp duty exemption on instrument of transfer and loan agreement for the purchase of the first residential home priced up to RM500,000 by Malaysia citizens remained until 31 December 2025;
- (ii) increase of stamp duty remission from 50% to 75% for the purchase of the first residential properties priced between RM500,000 to RM 1 million by Malaysian citizens and applicable for sale and purchase agreements executed until 31 December 2023;
- (iii) full stamp duty exemption up to RM1 million and 50% stamp duty remission for the remaining balance on transfers of property by way of love and affection between family members (father to child and grandfather to grandson);
- (iv) allocation of RM460.2 million for the building of new homes and home renovations in rural areas;
- (v) allocation of RM389.5 million will be channelled to the People's Housing Programme;
- (vi) allocation of RM358 million for the construction of affordable homes under *Rumah Mesra Rakyat* programme by Syarikat Perumahan Negara Berhad;
- (vii) allocation of RM462 million for the construction of 23,000 houses under *Projek Perumahan Awam Malaysia*; and
- (viii) increase the guarantees of up to RM5 billion via *Skim Jaminan Kredit Perumahan* in assisting gig workers such as e-hailing workers in obtaining home financing of up to RM500,000.

Property market in Melaka

The state's property market performance improved in 2022. There were 17,387 transactions worth RM6.10 billion recorded, indicating increase of 35.2% in volume and 36.9% in value as compared to previous year (2021: 12,859 transactions worth RM4.46 billion). Residential sub-sector continued to dominate the overall market share with 62.8% share, followed by development land & others (15.8%), agriculture (11.6%), commercial (7.0%) and industrial (2.8%) sub-sectors. Market activity showed better performance across the board. The development land & others led the growth with 78.7%, followed commercial (72.2%), industrial (60.7%), residential (31.4%) and agriculture (0.6%). Correspondingly with the market activity movement, transaction value for all sub-sectors also showed an increase except for development land & others decreased by 23.3%.

Residential property prices recorded mixed movements across the board. Single storey terraces in Taman Krubong Indah, Taman Merdeka and Taman Pahlawan Sungai Udang in Melaka Tengah as well as Taman Mayang Lestari in Jasin registered a double-digit growth due to their strategic locations. Meanwhile several stratified schemes in Melaka Tengah also registered capital gains 2.6% to 9.4%. All House Price Index for the state stood at 201.2 points on 2022, up by 5.1% from 191.4 points in 2021. In 2022, the average All House Price for the state stood at RM221,867, increased from RM211,101 in 2021. The commercial sub-sector recorded 1,238 transactions worth RM1.05 million in the review period, increased by 72.2% in volume and 47.4% in value as compared to 2021 (719 transactions worth RM714.81 million). Shop segment recorded strong performance in 2022 with 710 transactions worth RM395.64 million (2021: 428 transactions worth RM214.35 million). In comparison to 2021, volume and value of shop transactions increased by 65.9% and 84.6% respectively. Two to two-and-a-half storey shops dominated 70.3% (499 units) of the total shop transactions.

The state's property market is expected to continue its growth momentum in 2023. The development projects implemented would continue to support the property market. Among the developments that are expected to create positive impact on the state's property market are:

- (i) infrastructure development projects such as flood mitigation and upgrading projects and treated water infrastructure upgrading projects which are expected to be completed in 2023 and 2024, respectively;
- (ii) mega projects such as Melaka Waterfront Economic Zone (“**M-Wez**”), the Sail Melaka and Harbour City; and
- (iii) implementation of various state government policies and initiatives such as Melaka State Housing Policy (DRN Melaka) for Development Other than Malacca Customary Land, *Program Perumahan Rakyat*, Melaka Rumahku Programs as well as tourist attraction projects and programs.

(Source: Property Market Report 2022, National Property Information Centre, Valuation and Property Services Department, Ministry of Finance Malaysia)

4.3 Prospects of the Property and our Group's Property Business

In view of the improving outlook of the property sector as set out in **Section 4.2** of this Circular, our Group intends to develop the Property to capitalise on the uptrend in the property sector in Malaysia. Our Board believes that the Property Business will allow our Group to broaden its earnings base as well as generate recurring rental income in future which can reduce its dependency on the existing manufacturing business and diversify our Group's business risk, which in turn, shall enhance our Group's earnings and shareholders' value in the medium to long term.

Based on statistics from the Ministry of Tourism, Arts and Culture, the number of tourists in the first 7 months of 2022 exceeded 3 million which is 23 times that for the full year of 2021 when Malaysia still experienced periods of lockdowns and 56 times more than the number of tourists in the same period in 2021. However, this is still much lower than the figures which Malaysia had been recording in the pre-pandemic years (2018: 25.8 million; 2019: 26.1 million). *(Source: <https://www.nst.com.my/property/2023/01/868922/malaysia-property-outlook-2023>, accessed on the LPD).*

Further, one of the main sectors that contributes to the gross domestic product of Melaka is the services sector wherein tourism is one of its subsectors. Since the economy of Melaka is largely based on tourism, the Melaka state government has identified tourism as an important subsector which will bring in more investment to the state. The creation of a new economic area, the M-Wez which has components such as ports, tourism, tax-free areas and the Fourth Industrial Revolution will boost the economy of the state. Melaka's property market is expected to remain stable as businesses resume operations and gear towards pre-pandemic levels. Melaka has become a tourism attraction among locals and foreigners once more as Malaysia is currently in the Covid-19 endemic transition phase. *(Source: Valuation Report)*

The Property is located in Klebang which is one of the popular beach and resort developments in Melaka and is a serviced suites development project within 10 km of Jonker Walk and the Melaka city centre. Tourism-related development and development of service apartments in the area are still resilient despite challenges and demand for tourism-related properties as well as service apartments remain robust. Further improvement and growth of the Malaysian tourism industry will positively impact the property sector albeit indirectly. In view of the above, our Board believes that a positive outlook of the Malaysian tourism industry especially in Melaka may attract potential investors and/or potential buyers to the Proposed Development who are interested in homestay business or even as a second home or weekend home.

In conjunction with the Proposed Diversification, our Group intends to undertake the Proposed Development as our maiden property development project. Moving forward, our Group intends to leverage on the successful completion of the Proposed Development and our experience in property construction to bid for other property development projects as well as capture opportunities presented by the industry in which our Group operates in. Nonetheless, no specific timeframe is fixed by our Group to capture these opportunities. Further, our Group will continue to identify business opportunities to expand our Group's property portfolio which may include acquisitions of suitable land banks situated at strategic locations in order to undertake property development that are commercially viable and/or properties to earn recurring rental income and/or for capital appreciation purpose. In addition, our Group may consider joint venture arrangements with land owners to develop land with good development potential and favourable returns. In view of the on-going initiatives, our Group is expected to fund these initiatives via a combination of internally-generated funds, bank borrowings and/or equity fundraising exercises should any of them realise.

