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

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FARLIM GROUP (MALAYSIA) BHD

Registration No: 198201002529 (82275-A)

發林集團(馬)有限公司

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED DISPOSAL BY FARLIM (PERAK) SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF FARLIM GROUP (MALAYSIA) BHD ("FARLIM" OR "COMPANY"), OF A LEASEHOLD HOUSING SCHEME WITH INDIVIDUAL TITLE ISSUED CONSISTING OF 1,201 PIECES OF INDIVIDUAL LEASEHOLD TITLES, 3 PIECES OF TENAGA NASIONAL BERHAD SUBSTATION LEASEHOLD TITLES AND 1 PIECE OF SISTEM SUIS UTAMA TAPAK PENCAWANG ELEKTRIK LEASEHOLD TITLE, HELD UNDER TITLE NO. HSD 16599 TO 17802 & 183566, LOT NO. PT 21779 TO PT 22982 & PT 24754, MUKIM OF TEJA, DISTRICT OF KAMPAR, STATE OF PERAK TOGETHER WITH RESERVED LAND FOR INFRASTRUCTURE, UTILITIES, AMENITIES AND SERVICES, MEASURING TOTAL GROSS LAND AREA OF APPROXIMATELY 39.174 HECTARES (96.800 ACRES), FOR A TOTAL CASH CONSIDERATION OF RM33,000,000 ("PROPOSED DISPOSAL")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



**AFFIN HWANG
INVESTMENT BANK**

AFFIN HWANG INVESTMENT BANK BERHAD

(Registration No.: 197301000792 (14389-U))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting ("**EGM**") of Farlim will be held at Melati 1, 2 & 3, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 15 January 2025 at 10.00 a.m. or any adjournment thereof. The Notice of EGM, together with the Form of Proxy are enclosed in this Circular which are available for download from the Company's website at <http://farlim.com.my/notification-shareholders/> or Bursa Securities' website at www.bursamalaysia.com.

A member entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies to attend and vote on his/her behalf. In such event, the Form of Proxy should be completed, signed and lodged at the Registered Office of the Company at No. 2-8, Bangunan Farlim, Jalan PJS 10/32, Taman Sri Subang, 46150 Petaling Jaya, Selangor Darul Ehsan or at the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan or lodged electronically via <https://investor.boardroomlimited.com> not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy 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 Form of Proxy : Monday, 13 January 2025 at 10.00 a.m.

Date and time of the EGM : Wednesday, 15 January 2025 at 10.00 a.m.

DEFINITIONS

Except where the context otherwise requires, the following terms and abbreviations shall apply throughout this Circular:

Act	:	Companies Act 2016
Affin Hwang IB	:	Affin Hwang Investment Bank Berhad (Registration No.: 197301000792 (14389-U))
Board	:	The Board of Directors of Farlim
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
Henry Butcher or Valuer	:	Henry Butcher Malaysia (Perak) Sdn Bhd (Registration No.: 200701020577 (778593-X)), a firm of independent registered valuers for the Gopeng Land
Circular	:	This circular to the shareholders of Farlim dated 18 December 2024 in relation to the Proposed Disposal
Disposal Consideration	:	The consideration of RM33,000,000 for the Proposed Disposal to be satisfied entirely via cash
EGM	:	Extraordinary General Meeting
Farlim or Company	:	Farlim Group (Malaysia) Bhd (Registration No.198201002529 (82275-A))
Farlim Group or Group	:	Farlim and its subsidiaries, collectively
Farlim Perak or Vendor	:	Farlim (Perak) Sdn Bhd (Registration No. 201201041551 (1026029-X)), a wholly-owned subsidiary of Farlim
Farlim Share(s) or Share(s)	:	Ordinary share(s) in Farlim
EPS	:	Earnings per Share
FYE	:	Financial year ended/ending, as the case may be
Gabong or Purchaser	:	Gabong Holding Sdn Berhad (Registration No. 198401000645 (113166-D))
Gopeng Land	:	Collectively, the Land and the Reserved Land
Land	:	A leasehold housing scheme with individual title issued consisting of 1,201 pieces of individual leasehold titles, 3 pieces of TNB substation leasehold titles and 1 piece of SSU tapak pencawang elektrik leasehold title, held under title No. HSD 16599 to 17802 & 183566, Lot No. PT 21779 to PT 22982 & PT 24754, Mukim of Teja, District of Kampar, State of Perak
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	29 November 2024, being the latest practicable date prior to the printing of this Circular
LPS	:	Loss per Share
NA	:	Net assets

DEFINITIONS (CONT'D)

NBV	:	Net book value
Proposed Disposal	:	Proposed disposal by Farlim Perak of the Gopeng Land to Gabong for the Disposal Consideration
Reserved Land	:	The reserved land for infrastructure, utilities, amenities and services
RM and sen	:	Ringgit Malaysia and sen, respectively
SPA	:	The conditional sale and purchase agreement dated 25 September 2024 entered into between Farlim Perak and Gabong in relation to the Proposed Disposal
SSU	:	Sistem Suis Utama
TNB	:	Tenaga Nasional Berhad
Valuation Certificate	:	The valuation certificate prepared by the Valuer dated 19 September 2024 to assess the market value of the Gopeng Land
Valuation Report	:	The valuation report prepared by the Valuer dated 19 September 2024 to assess the market value of the Gopeng Land

Reference to “we”, “us”, “our” and “ourselves” are to the Company, and where the context otherwise requires, the subsidiaries of the Company. All references to “you” are to the shareholders of the Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any statutes, rules, regulations or rules of the stock exchange is a reference to such statutes, rules, regulations or rules of the stock exchange currently in force and as may be amended from time to time and any re-enactment thereof.

Any reference to a time or date in this Circular shall be a reference to Malaysian time, unless otherwise stated.

Any discrepancy in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSED DISPOSAL. YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS TOGETHER WITH THE APPENDICES OF THIS CIRCULAR WITHOUT RELYING SOLELY ON THIS EXECUTIVE SUMMARY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

Key information	Summary	Reference to this Circular
Summary of the Proposed Disposal	The Proposed Disposal entails Farlim Perak disposing the Gopeng Land to Gabong for a total cash consideration of RM33,000,000.	Section 1
Basis of and justification for the Disposal Consideration	<p>The Disposal Consideration was arrived at based on a willing-buyer and willing-seller basis, after taking into consideration, amongst others, the market value of the Gopeng Land of RM25,650,000, on an unencumbered basis in its existing physical condition, as appraised by Henry Butcher using the Comparison Approach (further details are set out in Section 2.3 of this Circular).</p> <p>The Board is of the view that the Disposal Consideration is justifiable after taking into consideration, amongst others, the rationale for the Proposed Disposal as follows:</p> <ul style="list-style-type: none">(i) the Disposal Consideration represents a premium of RM7.35 million or approximately 28.65% to the market value of the Gopeng Land; and(ii) the estimated pro forma gain arising from the Proposed Disposal of approximately RM10.74 million.	Section 2.3
Rationale for the Proposed Disposal	<ul style="list-style-type: none">(i) The Proposed Disposal would provide an opportunity for the Group to unlock the value and monetise its investment at a premium of approximately 28.65% to the market value of the Gopeng Land as appraised by Henry Butcher.(ii) The Proposed Disposal will improve the Group's financial position and also provide the Group with an estimated pro forma gain of approximately RM10.74 million.(iii) The proceeds from the Proposed Disposal will provide additional cash flow of approximately RM32.32 million, enabling the Group to acquire new strategic landbank(s) for future property development.	Section 3

EXECUTIVE SUMMARY (CONT'D)

Key information	Summary	Reference to this Circular
Effects of the Proposed Disposal	<p>The effects of the Proposed Disposal are as follows:</p> <ul style="list-style-type: none">(i) the Proposed Disposal will not have any effect on the issued share capital and substantial shareholders' shareholdings of Farlim as the Proposed Disposal does not involve any issuance of new Farlim Shares;(ii) the NA per Share of the Group will increase from RM0.81 to RM0.88 after taking into consideration the estimated pro forma gain from the Proposed Disposal of approximately RM10.74 million; and(iii) based on the estimated pro forma gain arising from the Proposed Disposal of approximately RM10.74 million, the Proposed Disposal is expected to contribute positively to the earnings and EPS of Farlim Group for the FYE 31 December 2025.	Section 6
Interest of directors, major shareholders and/or persons connected with them	None of the directors and/or major shareholders of the Company and/or persons connected with them have any interest, directly or indirectly, in the Proposed Disposal.	Section 10
Directors' statement and recommendation	<p>The Board, having considered all aspects of the Proposed Disposal, including but not limited to the rationale and effects of the Proposed Disposal as well as the salient terms of the SPA, is of the opinion that the Proposed Disposal is in the best interests of the Company.</p> <p>Accordingly, the Board recommends that you VOTE IN FAVOUR of the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM of the Company.</p>	Section 12

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FARLIM GROUP (MALAYSIA) BHD

Registration No: 198201002529 (82275-A)

發林集團(馬)有限公司

(Incorporated in Malaysia)

Registered Office:

No. 2-8, Bangunan Farlim
Jalan PJS 10/32
Taman Sri Subang
46150 Petaling Jaya
Selangor Darul Ehsan

18 December 2024

Board of Directors:

Tan Sri Dato' Seri Lim Gait Tong

Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai
Rawther

Lim Chu Dick

Adlina Hasni Binti Zainol Abidin

Amran Bin Ahmad

Koay Hooi Lynn

Chairman & Chief Executive/

Non-Independent Executive Director

Deputy Chairman & Group Executive Director/

Non-Independent Executive Director

Executive Director

Independent Non-Executive Director

Independent Non-Executive Director

Independent Non-Executive Director

To: The Shareholders of the Company

Dear Sir/Madam,

PROPOSED DISPOSAL

1. INTRODUCTION

On 25 September 2024, Affin Hwang IB had, on behalf of the Board, announced that Farlim Perak had, on even date, entered into the SPA with Gabong for the Proposed Disposal.

The details of the Proposed Disposal are set out in the ensuing sections of this Circular.

THE PURPOSE OF THIS CIRCULAR, TOGETHER WITH THE APPENDICES, IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED DISPOSAL TOGETHER WITH THE RECOMMENDATION OF THE BOARD AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY. THE NOTICE OF THE EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS TOGETHER WITH THE APPENDICES OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

2. DETAILS OF THE PROPOSED DISPOSAL

Pursuant to the terms and conditions of the SPA, Farlim Perak has agreed to sell and Gabong has agreed to purchase the Gopeng Land in its existing state and condition on an 'as is where is' basis, free from encumbrances and with vacant possession.

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

2.1 Information on the Gopeng Land

The Gopeng Land*, a leasehold housing scheme with individual titles issued known as Taman Impiana, Gopeng, comprises the following:

- (i) 1,170 pieces of residential plots for terraced houses, affordable terraced houses, medium cost terraced houses;
- (ii) 31 pieces of commercial terraced plots;
- (iii) 3 pieces of TNB substation plots and 1 SSU tapak pencawang elektrik plot; and
- (iv) the Reserved Land.

Note:

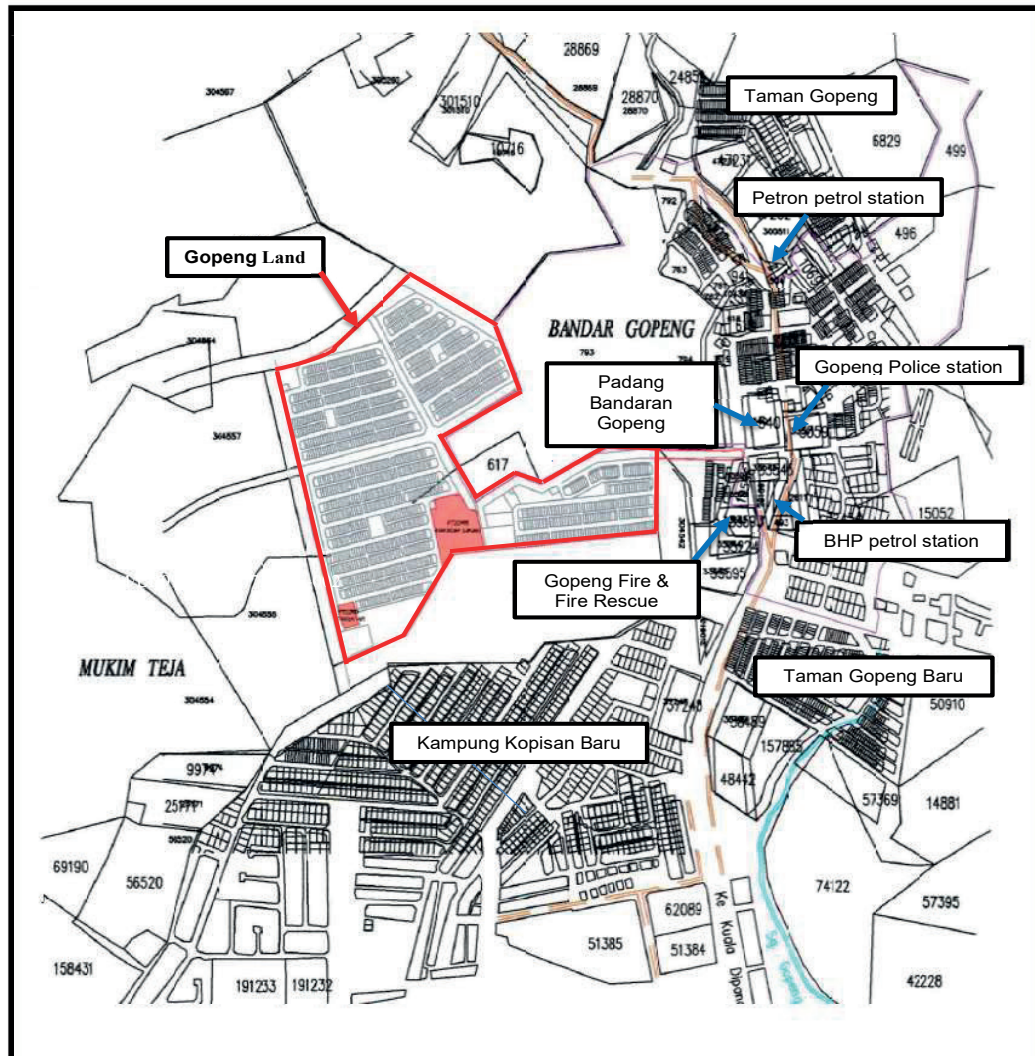
* Farlim Perak received a renewed approved layout plan on 18 September 2024 from Jabatan Perancangan Majlis Daerah Kampar ("MDK") which will expire on 12 September 2025. Subsequently, on 22 October 2024, Farlim Perak had also received two (2) renewed approved building plan (for a total of 171 units of single storey terraced house) from MDK which will expire on 27 April 2025.