Premised on the above, our Board is optimistic of the future prospects of the Property Business which shall contribute positively to our Group's financial performance, strengthen our Group's financial position and deliver values to the shareholders of our Company in the future.

(Source: Our management)

5. RISK FACTORS

5.1 Delay or non-completion of the Proposed Acquisition

The completion of the Proposed Acquisition is conditional upon the fulfilment of the conditions precedent as well as the obligations stipulated in the SPA by the Vendor and the Purchaser. In the event that any of the Conditions Precedent and/or terms are not fulfilled within the stipulated time as set out in the SPA, or if there is any material breach of the terms and/or conditions of the SPA by the Vendor and/or the Purchaser, the Proposed Acquisition may be delayed or terminated.

Whilst the management of our Group will take reasonable steps to monitor the progress of the Proposed Acquisition and seek to limit such risk to ensure that the Conditions Precedent and/or obligations set out in the SPA are fulfilled in a timely manner to facilitate the completion of the Proposed Acquisition, there is no assurance that the SPA can be completed within the stipulated timeframe.

5.2 Investment risk

Although the Proposed Acquisition is expected to contribute positively to the future earnings of our Group, there is no guarantee that the expected benefits from the Proposed Acquisition will materialise that our Group would be able to generate sufficient returns from the Property Business.

Nevertheless, our Board has exercised due care in considering the potential risks and benefits associated with the Proposed Acquisition and our Board believes that the Proposed Acquisition will benefit the enlarged Group after taking into consideration, amongst others the prospects of the property market in Malaysia.

5.3 Project completion risk

The property development segment is exposed to the risk that there may be delays in the completion of the development projects. Such events include, amongst others, natural disasters, adverse weather conditions, delay in obtaining approvals/permits necessary for the development projects, shortage or unavailability of building materials and/or labour workforce and other unforeseen circumstances. There is no assurance that delay in the property development projects will not increase the development costs which will materially affect profitability of our Group. Our Group will mitigate this risk by close supervision on the progress of the development projects as well as leveraging on the key management personnel's experience in this industry to ensure meeting completion deadlines of the development projects.

5.4 Risk of property overhang

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

5.5 No prior experience in the Property Business and dependence on key personnel

Our Group is currently principally involved in the manufacturing industry. Given that the existing management of our Group does not possess any prior experience in the Property Business, our Group may be subjected to challenges and the risks arising from venturing into the property industry.

Notwithstanding the above, our Group's success in the Property Business will depend on the ability, expertise and continued efforts of its key management personnel as well as the employment of qualified personnel for the aforesaid business. Any loss of our Group's key management personnel and/or our Group's inability to attract and retain qualified personnel may have an adverse effect on its Property Business.

As such, our Group will strive to adopt appropriate measures to retain its key personnel and attract qualified personnel, including providing attractive remuneration, requisite training, career advancement opportunities and other employment benefits. Our Group will also attempt to reduce its reliance on any key personnel by regularly reviewing its staff strength and policies (including succession planning), making sure that it will be able to effectively address human resource risks.

6. EFFECTS OF THE PROPOSALS

6.1 Issued share capital and substantial shareholders' shareholdings

The Proposals will not have any effect on the issued share capital and the substantial shareholders' direct and/or indirect shareholdings of our Company as the Proposals do not involve any issuance of Shares.

6.2 NA and gearing

The Proposals are not expected to have any material impact on the NA, NA per Share and gearing of our Group for the FYE 30 September 2023.

6.3 Earnings and EPS

The Proposals are not expected to have any immediate effects on the earnings and EPS of our Group for the FYE 30 September 2023. Nevertheless, the Proposals are expected to contribute positively to the future earnings of our Group when the benefits of the Proposals are realised including the earnings contribution from the development of the Property materialises.

6.4 Convertible securities

Save for the remaining unexercised 19,876,200 SIS Options granted to eligible persons as at 17 March 2023, our Company does not have any other convertible securities. The Proposals will not have any effect on the outstanding SIS Options.

7. APPROVALS / CONSENT REQUIRED

The Proposals are subject to the following approvals being obtained from:

- (i) our shareholders at the EGM to be convened pursuant to Rule 10.02 of the Listing Requirements, the highest percentage ratio applicable to the Proposed Acquisition is 44.49%, calculated based on the Purchase Consideration over the NA of our Group based on the latest audited consolidated financial statements of our Company for the 15-month FPE 30 September 2021 prior to the announcement of the Proposals;
- (ii) the Melaka State Authority for the transfer of the Property as pursuant to the title of the Land, the Land cannot be transferred or leased except with the approval of the Melaka State Authority. The application for the transfer of the Property is expected to be submitted in the 4th quarter of year 2023 together with the application for the development order which is estimated to be approved within 6 months from the said submission to the Melaka State Authority; and
- (iii) any other relevant parties, if required.

8. CONDITIONALITY OF THE PROPOSALS

The Proposed Acquisition and the Proposed Variation are conditional upon the Proposed Diversification but not vice versa.

The Proposed Acquisition is not inter-conditional with the Proposed Variation.

Save for the above, the Proposals are not conditional upon any other corporate exercises undertaken or to be undertaken by our Company.

Save for the Proposals and the proposed acquisition of 51% equity interest in Oriental Link Properties (M) Sdn Bhd which was announced on 5 October 2021 and is pending fulfilment of the conditions precedent of the share sale agreement as at the LPD, there are no other corporate exercises which have been announced by our Company but are pending completion as at the date of this Circular.

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

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

10. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, having considered all aspects of the Proposals, including the rationale and justification for the Proposals, the salient terms of the SPA, and the basis and justification of arriving at the Purchase Consideration, is of the opinion that the Proposals are in the best interest of our Company and the terms and conditions of the SPA are fair and reasonable and accordingly recommend you to vote **IN FAVOUR** of the resolutions in respect of the Proposals to be tabled at our Company's EGM to be convened.

11. TENTATIVE TIMETABLE FOR IMPLEMENTATION

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Proposals will be completed in 4Q 2023.