The Gopeng Land is located in the western region of Gopeng town. It is surrounded by established mixed of developments in Gopeng town that is situated to the eastern side of the Gopeng Land, whilst the western side mainly consist of oil palm plantations. The Gopeng Land is located approximately 500 metres west of Federal Route No.1 (also known as Jalan Ipoh - Kampar) and behind the western side of the Gopeng Fire and Rescue Station which fronts onto Federal Route No.1 and next to the southern boundary of the Asia Meranti Solar Farm (Kampar). The Kopisan Baru housing settlement is located to south of the Gopeng Land.

The Gopeng Land is easily accessible from Kuala Lumpur City Centre, Ipoh City Centre and Georgetown City Centre, Penang via various accesses of the ASEAN highway (also known as North-South Expressway) and Federal Route No.1.

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A map of showing the location of Gopeng Land together with key landmarks are shown below:



The details of the Gopeng Land are summarised below:

Registered owner	:	Farlim (Perak) Sdn Bhd
Description of the land	:	All that piece of land measuring total gross land area of approximately 39.174 hectares (96.800 acres), held under Title Nos. HSD 16599 to 17802 & 183566, Lot No. PT 21779 to PT 22982 & PT 24754, respectively together with the Reserved Land
Location	:	Mukim of Teja, District of Kampar, State of Perak
Land tenure	:	<u>Lot Nos. PT 21779 - 22982</u> Leasehold 99 years, expiring on 27 February 2118 <u>Lot No. PT 24754</u> Leasehold 60 years, expiring on 14 June 2081
Title No.	:	HSD 16599 to 17802 & 183566
Lot No.	:	PT 21779 to 22982 & PT 24754
Total net land area	:	Approximately 15.642 hectares (38.652 acres) (excluding the Reserved Land)
Total gross land area	:	Approximately 39.174 hectares (96.800 acres) (including the Reserved Land)

Category of land use	:	"Bangunan" except for PT 22980, PT 22981, PT 22982 & PT 24754 "Perusahaan"
Express conditions	:	<u>Lot Nos. PT 21779 - 21809</u> "Perniagaan – Bangunan Kedai" <u>Lot Nos. PT 21810 - 22979</u> "Kediaman – Rumah Teres Mampu Milik, Rumah Teres & Rumah Kos Sederhana" <u>Lot Nos. PT 22980 - 22982</u> "Perusahaan Berat – Pencawang Elektrik" <u>Lot No. PT 24754</u> "Perusahaan – Tapak Pencawang Elektrik/ Sistem Suis Utama"
Restriction in Interest	:	<u>Lot Nos. PT 21779–21784, 21790–21801, 21807–21813, 21819–21833, 21839–21871, 21883–21890, 21897–21917, 21924–21931, 21938–21958, 21965–21974, 21981–21983, 21988–22029, 22033–22036, 22040–22042, 22049–22058, 22064–22086, 22091–22095, 22101–22114, 22127–22141, 22146–22151, 22155–22170, 22176–22180, 22186–22198, 22204–22213, 22219–22228, 22234–22246, 22252–22257, 22261–22276, 22282–22292, 22298–22308, 22314–22319, 22327–22343, 22357–22380, 22384–22405, 22414–22423, 22430–22449, 22456–22458, 22462–22470, 22479–22489, 22495–22499, 22505–22519, 22525–22581, 22587–22593, 22600–22601, 22609–22615, 22622–22630, 22639–22649, 22655–22676, 22682–22686, 22692–22699, 22707–22730, 22739–22744, 22750–22755, 22760–22769, 22775–22792, 22797–22807, 22814–22816, 22823–22824, 22829–22884, 22889–22895, 22900–22914, 22925–22942, 22957–22973 and 22980–22982</u> "Tanah ini hanya boleh dipindahmilik atau dipajak dengan kebenaran bertulis oleh Pihak Berkuasa Negeri" <u>Lot Nos. PT 21785–21789, 21802–21806, 21814–21818, 21834–21838, 21872–21882, 21891–21896, 21918–21923, 21932–21937, 21959–21963, 21975–21980, 21984–21987, 22030–22032, 22037–22039, 22043–22048, 22059–22063, 22087–22090, 22096–22100, 22115–22126, 22142–22145, 22152–22154, 22171–22175, 22181–22185, 22199–22203, 22214–22218, 22229–22233, 22247–22251, 22258–22260, 22277–22281, 22293–22297, 22309–22313, 22320–22326, 22344–22356, 22381–22383, 22406–22413, 22424–22429, 22450–22455, 22459–22461, 22471–22478, 22490–22494, 22500–22504, 22520–22524, 22582–22586, 22594–22599, 22602–22608, 22616–22621, 22631–22638, 22650–22654, 22677–22681, 22687–22691, 22700–22706, 22731–22738, 22745–22749, 22756–22759, 22770–22774, 22793–22796, 22808–22813, 22817–22822, 22825–22828, 22885–22888, 22896–22899, 22915–22924, 22943–22956 and 22974–22979</u> "Tanah ini hanya boleh dipindahmilik atau dipajak dengan kebenaran bertulis oleh Pihak Berkuasa Negeri. Sekatan ini dikecualikan kepada kaum Bumiputra bagi pindahmilik kedua dan seterusnya" <u>Lot No. PT 21964</u> Not stated <u>Lot No. PT 24754</u> "Tanah ini hanya boleh dipindahmilik, dipajak atau digadai dengan kebenaran bertulis daripada Pihak Berkuasa Negeri Perak."
Encumbrances	:	Nil
Other endorsements	:	Nil
Existing use/Occupation	:	Vacant
Valuation approach	:	Comparison Approach

Market value⁽ⁱ⁾ : RM25,650,000

Audited NBV as at 31 : RM21,575,097
December 2023

Note:

- (i) Based on the Valuation Report prepared by Henry Butcher as at 26 August 2024, being the date of valuation. Please refer to the Valuation Certificate as enclosed in Appendix II of this Circular for further details on the valuation of the Gopeng Land.

2.2 Information on the Purchaser

Gabong was incorporated in Malaysia on 17 January 1984 as a private company limited under the Companies Act 1965. The principal activity of Gabong is property development.

As at LPD, the issued share capital of Gabong is RM250,000 comprising 250,000 ordinary shares.

As at the LPD, the directors of Gabong are Dato' Lee Seng Hee and Datin Chan Kok Ying.

The shareholders of Gabong and their respective shareholdings as at the LPD are as follows:

Shareholders	Direct		Indirect	
	No. of shares	%	No. of shares	%
Team Keris Berhad	25,000	10.00	⁽ⁱ⁾ 225,000	90.00
OPL Holdings Sdn Bhd	225,000	90.00	-	-
Dato' Lee Seng Hee	-	-	⁽ⁱⁱ⁾ 250,000	100.00
Datin Chan Kok Ying	-	-	⁽ⁱⁱ⁾ 250,000	100.00

Notes:

- (i) Deemed interested by virtue of its interest in OPL Holdings Sdn Bhd pursuant to Section 8 of the Act.
- (ii) Deemed interested by virtue of his/her interest in Team Keris Berhad and OPL Holdings Sdn Bhd pursuant to Section 8 of the Act.

2.3 Basis of and justification for the Disposal Consideration

The Disposal Consideration was arrived at based on a willing-buyer and willing-seller basis, after taking into consideration, amongst others, the market value of the Gopeng Land of RM25,650,000, on an unencumbered basis in its existing physical condition, as appraised by Henry Butcher.

As the Gopeng Land is issued with individual titles for a development comprising residential terraced plots and commercial terraced plots, Henry Butcher has adopted the Comparison Approach (based on terraced plots) as the primary method in assessing the market value of the Gopeng Land and adopted the Income Approach (by Residual Method) as a counter check method.

The Comparison Approach (based on terraced plots) is the market approach of comparing the Gopeng Land and its development components with similar properties that were either transacted recently within the same location or other comparable localities. In comparing properties, due consideration is given to factors such as location, size, access, tenure, surroundings, shape, terrain, title restriction, time element and other relevant factors to arrive at their opinion of market value.

As a counter check, Henry Butcher has adopted the Income Approach (by Residual Method), where consideration is given to the gross development value (being the estimated gross proceeds obtainable from the completed development) of the project and deducting therefrom the estimated costs of development including pre-development costs, site development costs, construction costs, professional fees, marketing and administrative expenses, project management, financing charges, contingencies and developer's profit and risk. The resultant amount is then deferred (discounted) over the period of time required to complete the development to arrive at the present market value of the Gopeng Land.

Please refer to the Valuation Certificate as enclosed in Appendix II of this Circular for further details on the valuation of the Gopeng Land.

The Board is of the view that the Disposal Consideration is justifiable after taking into consideration, amongst others, the rationale for the Proposed Disposal as follows:

- (i) the Disposal Consideration represents a premium of RM7.35 million or approximately 28.65% to the market value of the Gopeng Land; and
- (ii) the estimated pro forma gain arising from the Proposed Disposal of approximately RM10.74 million, as detailed in Section 2.7 of this Circular.

2.4 Mode of settlement

In accordance with the terms and conditions of the SPA, the Disposal Consideration shall be satisfied in the following manner:

Payment terms	Timing of payment	Amount RM
Initial deposit	Upon execution of the SPA ⁽ⁱ⁾	1,650,000 (being 5.00% of the Disposal Consideration)
Second deposit	Payable 2 months from the date of the SPA ⁽ⁱⁱ⁾	1,650,000 (being 5.00% of the Disposal Consideration)
Balance of the Disposal Consideration ("Balance Disposal Consideration")	Payable within 6 months from the date of receipt by the Purchaser or the Purchaser's solicitors of the notice from the Vendor's solicitors that the State Authority consent to transfer the Land to the Purchaser have been obtained or within 3 months from the approval of Farlim shareholders, whichever is later ⁽ⁱⁱⁱ⁾	29,700,000 (being 90.00% of the Disposal Consideration)
Total		33,000,000

Notes:

- (i) The initial deposit was paid by the Purchaser to the Vendor on 25 September 2024.
- (ii) The second deposit was paid by the Purchaser to the Vendor on 22 November 2024.
- (iii) In the event that the Purchaser is unable to pay the Balance Disposal Consideration to the Vendor within the period stated, the Vendor shall automatically grant to the Purchaser an extension of 3 months to pay the Balance Disposal Consideration subject to the Purchaser paying to the Vendor interest on the Balance Disposal Consideration or such part of thereof as shall remain unpaid at the rate of 6% per annum calculated on a daily basis.

Further details on the payment terms of the Disposal Consideration are set out in Section 1 of Appendix I of this Circular.

2.5 Liabilities to be assumed

There are no liabilities including contingent liabilities in relation to the Proposed Disposal which will remain with Farlim Group and there are no guarantees given by Farlim Group to Gabong pursuant to the Proposed Disposal.

2.6 Original cost and date of investment

The original cost of investment for the Gopeng Land was approximately RM21.58 million, comprising the following:

- (i) the purchase consideration of RM13.00 million for the Gopeng Land, of which the acquisition was completed on 10 January 2017; and
- (ii) property development expenditure capitalised up to the latest audited FYE 31 December 2023, amounting to approximately RM8.58 million.

2.7 Expected gain arising from the Proposed Disposal

Based on the audited consolidated statement of comprehensive income of Farlim for the FYE 31 December 2023, the Proposed Disposal is expected to generate an estimated pro forma gain of approximately RM10.74 million, details of which are as follows:

	RM
Disposal Consideration	33,000,000
Less: Audited NBV of the Gopeng Land as at 31 December 2023	(21,575,097)
Estimated expenses for the Proposed Disposal	(680,000)
Estimated pro forma gain from the Proposed Disposal	10,744,903

3. RATIONALE FOR THE PROPOSED DISPOSAL

Gopeng Land is currently vacant and has yet to contribute to the profits of the Group, as no development or revenue generating activities have been undertaken on the Gopeng Land. The Proposed Disposal would provide an opportunity for the Group to unlock the value and monetise its investment at a premium of approximately 28.65% to the market value of the Gopeng Land as appraised by Henry Butcher.

The Proposed Disposal will also improve the Group's financial position as illustrated in Section 6.2 of this Circular and also provide the Group with an estimated pro forma gain of approximately RM10.74 million. Further, the proceeds from the Proposed Disposal will provide additional cash flow of approximately RM32.32 million, enabling the Group to acquire new strategic landbank(s) for future property development, as detailed in Section 4 of this Circular.