Tentative timeline	Events
11 April 2023	• EGM
Mid-September 2023	• Fulfilment of the Conditions Precedent and the SPA becomes unconditional
Mid-November 2023	• Completion of the Proposed Acquisition

12. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Unit 310, Block C, Damansara Intan, No. 1, Jalan SS20/27, 47400 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 11 April 2023 at 11.00 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposals.

If you are unable to attend and vote in person at our EGM, you are entitled to appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, you may deposit the Proxy Form at our Company's registered office at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia not less than 24 hours before the time and date stipulated for the EGM or any adjournment thereof.

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

13. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board
MQ TECHNOLOGY BERHAD

TONG SIAN SHYEN
Executive Director / Managing Director

SALIENT TERMS OF THE SPA

The salient terms of the SPA are set out below:

1. CONDITIONS PRECEDENT

- (i) The SPA shall be conditional upon and subject to the following Conditions Precedent being fulfilled within the Conditional Period or the Extended Conditional Period or such further period as may be mutually agreed in writing:
 - (a) execution and delivery of a Deed of Termination for the SSHA by the parties;
 - (b) the Vendor executing and delivering a Deed of Termination for the Previous SPA by the Vendor and CSPSB and terminating any such power of attorney granted in favour of CSPSB by the Vendor pursuant to the Previous SPA;
 - (c) the Vendor procuring the State Authority Approval;
 - (d) the Purchaser procuring all necessary approvals for the Proposed Acquisition and the Proposed Diversification from the shareholders of MQ Tech at the EGM to be convened; and
 - (e) the Purchaser procuring issuance of the Valuation Report.

- (ii) Waiver

To the extent permitted by applicable laws and requirements and the appropriate authorities, the Conditions Precedent may be waived in whole or in part and conditionally or unconditionally upon the mutual agreement of the parties in writing.

- (iii) Non-Fulfilment

In the event that the Conditions Precedent are not fulfilled upon the expiry of the Extended Conditional Period, unless otherwise mutually agreed in writing or waived, the Vendor irrevocably and unconditionally agrees to subdivide or cause the Identified Portion of the Land to be subdivided under separate issue document of titles and thereafter transfer or cause the Identified Portion of the Land to be transferred in favour of the Purchaser and forthwith and in no event later than 90 days from the expiry of the Extended Conditional Period (or any agreed extension thereof, if applicable) refund or cause to be refunded to the Purchaser the Refund.

The Vendor undertakes to procure the requisite approval from the Melaka State Authority for the transfer of the Identified Portion of the Land in favour of the Purchaser and complete the transfer of the Identified Portion of the Land in favour of the Purchaser within 9 months from the expiry of the Extended Conditional Period (or any agreed extension thereof, if applicable). All such costs and expenses arising from, incidental to or in connection with such sub-division and transfer shall be solely borne by the Purchaser. The Purchaser undertakes to withdraw or cause to be withdrawn any caveat or encumbrances lodged or created by it against the Land or any party claiming under the Purchaser prior to the subdivision.

Simultaneously with the perfection of transfer of the Identified Portion of the Land in favour of the Purchaser, the SPA shall lapse and cease to have any further effect and save for antecedent breach, neither party shall have any claim whatsoever against the other party in respect of the SPA and each party shall be entitled to deal with such portion of the Land owned by it in such manner as the relevant party shall deem fit as if the SPA had not been entered into.

SALIENT TERMS OF THE SPA (CONT'D)

For the avoidance of doubt, in the event that the Vendor fails to:

- (a) complete the subdivision and/or transfer of the Identified Portion of the Land, without prejudice to any other rights and remedies available to the Purchaser under the SPA, at law and/or in equity, the Vendor shall refund or cause to be refunded to the Purchaser, free of interest, a sum of RM10,000,000.00 only within 30 days from the date of the Purchaser's demand in writing, failing which the said sum payable shall be recoverable as a debt due and owing by the Vendor to the Purchaser and the Vendor shall pay the Purchaser interest on the said sum payable at the rate of 8% per annum from the due date until the date of full receipt of such sum by the Purchaser; and/or
- (b) fulfil its obligation for the Refund within the stipulated timeframe, without prejudice to any other rights and remedies available to the Purchaser under the SPA, at law and/or in equity, a sum equivalent to the Refund shall be recoverable as a debt due and owing by the Vendor to the Purchaser and the Vendor shall pay the Purchaser interest on the said sum at the rate of 8% per annum from the due date until the date of full receipt of such sum by the Purchaser.

2. PURCHASE CONSIDERATION AND MODE OF PAYMENT

The Purchase Consideration shall be satisfied by the Purchaser entirely in cash in the following manner:

- (i) the Aggregate Sums Paid, representing 94.36% of the Purchase Consideration, being the Deposit paid by the Purchaser to the Vendor;
- (ii) the Retention Sum shall be paid to the Purchaser's solicitors on the date of grant of the State Authority Approval; and
- (iii) the Balance Purchase Consideration shall be paid or cause to be paid to the Vendor within the Completion Period. In the event that the Balance Purchase Consideration or any part thereof is not paid by the Purchaser within the Completion Period, the Vendor shall automatically grant the Purchaser the Extended Completion Period to satisfy the Balance Purchase Consideration or such part thereof remaining outstanding, provided that the Purchaser shall pay the Vendor the Late Payment Interest on the amount of the Balance Purchase Consideration or such part thereof remaining outstanding, commencing from the first day of the Extended Completion Period until the date of receipt of the Balance Purchase Consideration in full.

3. DELIVERY OF VACANT POSSESSION

The Vendor shall deliver the vacant possession of the Property to the Purchaser on an as-is-where-is basis and free from all or any encumbrances on the Delivery Date. The Vendor shall grant the Purchaser free, unfettered and uninterrupted access to the Property on and from the Delivery Date. All title, rights, interest and benefit arising from and with relation to the Property shall be passed to the Purchaser following such delivery as on and from the Delivery Date. The Property shall be at the sole risk of the Purchaser with regard to loss or damage by any force majeure event(s) or other cause whatsoever occurring on and from the Delivery Date.