4. UTILISATION OF PROCEEDS

The Proposed Disposal is expected to raise gross cash proceeds of RM33,000,000, which are expected to be utilised in the following manner:

Details of utilisation	RM	Estimated timeframe for the utilisation of the proceeds*
Acquisition of new landbank(s) ⁽ⁱ⁾	32,320,000	Within 36 months
Estimated expenses in relation to the Proposed Disposal ⁽ⁱⁱ⁾	680,000	Within 1 month
Total	33,000,000	

Notes:

* From the date of receipt of the Balance Disposal Consideration.

- (i) *To acquire new landbank(s) aimed at expanding the Group's property development activities.*

As at the LPD, the Board is in the process of identifying suitable landbank(s) to be acquired in Penang but has yet to finalise on the suitable landbank(s). The decision to acquire and invest in any new landbank(s) would involve having to consider, amongst others, future development opportunities, potential value creation to the existing core businesses of the Group as well as return on investment. The acquisition of new landbank(s) will be announced, if required, in accordance with the Listing Requirements. In the event shareholders' approval is required for the acquisition of new landbank(s) pursuant to the Listing Requirements, the Company will seek the necessary approval from the shareholders of the Company at an EGM to be convened. In the event the acquisition cost of new landbank(s) is higher than above, any deficit will be funded by internally generated funds and/or bank borrowings. In the event the acquisition cost of new landbank(s) is lower than the above, any surplus will be used for working capital purposes.

- (ii) *The breakdown of the estimated expenses is as follows:*

	RM
<i>Professional fees payable in relation to the Proposed Disposal</i>	<i>627,000</i>
<i>Fees payable to the relevant authorities</i>	<i>13,000</i>
<i>Other incidental expenses (i.e. printing and advertising costs, cost relating to the convening of EGM and other miscellaneous costs)</i>	<i>40,000</i>
Total	680,000

In the event the estimated expenses for the Proposed Disposal as stated above are higher than estimated, any deficit will be funded through the Group's internally generated funds. Conversely, if the amount required is less than estimated, any surplus will be utilised for working capital purposes.

Pending the utilisation of proceeds arising from the Proposed Disposal, the proceeds would be placed in deposits with financial institutions and/or short-term money market instruments. The interest derived from the deposits with financial institutions and/or any gains arising from the short-term money market instruments will be used as general working capital of the Group.

5. RISK FACTORS

The risks factors relating to the Proposed Disposal include, but are not limited to, the following:

(i) **Non-completion of the SPA**

The completion of the Proposed Disposal is conditional upon fulfilment of the conditions precedent as stipulated in the SPA being fulfilled. In the event any one or more of the conditions precedent is/are not fulfilled by the parties involved within the stipulated time as set out in the SPA, the Proposed Disposal may be terminated. There can be no assurance that the conditions precedent can be fulfilled and the Proposed Disposal can be completed within the time period permitted under the SPA.

In addition, should a non-completion of the Proposed Disposal occur, the Group will not be able to realise the gain on disposal from the Proposed Disposal and the benefits that may accrue from the proposed utilisation of proceeds from the Proposed Disposal as disclosed in Section 4 of this Circular.

Notwithstanding the foregoing, the Company will take all reasonable steps to ensure that the conditions precedent and/or terms as set out in the SPA are fulfilled in a timely manner to facilitate the completion of the Proposed Disposal.

(ii) Opportunity costs

Upon completion of the Proposed Disposal, the Group will not be able to enjoy any future appreciation in the value of the Gopeng Land as well as the future development opportunities on the Gopeng Land. As a mitigating factor, the proceeds from the Proposed Disposal would be utilised by the Group to acquire new landbank(s) to expand its property development operations.

6. EFFECTS OF THE PROPOSED DISPOSAL

6.1 Issued share capital and substantial shareholders' shareholdings

The Proposed Disposal will not have any effect on the issued share capital and substantial shareholders' shareholdings of Farlim as the Proposed Disposal does not involve any issuance of new Farlim Shares.

6.2 NA, NA per Share and gearing

For illustrative purposes, based on the latest audited consolidated statement of financial position of Farlim as at 31 December 2023, the pro forma effects of the Proposed Disposal on the NA, NA per Share and gearing of the Group are as follows:

Group Level	Audited as at 31 December 2023 RM	After the Proposed Disposal RM
Share capital	169,041,548	169,041,548
Treasury shares	(5,122,542)	(5,122,542)
Accumulated losses	(40,290,371)	⁽ⁱⁱ⁾ (29,545,468)
NA/Equity attributable to owners of the parent	123,628,635	134,373,538
No. of Shares in issue ⁽ⁱ⁾	153,025,613	153,025,613
NA per Share (RM)	0.81	0.88
Total borrowings (RM)	440,815	440,815
Gearing ratio (times)	0.004	0.003

Notes:

(i) Excluding 15,365,700 treasury shares held by the Company.

(ii) After taking into consideration the estimated pro forma gain from the Proposed Disposal of approximately RM10.74 million, net of estimated expenses, as set out in Section 2.7 of this Circular.

6.3 Earnings and EPS

The Proposed Disposal is expected to be completed in the 2nd quarter of 2025 and based on the estimated pro forma gain arising from the Proposed Disposal of approximately RM10.74 million as set out in Section 2.7 of this Circular, the Proposed Disposal is expected to contribute positively to the earnings and EPS of Farlim Group for the FYE 31 December 2025.

For illustrative purposes, the pro forma effects of the Proposed Disposal on the earnings and EPS of the Group based on the latest audited consolidated statement of comprehensive income of Farlim for the FYE 31 December 2023 and on the assumption that the Proposed Disposal had been effected on 1 January 2023, being the beginning of the FYE 31 December 2023, are as follows:

	Audited FYE 31 Dec 2023 RM	After the Proposed Disposal RM
Loss attributable to owners of the Company	(6,835,676)	(6,835,676)
Add: Estimated pro forma gain from the Proposed Disposal	-	10,744,903
Pro forma (loss)/profit attributable to owners of the Company	(6,835,676)	3,909,227
Weighted average number of Shares in issue	153,025,613	153,025,613
(LPS)/EPS (sen)	(0.04)	0.03

The actual gain from the Proposed Disposal will depend on the NBV of the Gopeng Land at the time of the completion of the Proposed Disposal, as well as actual expenses incurred and actual tax paid in relation to the Proposed Disposal.

6.4 Convertible securities

As at the LPD, the Company does not have any convertible securities.

7. APPROVALS REQUIRED

The Proposed Disposal is subject to the following approvals being obtained from:

- (i) the shareholders of Farlim at an EGM to be convened; and
- (ii) State Authority Consent to transfer the Land to the Purchaser, which was obtained on 13 December 2024.

8. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g) of the Listing Requirements based on the latest audited consolidated financial statements of Farlim for the FYE 31 December 2023 is approximately 26.69%, which was computed based on the Disposal Consideration compared with the NA attributable to owners of Farlim as at 31 December 2023.

9. INTER-CONDITIONALITY

The Proposed Disposal is not conditional upon any other corporate exercise undertaken or to be undertaken by Farlim.

10. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the directors and/or major shareholders of the Company and/or persons connected with them have any interest, directly or indirectly, in the Proposed Disposal.

11. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Disposal, there is no other corporate exercise which has been announced but pending completion as at the LPD.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposed Disposal, including but not limited to the rationale and effects of the Proposed Disposal as well as the salient terms of the SPA, is of the opinion that the Proposed Disposal is in the best interests of the Company.

Accordingly, the Board recommends you to vote in favour of the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM of the Company.

13. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Disposal is expected to be completed in the 2nd quarter of 2025.

The tentative timetable for the implementation of the Proposed Disposal is as follows:

Tentative timeline	Key milestones
15 January 2025	EGM
January 2025	SPA becomes unconditional
June 2025	Completion of the Proposed Disposal

14. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Melati 1, 2 & 3, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 15 January 2025 at 10.00 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing the resolution to give effect to the Proposed Disposal.

If you are unable to attend and vote in person at the EGM, you are entitled to appoint a proxy or proxies to attend and vote on your behalf. In such event, the Form of Proxy should be completed, signed and lodged at the Registered Office of the Company at No. 2-8, Bangunan Farlim, Jalan PJS 10/32, Taman Sri Subang, 46150 Petaling Jaya, Selangor Darul Ehsan or at the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan or lodged electronically via <https://investor.boardroomlimited.com> not less than forty-eight (48) hours, i.e. latest by Monday, 13 January 2025 at 10.00 a.m., before the time appointed for holding the EGM or any adjournment thereof.

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

15. FURTHER INFORMATION

Shareholders are advised to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board of
FARLIM GROUP (MALAYSIA) BHD

TAN SRI DATO' SERI LIM GAIT TONG
Chairman & Chief Executive

SALIENT TERMS OF THE SPA

The salient terms of the SPA are set out below:

1. Disposal Consideration

- 1.1 In consideration of RM1,650,000 paid by the Purchaser to the Vendor, as part deposit and part payment towards the Disposal Consideration ("**Initial Deposit**"), the Vendor hereby agrees to sell and transfer the Land to the Purchaser together with all other Reserved Land (together with the issue document of titles to the Reserve Land, if available and/or if issued in future) and the Purchaser agrees to purchase the Land together with the Reserve Land in its existing state and condition and on an 'as is where is basis', free from all encumbrances and with vacant possession at the total consideration of RM33,000,000.00 and upon the terms and conditions of the SPA. For the purpose of adjudication with the stamp office for the sale of all the 1,205 subdivided titles, the breakdown of the Disposal Consideration for the 1,205 subdivided titles shall be in the amount as provided in the SPA and in this regard, the Vendor shall also agree to execute separate Memorandum of Transfer (Form 14A) ("**MOT**") in respect of each and every subdivided title.
- 1.2 A further sum of RM1,650,000.00 shall be paid by the Purchaser to the Vendor on or before the expiry of 2 months from the date of the SPA. This 2nd payment of RM1,650,000.00 shall together with the Initial Deposit be deemed as the deposit and part payment towards the Disposal Consideration ("**Second Deposit**").
- 1.3 The Balance Disposal Consideration of RM29,700,000.00 shall be paid by the Purchaser to the Vendor or the Vendor's Solicitors within 6 months from date of receipt by the Purchaser or the Purchaser's Solicitors of the notice from the Vendor's Solicitors that the State Authority Consent for the Land have been obtained ("**Effective Date**") or within 3 months from the approval of Farlim shareholders, whichever is later. The period of 6 months beginning from the Effective Date or 3 months from the Farlim shareholders' approval, whichever is later and whichever the case may be, shall be referred to as the "**Completion Period**".
- 1.4 In the event that the Purchaser is unable to pay the Balance Disposal Consideration to the Vendor within the Completion Period, the Vendor shall automatically and without request from the Purchaser, grant to the Purchaser an extension of 3 months to pay the Balance Disposal Consideration subject to the Purchaser paying to the Vendor interest on the Balance Disposal Consideration or such part of thereof as shall remain unpaid at the rate of 6% per annum calculated on a daily basis.

2. Agreement Conditional

- 2.1 The sale and purchase of the Land is conditional upon the Vendor having obtained the State Authority Consent to transfer the Land to the Purchaser and the approval from Farlim shareholders. The costs of the State Authority's Consent to transfer shall be borne by the Vendor.
- 2.2 The State Authority Consent and the approval from Farlim shareholders shall be procured within 9 months from the date of the SPA ("**Approval Period**"). In the event that the State Authority Consent or the approval from Farlim shareholders is not obtained within the Approval Period, the Vendor shall be granted an automatic extension of 3 months ("**Extended Approval Period**") for the procurement of the State Authority Consent and Farlim shareholders' approval.

SALIENT TERMS OF THE SPA (CONT'D)

- 2.3 In the event that the State Authority Consent and the approval from Farlim shareholders are not obtained within the Extended Approval Period, the Vendor shall within 14 days from the date of receipt of the notice/letter from the Purchaser, refund to the Purchaser without interest thereon all moneys paid by the Purchaser in simultaneous exchange for the Purchaser returning and/or causing the return to the Vendor all documents forwarded to its financier, the Purchaser and/or their respective solicitors pursuant to the SPA, with all the Vendor's interests as registered proprietor of all the said Land fully intact and free of any and all assignments by way of security or otherwise, charges, encumbrances, liens, restraints, prohibitory orders and caveats (collectively the "**Encumbrances**") and thereafter upon completion of such exchange, the SPA shall become null and void and neither party shall have any further claim of whatsoever nature against the other on any matter in respect of or arising out of the SPA and the Vendor shall be at liberty to resell or deal with the said Land as it shall see fit.

3. Representation, Warranties and Undertaking by the Vendor

- 3.1 The Vendor declares represents warrants and covenants with the Purchaser as follows:
- (i) the Vendor is the registered owner of the Land and is absolutely entitled to sell the same with all rights, title and interests to the Purchaser upon the terms and conditions of the SPA;
 - (ii) other than the conditions of title stipulated in the original issue documents of title of the Land ("**Titles**"), the Vendor has not received any notices from the government or other relevant authorities adversely affecting the Land or any part thereof or which will or may subject the Vendor or any person deriving title from the Vendor to any onerous charge or liability or of any claims adversely affecting the Vendor's right to possession of the Land at the date of the SPA and that the Vendor shall immediately give notice to the Purchaser of any such notices or claims the Vendor receives at any time after the date of the SPA;
 - (iii) the Vendor shall not during the continuance in force of the SPAs sell, dispose, charge, mortgage, assign or in any manner whatsoever encumber and/or deal with the Land;
 - (iv) that the Land are free from encumbrances and free from squatters;
 - (v) all quit rent, assessment, charges, rates and other outgoings in respect of the Land shall be duly paid up to the Effective Date;
 - (vi) to allow the Purchaser to submit application for the approval of the Kebenaran Merancang, P.U. Plan, Building Plans, Road and Drainage Plan, Earthwork Plan and all other plans as may be required by the Purchaser to allow the Purchaser to develop the Land through the Vendor at the sole costs and expense of the Purchaser notwithstanding that the Disposal Consideration has not been paid in full on the undertaking by the Purchaser not to sell and/or launch for sale any part of the Land until such time that the Disposal Consideration has been paid in full. The Purchaser shall not be entitled to claim against the Vendor all costs incurred herein and shall also discharge at its costs all its appointed consultants and to furnish the Vendor with the discharge letters if the Purchaser is unable to complete the SPA;
 - (vii) to execute the Power of Attorney for the purposes aforesaid in sub-paragraph (vi) above and to deliver the same to the Purchaser provided that the Purchaser shall be responsible for and shall indemnify and keep the Vendor fully indemnified against all actions, claims, proceedings, demands, fines, taxes (including, without limitation, income tax), penalties, premium, damages, liability, loss, charges, costs and expenses (including the solicitors-client costs) sustained, incurred or suffered by the Vendor in granting the Power of Attorney in favour of the Purchaser including, without limitation, in respect of all acts or things done or performed by the Purchaser pursuant to the Power of Attorney or in the exercise of the power thereby granted;

SALIENT TERMS OF THE SPA (CONT'D)

- (viii) not to cut and/or remove soil/earth from the Land and to maintain the overall condition of the Land on an as-is-where-is basis;
- (ix) the Vendor is legally competent to execute, deliver and perform the terms of the SPA;
- (x) to discharge at its costs all the existing consultants and to furnish the Purchaser with these discharge letters; and
- (xi) to furnish the Purchaser with all the approved plans such as but not limited to the P.U. Plan, Layout Plan, Road and Drainage Plan, Building Plan and so forth.

4. Representation, Warranties and Undertaking by the Purchaser

4.1 The Purchaser declares represents warrants and covenants with the Vendor as follows:

- (i) that the Purchaser has the legal capacity to enter into the SPA and to perform and carry into effect all the terms and conditions contained in the SPA;
- (ii) that the SPA constitutes legal, valid and binding obligations of the Purchaser enforceable in accordance with its terms;
- (iii) that the execution, delivery and performance of the SPA are within the Purchaser's corporate power and have been duly authorised by all necessary corporate actions, do not contravene the Purchaser's Memorandum and Articles of Association or Constitution and do not violate or contravene any law or regulation or any judgment, order or decree of any governmental authority, or any mortgage, contract, agreement, arrangement or undertaking binding on or affecting the Purchaser; and
- (iv) that as at the date of the execution of the SPA the Purchaser has not been served with any notice or petition for winding-up and that there are no winding-up proceedings threatened or pending against the Purchaser and the Purchaser has not commenced any action for voluntary winding-up.

5. Default by Purchaser

5.1 In the event the Purchaser fails to pay the Balance Disposal Consideration in accordance with Section 1 of Appendix I above, the following provisions shall apply:

- (i) the Vendor shall be entitled by giving 14 days notice in writing to the Purchaser to terminate the SPA, unless prior to the expiry of the aforesaid 14 days termination notice the whole of the Balance Disposal Consideration together with interest thereon at the rate of 6% per annum calculated from the day next after the expiry of the Completion Period to the date of payment of the Balance Disposal Consideration or such part of the Balance Disposal Consideration as remains unpaid, based on a 365 day year on the actual number of days elapsed, is paid, the SPA shall at the expiration of the said notice be deemed to be terminated. Upon such termination, the Vendor shall be entitled without further notice to the Purchaser to forfeit absolutely a sum equivalent to 10% of the Disposal Consideration as agreed liquidated damages and all other monies paid by or on behalf of the Purchaser, if any, shall be refunded, free of interest, to the Purchaser by the Vendor within 14 working days from the date the Vendor exercises the right of forfeiture, failing which the Vendor shall pay to the Purchaser interest at the rate of 6% per annum on the outstanding sum until the same is fully paid by the Vendor;

SALIENT TERMS OF THE SPA (CONT'D)

- (ii) simultaneously with and against the refund in accordance to sub-paragraph (i) above, the Purchaser shall return the Titles, the MOT and all the transfer documents to the Vendor with all the Vendor' interests as registered proprietor of all the Land fully intact and free of any Encumbrances and if possession has been given to the Purchaser, the Purchaser shall redeliver possession of the Land to the Vendor and after the Purchaser having first made good all damages done or caused to any of the Land or any part thereof whilst the same was in the Purchaser's possession, and thereafter, neither party hereto shall have any further claim of whatsoever nature against the other on any matter in respect of or arising out of the SPA and the Vendor shall be at liberty to resell or deal with the Land in any manner as it shall see fit.

6. Default by Vendor

In the event that:

- (I) the Vendor fails, neglects or refuses to comply with any of its undertakings and covenants on its part to be performed; or
- (II) the Vendor shall fail or refuse to complete the sale and purchase of the Land in accordance with the terms of the SPA including to deliver to the Purchaser the transfer documents in accordance with the terms of the SPA;

then the Purchaser shall be entitled to either:

- (a) terminate the SPA by giving 14 days' notice in writing to the Vendor to terminate the SPA whereupon the following consequence shall ensue:
 - 1) the Vendor shall refund or cause to be refunded all sums paid by the Purchaser within 14 working days from the expiry of the aforesaid notice in writing and pay an additional sum equivalent to 10% of the Disposal Consideration as agreed liquidated damages to the Purchaser, failing which the Vendor shall pay to the Purchaser interest at the rate of 6% per annum on the outstanding sum until the same is fully paid by the Vendor; and
 - 2) simultaneously with and against the payment of the refund referred in sub-paragraph (a)(1) above, the Purchaser shall return the Titles, the MOT and all the transfer documents to the Vendor with all the Vendor' interests as registered proprietor of all the Land fully intact and free of any Encumbrances to the Vendor and if vacant possession has been given to the Purchaser, the Purchaser shall redeliver vacant possession of the Land to the Vendor and after the Purchaser having first made good all damages done or caused to any of the Land or any part thereof whilst the same was in the Purchaser's possession;
- or
- (b) to compel the Vendor by way of specific performance to complete the sale and purchase of the Land together with all rights, title and interests therein in accordance with the provisions of the SPA and in this respect the Vendor hereby acknowledges that the remedy of monetary compensation shall not be regarded as compensation or sufficient compensation for any default of a party in the performance of the terms and conditions of the SPA.

VALUATION CERTIFICATE

**HENRY BUTCHER MALAYSIA**

International Asset Consultants

Our ref: HBMPerak/LB9924/08/0230/GR-003

Date: September 19, 2024

M/S Farlim Group (Malaysia) Bhd
 [Registration No. 198201002529 (82275-A)]
 No.1, Lintang Angsana, Bandar Baru Ayer Itam,
 11500 Penang, Malaysia.