4. DEFAULT AND TERMINATION

It is an event of default, whether or not it is within the control of the Vendor, if:

- (i) it fails or neglects to observe, perform or proceed regularly and diligently with performance of any of its covenants, duties or obligations under the SPA and shall fail to remedy such failure (if capable of remedy) within 14 days (or such other period as may be specified by the Purchaser) upon its receipt of a default notice in writing from the Purchaser specifying such breach and requiring such breach to be remedied;

SALIENT TERMS OF THE SPA (CONT'D)

- (ii) the memorandum of transfer is not accepted or is rejected for registration or is not registered due to the default, wilful neglect, omission or blameworthy conduct on the part of the Vendor, and such failure or breach or reason for non-registration is not remedied by the Vendor within 14 days after the Purchaser shall have given written notice to the Vendor to remedy such failure or breach;
- (iii) any representation, warranty or undertaking relating to it or given under the SPA becomes false, misleading or incorrect when made or deemed to be made;
- (iv) any legal proceeding, suit, action, litigation or arbitration proceeding is commenced against it, which in the sole and absolute discretion of the Purchaser (which shall be final and binding) has or might reasonably be expected to have an adverse effect against its covenants, duties or obligations hereunder and is not remedied within 30 days (or such other period as may be specified by the Purchaser) from the date of notice in writing by the Purchaser; or
- (v) an order or petition of winding-up is issued, presented or threatened against it or an effective resolution has been passed for its winding-up or dissolution, which could involve the appointment of relevant officials over its properties, assets and/or undertakings.

Upon occurrence of any of the events of default set out above, the Purchaser shall be entitled to:

- (i) the remedy of specific performance of the SPA against the Vendor and all relief flowing therefrom; or
- (ii) to terminate the SPA by giving a written notice to the Vendor, whereupon the terms in relation to the non-fulfilment of the Conditions Precedent as set out in Clause 3.4 of the SPA (as stated in **Section 1(iii) of this Appendix I**) shall apply *mutatis mutandis* and the Vendor shall indemnify the Purchaser and keep the Purchaser fully indemnified against all losses arising pursuant to such termination without any undue delay upon demand in writing by the Purchaser.

In the event of any dispute between the parties in respect of the SPA (including but without limitation on the interpretation, application, implementation, validity, breach or termination of the SPA or of any provision hereof), the parties shall use all their best endeavours to resolve the dispute amicably within 14 days (or such further period as may be mutually agreed by the parties in writing) from the date a notice of dispute is sent by 1 party to the other. If for any reason the parties are unable to resolve the dispute amicably by the expiry of such period, such dispute shall be referred to and settled by the exclusive jurisdiction of the Courts of Malaya.

5. NON-REGISTRATION OF TRANSFER

In the event that the SPA cannot be completed, the memorandum of transfer cannot be registered for any reason or defect not due or attributable to any act, omission, fault, neglect and/or blameworthy conduct on the part of the parties of the SPA and which cannot be rectified within 21 days from the parties' knowledge of that reason or defect, unless otherwise mutually agreed by the parties in writing, the terms in relation to the non-fulfilment of the Conditions Precedent as set out in Clause 3.4 of the SPA (as stated in **Section 1(iii) of this Appendix I**) shall apply *mutatis mutandis*.

6. POST-COMPLETION UNDERTAKING

The parties of the SPA agree that notwithstanding the sale and purchase of the Property contemplated in the SPA, the Land shall first be transferred to the Purchaser as a whole and the Purchaser shall undertake to take all such steps necessary to effect the following within 9 months from the Completion Date (or such further period as may be mutually agreed by the parties in writing):

- (i) the subdivision of the Excluded Properties and Road Reserve under separate issue document of title(s); and

SALIENT TERMS OF THE SPA (CONT'D)

- (ii) thereafter, the transfer of such Excluded Properties and Road Reserve in favour of the Vendor at a nominal consideration of RM1.00 only.

All such costs and expenses (including but not limited to stamp duty, fees to be paid to the land surveyor and registration fees) arising from, incidental to or in connection with post-completion undertaking above shall be solely borne by the Vendor.

7. PRIVATE CAVEAT

Upon the execution of the SPA, the Purchaser shall be entitled to enter a private caveat on the Land to protect its interest in the Property and observe its undertaking in relation to the Excluded Properties and Road Reserve at its own cost and expense, provided always that the Purchaser shall at its own cost and expense remove or cause to be removed any private caveat lodged by it following the terms of the SPA upon its receipt of all amounts due and payable by the Vendor to the Purchaser thereunder.

On 15 March 2023, the Purchaser had lodged a private caveat on the Land pursuant to the SPA.

8. POWER OF ATTORNEY

The Vendor shall execute, grant and deliver a power of attorney in the form to be mutually agreed by the parties of the SPA in favour of the Purchaser on the Unconditional Date to enable the Purchaser to take all such steps as may be deemed fit, expedient and necessary by it for the applications of planning submission, development order and such other approvals and dealings in relation to the Land. The Vendor shall register or cause the power of attorney to be registered at the High Court of Malaya and the relevant land registry within 14 days from the Unconditional Date at the Purchaser's sole cost and expense.

9. VENDOR'S UNDERTAKINGS

The Vendor's undertaking includes:

- (i) to procure the requisite approval from the Melaka State Authority for the transfer of the Identified Portion of the Land in favour of the Purchaser and complete the transfer of the Identified Portion of the Land in favour of the Purchaser within 9 months from the expiry of the Extended Conditional Period (or any agreed extension thereof, if applicable); and
- (ii) not to invoke the provisions of Section 327 of the National Land Code or to use any other means to either directly or indirectly to remove the private caveat entered into by the Purchaser in accordance with the SPA.

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VALUATION CERTIFICATE

HEAD OFFICE
16th Floor, Akademi Etika,
No. 23, Jalan Melaka, 50100 Kuala Lumpur.
Tel: 03-2692 1299 (10 Lines)
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DIRECTORS

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Registered Valuer

Jamsari Mohamad Aris
FRISM MRICS
Bachelor of Business (Valuation & Land Economy, Aust)
Registered Valuer

Our Ref : V/001/1222/SC

16th January 2023

The Board of Directors
MQ Technology Berhad
Unit 310, Block C, Damansara Intan,
No. 1, Jalan SS20/27,
47400 Petaling Jaya,
Selangor Darul Ehsan.

Dear Sirs,

VALUATION CERTIFICATE

**MARKET VALUE OF PART OF LOT 1, KAWASAN BANDAR XLV,
DISTRICT OF MELAKA TENGAH, STATE OF MELAKA.
(A PARCEL OF COMMERCIAL LAND WITH A NET LAND AREA OF ABOUT 2.895
HECTARES (7.155 ACRES OR 311,671 SQUARE FEET)) ("SUBJECT PROPERTY")**

This Valuation Certificate has been prepared for inclusion in the Circular to Shareholders to MQ Technology Berhad ("MQ Tech") in relation to the Corporate Exercise (as defined herein).

In accordance with the instruction from MQ Tech, we have valued the Subject Property vide our valuation report bearing Reference No. V/001/1222/SC dated 16th January 2023 for the proposed acquisition of part of a parcel of leasehold land in Klebang, Melaka by Star Acres Sdn Bhd, a wholly-owned subsidiary of MQ Tech from Cash Support Sdn Bhd ("Corporate Exercise").

The material date of valuation is 11th January 2023.

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

JAM/NAO/MAX
Ref: V/001/1222/SC

...Cont/-

BRANCH OFFICE

Suite 20-02, 20th Floor, City Plaza, No. 21, Jalan Tebrau, 80300 Johor Bahru, Johor Darul Takzim. Tel: 07-2765399 Fax: 07-2765398 E-mail: tdazizjb@tdaziz.com

VALUATION CERTIFICATE (CONT'D)



-2-

Brief details of the Subject Property are as follows:

Address / Property identification	Part of Lot No. 1, Kawasan Bandar XLV, District of Melaka Tengah and State of Melaka.
Land Area	2.895 hectares (7.155 acres or 311,671 square feet)
Tenure / Interest valued	The unexpired leasehold interest of about 91 years
Registered Owner	Cash Support Sdn Bhd
Category of Land Use	"Bangunan"
Express Condition	<i>Untuk bangunan perniagaan sahaja.</i>
Location of the Subject Property	The Subject Property is located within the locality of Klebang. It is located about 10 kilometres from Melaka town centre, 20 kilometres from the convention centre, Malacca International Trade Centre (MITC), and 40 kilometres from famous resort in Melaka, A' Famosa Resort. It is accessible from the North-South Expressway (NSE) via interchange of Ayer Keroh which is located about 25 kilometres north east of the Subject Property via Lebuh Ayer Keroh, Lebuh SPA toward Melaka town centre and Jalan Batang Tiga before reaching Jalan Klebang Besar / Klebang Kecil.
Description of the Subject Property	<p>Lot No. 1 is sited on reclamation land and is generally flat in terrain. It lies at the same level as the access road and the surrounding neighbouring lots. Generally, the site is cleared and ready for development.</p> <p>The planning permission (<i>Kebenaran Merancang</i>) for the theme park development of Lot No. 1 was approved by <i>Majlis Bandaraya Melaka Bersejarah (MBMB)</i> on 23rd December 2011 but has since lapsed. Further details of the planning permission is disclosed under Planning Details on page 3 of this valuation certificate.</p> <p>During our inspection, we noted that the abandoned structure of an arena stage for water show with arena seating which was almost completed is located at the east portion of the land. The certificate of completion and compliance (CCC) of the structure was not issued. This portion is known as Plot 1B.</p>

JAM/NAO/MAX
 Ref: V/001/1222/SC

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VALUATION CERTIFICATE (CONT'D)



-3-

	<p>Located at the north-west portion of the land where the main entrance is located is the commercial lot area and during our inspection, we noted that erected on the site are nine (9) units of two and three storey terraced shops which is in final stage of completion and another nine (9) units are with completed piling works. This portion is known as Plot 1C.</p> <p>Both portions i.e., Plot 1B and Plot 1C are excluded from our valuation since Plot 1B will remain under the ownership of Cash Support Sdn Bhd and Plot 1C has been sold as mentioned in Appendices 'F' and 'G' of the valuation report.</p> <p>The Subject Property is part of Lot No. 1 measuring about 2.895 hectares (7.155 acres or 311,671 square feet) and is shown as <i>Baki Lot 1</i> in Appendix 'G'. However, due to the exclusion of Plot 1B and Plot 1C from our valuation, there is no major impact to the valuation of the Subject Property other than the land size of the Subject Property has become smaller and the shape has become irregular compared to Lot No. 1. We had also verbally confirmed with <i>Jabatan Perancangan Bandar, MBMB</i> that the exclusion of Plots 1B and 1C will not change the current permitted plot ratio, i.e., 1:6 and therefore the Subject Property is still suitable for highrise resort development. Moreover, the Subject Property also has direct access from the main road. Thus, being located next to the 90% to 95% completed projects, albeit abandoned will have a negligible effect on the value of the Subject Property except for the shape of the land where we have adjusted in the valuation computation.</p>
Planning details	<p>Our informal enquiries at the <i>Jabatan Perancangan Bandar, Majlis Bandaraya Melaka Bersejarah (MBMB)</i>, revealed that the Subject Property is located within an area designated for commercial use with a permitted plot ratio of 1:6.</p> <p>From a photocopy of a letter issued by <i>MBMB</i> dated on 23rd December 2011 under Reference No. MBMB/JKB.03043/07/2011 (13) and subsequent application for additional extension dated on 3rd June 2015 under Reference No. MBMB/JP.05511 (35) and Plan Reference No. A-3023 (PII), we noted that planning approval "<i>Kebenaran Merancang</i>" was granted by the above authority for development of "<i>Lot Villa Percutian Resort & Pangsapuri Servis (konsep berkawal), Perniagaan & Taman Tema</i>". However, this approval has lapsed.</p>

VALUATION CERTIFICATE (CONT'D)



-4-

BASIS OF VALUATION

This valuation is carried out for purposes of submission to Bursa Malaysia Securities Berhad in conjunction with the Corporate Exercise and inclusion of the valuation certificate in the circular to shareholders of MQ Tech in relation to the Corporate Exercise. We, therefore, in our valuation, provide the **Market Value** which is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion.

No allowances are made in our valuation for any expense of realisation or for taxation which might arise in the event of a disposal, deemed or otherwise. We have considered the Subject Property as if free and clear of all charges, lien and all other encumbrances which may be secured thereon. We also assumed the Subject Property is free of statutory notices and outgoings.

JAM/NAO/MAX
Ref: V/001/1222/SC

...Cont/-

VALUATION CERTIFICATE (CONT'D)



-5-

METHOD OF VALUATION

In arriving at our opinion of the market value, we have only used the **Comparison Method** whereby comparison is made of the properties under valuation with sales of other similar properties where the characteristics, benefits and restrictions of the comparable properties, as well as the conditions under which they were transacted are noted and adjusted accordingly to arrive at our opinion of value.

Although in Chapter 5 – Contents of Valuation Report under (5.21) Valuation approach and Method of Valuation in the Asset Valuation Guidelines issued by the Securities Commission Malaysia states that the valuer shall use at least two methods of valuation are to be adopted in arriving at the market value for the Subject Property, we, in our valuation, in the absence of the proposed development/layout plan for improvement of the land, have only adopted a single method of valuation approach, i.e., the Comparison Method. We are unable to adopt any other valuation method due to the following reasons:

- 1) The Comparison Method is the most appropriate and commonly accepted method for such properties which are presently vacant and undeveloped;
- 2) There are sufficient comparables for vacant development land in the nearby vicinity; and
- 3) We were informed that MQ Tech is interested in developing the Subject Property with a proposed development of 2 blocks of 27-storey serviced suites with a total of 1,000 units and 80 units of shop lots with an estimated gross development value and cost of RM275 million and RM200 million, respectively. We were also informed that this is a preliminary estimate and no application for the proposed development has been submitted nor approved by any regulatory authority. Therefore, in view that there is no approved development plan and there is no adequate market or feasibility study undertaken by another independent valuer on the viability of the proposed development made available, the Income Approach (Residual Method) is not appropriate in accordance with subparagraph 4.13(a) in Chapter 4 – Valuation of the Asset Valuation Guidelines issued by Securities Commission Malaysia.

JAM/NAO/MAX
Ref: V/001/1222/SC

...Cont/-

VALUATION CERTIFICATE (CONT'D)



- 6 -

COMPARISON METHOD

The details of the sales evidences used for the valuation are as follows:

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Property type	A vacant parcel of commercial land with plot ratio of 1:6, located within Taman Kota Laksamana Jaya	A vacant parcel of commercial land with plot ratio of 1:6, located off Jalan Syed Abdul Aziz within Taman Kota Syahbandar	A vacant parcel of commercial land with plot ratio of 1:6, located off Jalan Klebang Besar	A vacant parcel of commercial land with plot ratio of 1:6, located off Jalan Klebang Besar (located next to the Subject Property)
Address	Lot 2301, Kawasan Bandar VI, District Melaka Tengah, State of Melaka	Lot 12933, Kawasan Bandar VI, District Melaka Tengah, State of Melaka	Lot 12099, Kawasan Bandar XLV, District Melaka Tengah, State of Melaka	Lot 12034, Kawasan Bandar XLV, District Melaka Tengah, State of Melaka
Land area	2.923 hectares (7,223 acres or 314,634 square feet)	3.013 hectares (7,445 acres or 324,304 square feet)	1.465 hectares (3,620 acres or 157,687 square feet)	1.839 hectares (4,544 acres or 197,937 square feet)
Tenure	Leasehold interest for a term of 99 years expiring on 28 th August 2106	Leasehold interest for a term of 99 years expiring on 2 nd August 2106	Leasehold interest for a term of 99 years expiring on 29 th July 2112	Leasehold interest for a term of 99 years expiring on 12 th January 2111
Transacted price	RM25,160,256.00	RM25,944,336.00	RM15,768,720.00	RM13,000,000.00
Date of transaction	17 th February 2022	17 th November 2021	8 th July 2021	31 st December 2020
Land Value (per square foot)	RM79.97 per square foot	RM80.00 per square foot	RM100.00 per square foot	RM65.00 per square foot
Land value after adjustments	RM71.02 per square foot	RM71.05 per square foot	RM80.27 per square foot	RM62.72 per square foot
Remarks	Downward adjustment is made for location, land size, shape and tenure. The comparable is located within Taman Kota Laksamana Jaya commercial area and has a smaller land area. The Subject Property has an irregular shape. The tenure is leasehold unexpired 83 years.	Downward adjustment is made for location, land size, shape and tenure. The comparable is located within Taman Kota Syahbandar commercial area and has a smaller land area. The Subject Property has an irregular shape. The tenure is leasehold unexpired 83 years.	Downward adjustment is made for location, land size, shape and tenure. The comparable is facing beach and sea view and has a smaller land area. The Subject Property has an irregular shape. The tenure is leasehold unexpired 89 years.	Downward adjustment is made for land size, shape and tenure. The comparable has a smaller land area. The Subject Property has an irregular shape. The tenure is leasehold unexpired 88 years.

JAM/NAO/MAX
Ref: V/001/1222/SC

... Cont/-

VALUATION CERTIFICATE (CONT'D)



- 7 -

NOTES TO VALUATION

As the Subject Property has currently no approved proposal to be developed with any type of building, and it is not generating any form of income, in arriving at our opinion of value we have only adopted the most commonly used method of valuation i.e. the 'Comparison Method'. In our opinion the best and sole method of valuation appropriate for this exercise is the Comparison Method due to reasons stated above. The Comparison Method adopts an approach which makes relevant adjustments to similar types of properties already sold. After identifying relevant transactions, adjustments are made for differences such as location, terrain, beachfront advantage, land size, potential for development, category of land use and tenure of the land. These adjustments are done to narrow down the differences and disparities between the transacted property and the Subject Property.

Using this approach, we have obtained relevant transactions or comparables from the Jabatan Penilaian Pengurusan dan Harta (JPPH) and noted that most of the comparables ranged between 3.62 to 7.445 acres and are located in different locations but in the nearby vicinity. As such, adjustments were made for individual characteristics of the Subject Property for factors such as proximity to location, size, shape and tenure.

The four (4) comparables used in our valuation report are dated between 21st December 2020 and 17th February 2022, two of which were transacted during the Covid-19 pandemic and two others were transacted post pandemic while our valuation date is on 11th January 2023. From our observations, we noted that the property market is still in the recovery period and not showing much movement as shown in the transaction data in 2020/2021 and 2021/2022. Therefore, no adjustments are made for market condition/timing factor.

The Subject Property is a parcel of commercial development land which is located in a locality which is currently more for leisure in nature. It is ideally sized to be able to internally control the environment of the development within it and is located in an area which can be described as being close to a beach front. It is located close to Klebang beach which has a pleasant environment unspoilt by heavy commercial activity with a view to the Straits of Malacca.

Having made the adjustments and relying more on comparable 4 which is an adjoining property transacted recently, we are of the opinion that fair market value for the Subject Property is RM19,500,000.00 or about RM62.57 per square foot.

JAM/NAO/MAX
Ref: V/001/1222/SC

...Cont/-

VALUATION CERTIFICATE (CONT'D)



-8-

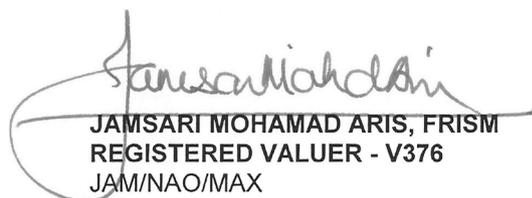
OPINION OF VALUE

AS PER OUR CLIENT'S INSTRUCTION, WE WISH TO HIGHLIGHT THAT PART OF THE LAND LOCATED AT THE NORTH-WESTERN PORTION OF THE LAND WHICH IS IDENTIFIED AS COMMERCIAL SHOP LOT AREA (PLOT 1C) MEASURING ABOUT 0.622 HECTARE (1.537 ACRES OR 66,952 SQUARE FEET) HAS BEEN SOLD TO ANOTHER PARTY. WE ALSO WISH TO HIGHLIGHT THAT PART OF THE LAND LOCATED AT THE EAST PORTION OF THE LAND (PLOT 1B) MEASURING ABOUT 0.673 HECTARE (1.662 ACRES OR 72,397 SQUARE FEET) WILL BE SUBDIVIDED AND REMAIN UNDER THE OWNERSHIP OF CASH SUPPORT SDN BHD AND ABOUT 0.151 HECTARE (0.373 ACRE OR 16,248 SQUARE FEET) OF THE LAND IS FOR ROAD RESERVE. THEREFORE, IN ARRIVING AT OUR MARKET VALUE, WE HAVE EXCLUDED THESE PORTIONS AND VALUED THE REMAINING AREA OF ABOUT 2.895 HECTARES (7.155 ACRES OR 311,671 SQUARE FEET).

We also wish to draw attention that the title to the Subject Property which carries a restriction in interest which stipulates that the Subject Property cannot be "dipindahmilik atau dipajak" without written consent from "Pihak Berkuasa Negeri". Notwithstanding the above, our valuation is on the assumption that written consent of "Pihak Berkuasa Negeri" permitting "pindahmilik atau dipajak" of the Subject Property will not be unreasonably withheld.

Having regard to the foregoing, our opinion of the market value of the unexpired leasehold interest of about 91 years in part of Lot No. 1, Kawasan Bandar XLV, District of Melaka Tengah and State of Melaka, a parcel of commercial land having a net land area of about 2.895 hectares (7.155 acres or 311,671 square feet), with vacant possession and subject to the title being free of all encumbrances, good, marketable and registrable is RM19,500,000.00 (Ringgit Malaysia Nineteen Million Five Hundred Thousand Only).

Yours faithfully,
 TD AZIZ SDN BHD



JAMSARI MOHAMAD ARIS, FRISM
REGISTERED VALUER - V376
 JAM/NAO/MAX
 Date of valuation: 11th January 2023

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

Our Board, having seen, read and understood the contents of this Circular in relation to the Proposals approves and, collectively and individually, accepts full responsibility for the accuracy of the information contained in this Circular and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or information contained in this Circular, or other material facts and information, the omission of which would make any statement in this Circular false or misleading.

2. MATERIAL COMMITMENT

Save as disclosed below, as at the LPD, there is no material commitment incurred or known to be incurred by our Group, which upon becoming enforceable, may have material impact on the financial position of our Group:

Capital expenditure commitments for property, plant and equipment	RM
Contracted but not provided for	<u>1,100,000</u>

3. CONTINGENT LIABILITIES

As at the LPD, there are no contingent liabilities incurred or known to be incurred by our Group, which upon becoming enforceable, may have a material impact on the financial position of our Group.

4. CONSENTS**4.1 Adviser**

TA Securities, as the adviser for the Proposals, 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.

4.2 Valuer

TD Aziz Sdn Bhd, being the independent registered valuer for the Property, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the valuation certificate for the Property dated 16 January 2023 as appended in **Appendix II** of this Circular and all references thereto, in the form and context in which they appear in this Circular.

5. CONFLICT OF INTERESTS**5.1 Adviser**

TA Securities has confirmed that there is no conflict of interest which exists or is likely to exist in its capacity as the adviser for the Proposals.

5.2 Valuer

TD Aziz Sdn Bhd has confirmed that there is no conflict of interest which exists or is likely to exist in its capacity as the independent registered valuer for the Property.

FURTHER INFORMATION (CONT'D)

6. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, the Property is not subject to any material litigation, claims and/ or arbitration and our Board confirms that there are no proceedings pending or threatened involving the Property, or of any facts likely to give rise to any proceedings.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, during normal business hours from 9.00 a.m. to 5.00 p.m. from Monday to Friday (excluding public holidays) for the period commencing from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) the Constitution of our Company;
- (ii) our Group's audited financial statements for 15-month FPE 30 September 2021 and FYE 30 September 2022 as well as unaudited financial statement for 3-month FPE 31 December 2022;
- (iii) the Previous Agreements and SPA;
- (iv) the Valuation Report and valuation certificate in relation to the Property; and
- (v) the letters of consent and conflict of interest as referred to in **Sections 4 and 5 of this Appendix III**.

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TECHNOLOGY BERHAD

MQ TECHNOLOGY BERHAD

(Registration No. 200301033383 (635804-H))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“EGM”) of MQ Technology Berhad (“MQ Tech” or “Company”) will be held at Unit 310, Block C, Damansara Intan, No. 1, Jalan SS20/27, 47400 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 11 April 2023 at 11.00 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications, the following resolutions:

ORDINARY RESOLUTION 1

PROPOSED ACQUISITION OF PART OF LEASEHOLD LAND IN KLEBANG, MELAKA MEASURING UP TO 7.155 ACRES WITHIN A LARGER PARCEL OF LAND (MEASURING APPROXIMATELY 10.727 ACRES) IDENTIFIED AS PN 63030, LOT 1, KAWASAN BANDAR XLV, DISTRICT OF MELAKA TENGAH, STATE OF MELAKA (“PROPERTY”) BY STAR ACRES SDN BHD (“PURCHASER”), A WHOLLY-OWNED SUBSIDIARY OF MQ TECH, FROM CASH SUPPORT SDN BHD (“VENDOR”) FOR A CASH CONSIDERATION OF UP TO RM19,500,000 (“PURCHASE CONSIDERATION”) (“PROPOSED ACQUISITION”)

“THAT subject to the passing of Ordinary Resolution 2 and approvals being obtained from all relevant parties and/or authorities, approval be and is hereby given to the Purchaser to acquire the Property from the Vendor for the Purchase Consideration subject to and upon the terms and conditions of the conditional sale and purchase agreement dated 26 January 2023 entered into between the Vendor and the Purchaser;

AND THAT the Board of Directors of MQ Tech (“Board”) is hereby empowered and authorised to take all such steps and do all acts, deeds and things to enter into any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of the Company, all such documents as may be necessary, expedient and/or appropriate to implement and give full effect to the Proposed Acquisition with full powers to assent to any conditions, modifications, variations and/or amendments as the Board may in its absolute discretion deem fit, necessary, expedient, appropriate and/or as may be imposed or permitted by any relevant authorities in connection with the Proposed Acquisition and to do all such things as the Board may consider necessary or expedient in the best interest of the Company.”

ORDINARY RESOLUTION 2

PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESS OF MQ TECH AND ITS SUBSIDIARIES (“MQ TECH GROUP”) TO INCLUDE PROPERTY DEVELOPMENT AND PROPERTY INVESTMENT (COLLECTIVELY, THE “PROPERTY BUSINESS”) (“PROPOSED DIVERSIFICATION”)

“THAT approval be and is hereby given to the Company to diversify the existing business of the MQ Tech Group to include the Property Business.

AND THAT the Board be and is hereby empowered and authorised to take all such steps and do all acts, deeds and things as are necessary to give full effect to the Proposed Diversification with full powers to assent to any conditions, modifications, variations and/or amendments as the Board may in its absolute discretion deem fit, necessary, expedient, appropriate and/or as may be required or imposed or permitted by any relevant authorities in connection with the Proposed Diversification.”

ORDINARY RESOLUTION 3

PROPOSED VARIATION OF UTILISATION OF PROCEEDS TO BE RAISED FROM THE SHARE ISSUANCE SCHEME OF UP TO 30% OF THE TOTAL NUMBER OF ISSUED SHARES IN MQ TECH (“MQ TECH SHARES”) (EXCLUDING TREASURY SHARES, IF ANY) EFFECTED ON 30 NOVEMBER 2022 (“SIS”) (“PROPOSED VARIATION”)

“THAT subject to the passing of Ordinary Resolution 2, approval be and is hereby granted to the Board to vary the utilisation of proceeds to be raised from the exercise of the options granted and/or to be granted to the eligible persons to subscribe for new MQ Tech Shares pursuant to the SIS to the manner and the extent as stated in Section 2.3 of the circular to shareholders of the Company dated 27 March 2023.

AND THAT the Board be and is hereby authorised to do all acts, deeds and things as are necessary to give full effect to the Proposed Variation with full powers to assent to any conditions, modification, variations and/or amendments in any manner as may be required or imposed by the relevant authorities, and to take all steps and actions as the Board may deem fit or expedient in order to carry out, finalise and give full effect to the Proposed Variation.”

BY ORDER OF THE BOARD

Wong Youn Kim (MAICSA 7018778) (SSM PC No.: 201908000410)
Company Secretary

Kuala Lumpur
27 March 2023

Notes:

- (i) *For the purpose of determining who shall be entitled to attend the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 5 April 2023. Only a member whose name appears on this Record of Depositors shall be entitled to attend the EGM or appoint a proxy to attend, speak or vote on his/her behalf.*
- (ii) *A member entitled to attend and vote at the EGM is entitled to appoint proxy/proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company.*
- (iii) *A member may appoint not more than two (2) proxies to attend the same EGM. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holding(s) to be represented by each proxy.*
- (iv) *Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
- (v) *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.*
- (vi) *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
- (vii) *The instrument appointing a proxy and the power of attorney or other authority, if any under which it is signed or a notorially certified copy of that power of authority, shall be deposited at the Company’s registered office at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia not less than 24 hours before the time set for holding the EGM or at any adjournment thereof.*
- (viii) *The resolutions as set out in this notice of EGM are to be voted by way of poll.*

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TECHNOLOGY BERHAD

MQ TECHNOLOGY BERHAD

(Registration No. 200301033383 (635804-H))

(Incorporated in Malaysia)

PROXY FORM

CDS Account No.	
No. of Shares Held	

*I/We _____ *NRIC / Company No. _____
(FULL NAME IN BLOCK CAPITALS)

of _____
(FULL ADDRESS)

being a member / members of **MQ TECHNOLOGY BERHAD** (Registration No. 200301033383 (635804-H)) hereby

appoint _____ *NRIC No. _____
(FULL NAME IN BLOCK CAPITALS)

of _____ telephone number _____
(FULL ADDRESS)

or failing *him/her _____ *NRIC No. _____
(FULL NAME IN BLOCK CAPITALS)

of _____ telephone number _____
(FULL ADDRESS)

or failing *him / her, the Chairman of the Meeting as *my/ our proxy to vote on *my/ our behalf at the Extraordinary General Meeting of MQ Technology Berhad (“**Company**”) (“**EGM**”) to be held at Unit 310, Block C, Damansara Intan, No. 1, Jalan SS20/27, 47400 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 11 April 2023 at 11.00 a.m. or at any adjournment thereof to vote, in the manner indicated below:

*My/ our proxy is to vote as indicated below:

No.	Ordinary Resolutions	For	Against
1.	Proposed Acquisition		
2.	Proposed Diversification		
3.	Proposed Variation		

Please indicate with an “X” in the appropriate space provided above on how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy may vote as he/ she thinks fit.

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:		
	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

Signature/ common seal of shareholder
Date:

Notes:

- (i) For the purpose of determining who shall be entitled to attend the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 5 April 2023. Only a member whose name appears on this Record of Depositors shall be entitled to attend the EGM or appoint a proxy to attend, speak or vote on his/her behalf.
- (ii) A member entitled to attend and vote at the EGM is entitled to appoint proxy/proxies to attend, speak and vote in his stead.

- (iii) *A proxy may but need not be a member of the Company.*
- (iv) *A member may appoint not more than two (2) proxies to attend the same EGM. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holding(s) to be represented by each proxy.*
- (v) *Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
- (vi) *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.*
- (vii) *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
- (viii) *The instrument appointing a proxy and the power of attorney or other authority, if any under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the Company's registered office at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia not less than 24 hours before the time set for holding the EGM or at any adjournment thereof.*
- (ix) *The resolutions as set out in the notice of EGM are to be voted by way of poll.*

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**Affix
Stamp**

The Company Secretary
MQ TECHNOLOGY BERHAD
Registration No. (200301033383 (635804-H))

Level 5, Tower 8, Avenue 5, Horizon 2
Bangsar South City
59200 Kuala Lumpur
W.P. Kuala Lumpur
Malaysia

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