Dear Sirs/ Madam,

CERTIFICATE OF VALUATION OF LEASEHOLD HOUSING SCHEME WITH INDIVIDUAL TITLE ISSUED CONSISTING OF 1,205 PIECES OF INDIVIDUAL LEASEHOLD TITLES (MEASURING NET TITLED LAND AREA ABOUT 15.642 HECTARES (38.652 ACRES)) HELD UNDER TITLE NOS. HSD 16599 – 17802 & 183566, LOT NOS. PT 21779 – 22982 & PT 24754, MUKIM OF TEJA, DISTRICT OF KAMPAR, STATE OF PERAK DARUL RIDZUAN TOGETHER WITH RESERVED LAND FOR INFRASTRUCTURE, UTILITIES, AMENITIES AND SERVICES MEASURING TOTAL GROSS LAND AREA OF APPROXIMATELY 39.174 HECTARES (96.800 ACRES) (COLLECTIVELY REFERRED TO AS “THE SUBJECT PROPERTY”)

FOR SUBMISSION TO BURSA MALAYSIA SECURITIES BERHAD

We refer to your instructions to advise on the Market Value of the abovementioned property (hereinafter referred to as the “*Subject Property*”) for the purpose of submission to Bursa Malaysia Securities Berhad (“*Bursa Securities*”) in relation to the proposed disposal of the Subject Property by Farlim (Perak) Sdn Bhd [Registration No. 201201041551 (1026029-X)] (“*Farlim Perak*”), a wholly-owned subsidiary of Farlim Group (Malaysia) Bhd (“*Proposed Disposal*”). The full details of the valuation are available in our Valuation Report bearing Ref. No. HBMPerak/LB9924/08/0230/GR-003 dated September 19, 2024.

The Certificate of Valuation has been prepared for the inclusion in the Circular to the shareholders of the Farlim Group (Malaysia) Bhd in relation to the Proposed Disposal.

The Subject Property was inspected on August 26, 2024. The material date of valuation for the above exercise is as at August 26, 2024 (“*Date of Valuation*”).

This valuation exercise has been carried out in accordance with 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. In arriving at the **Market Value** of the Subject Property, we have adopted the “*Comparison Approach (based on terraced plots)*” and cross-checked with “*Income Approach (by Residual Method)*” of valuation.

The basis of valuation adopted is the Market Value which is defined as 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 and where the parties had each acted knowledgeably, prudently and without compulsion.

HENRY BUTCHER MALAYSIA (PERAK) Sdn Bhd 200701020577 (778593-X)

29B, Persiaran Greentown 4, Greentown Business Centre, 30450 Ipoh, Perak, Malaysia.

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Project Marketing | Asset Management / Property Management / Retail Consultancy | Auctions | Plant & Machinery | Art Consultancy

VEPM110079/11

VALUATION CERTIFICATE (CONT'D)

Summary of Valuation

Interest to be Valued	To ascertain the Market Value of the Subject Property in relation to the Proposed Disposal for the purpose of submission to Bursa Securities.	
Subject Property	The Subject Property, a leasehold housing scheme with individual title issued known as Taman Impiana, Gopeng consisting of 1,201 pieces of individual leasehold titles (comprises 1,170 units of leasehold vacant residential terraced plot and 31 units of commercial terraced plot), 3 Tenaga Nasional Berhad ("TNB") substation leasehold titles and 1 SSU tapak pencawang elektrik leasehold title (measuring net titled land area about 15.642 hectares (38.652 acres)), held under Title No. Hakmilik Sementara Daftar ("HSD") 16599 to 17802 & 183566, Lot No. PT 21779 to PT 22982 & PT 24754, Mukim of Teja, District of Kampar, State of Perak Darul Ridzuan together with reserved land for infrastructure, utilities, amenities and services measuring total gross land area of approximately 39.174 hectares (96.800 acres).	
Title Particulars	Title No.	Title Nos. HSD 16599 – 17802 & 183566
	Lot No.	Lot Nos. PT 21779 – 22982 & Lot No. PT 24754
	Mukim	Teja
	District	Kampar
	State	Perak Darul Ridzuan
	Land Area	Total net titled land area - 15.642 hectares (38.652 acres) Total gross land area as 39.174 hectares (96.800 acres)
	Tenure	<u>Lot Nos. PT 21779 – 22982</u> Leasehold 99 years, expiring on February 27, 2118 <u>Lot No. PT 24754</u> Leasehold 60 years, expiring on June 14, 2081
	Category of Land Use	"Bangunan" except for PT 22980, PT 22981, PT 22982 & PT 24754 "Perusahaan"
	Express Condition	<u>Lot Nos. PT 21779 - 21809</u> "Perniagaan – Bangunan Kedai" <u>Lot Nos. PT 21810 - 22979</u> "Kediaman – Rumah Teres Mampu Milik, Rumah Teres & Rumah Kos Sederhana" <u>Lot Nos. PT 22980 - 22982</u> "Perusahaan Berat – Pencawang Elektrik" <u>Lot No. PT 24754</u> "Perusahaan - Tapak Pencawang Elektrik/Sistem Suis Utama"
	Restriction in Interest	For PT Nos. <u>21779-21784, 21790-21801, 21807-21813, 21819-21833, 21839-21871, 21883-21890, 21897-21917, 21924-21931, 21938-21958, 21965-21974, 21981-21983, 21988-22029, 22033-22036, 22040-22042, 22049-22058, 22064-22086, 22091-22095, 22101-22114, 22127-22141, 22146-22151, 22155-22170, 22176-22180, 22186-22198,</u>

VALUATION CERTIFICATE (CONT'D)

		<p>22204-22213, 22219-22228, 22234-22246, 22252-22257, 22261-22276, 22282-22292, 22298-22308, 22314-22319, 22327-22343, 22357-22380, 22384-22405, 22414-22423, 22430-22449, 22456-22458, 22462-22470, 22479-22489, 22495-22499, 22505-22519, 22525-22581, 22587-22593, 22600-22601, 22609-22615, 22622-22630, 22639-22649, 22655-22676, 22682-22686, 22692-22699, 22707-22730, 22739-22744, 22750-22755, 22760-22769, 22775-22792, 22797-22807, 22814-22816, 22823-22824, 22829-22884, 22889-22895, 22900-22914, 22925-22942, 22957-22973 and 22980-22982</p> <p>"Tanah ini hanya boleh dipindahmilik atau dipajak dengan kebenaran bertulis oleh Pihak Berkuasa Negeri"</p> <p>For PT Nos. 21785-21789, 21802-21806, 21814-21818, 21834-21838, 21872-21882, 21891-21896, 21918-21923, 21932-21937, 21959-21963, 21975-21980, 21984-21987, 22030-22032, 22037-22039, 22043-22048, 22059-22063, 22087-22090, 22096-22100, 22115-22126, 22142-22145, 22152-22154, 22171-22175, 22181-22185, 22199-22203, 22214-22218, 22229-22233, 22247-22251, 22258-22260, 22277-22281, 22293-22297, 22309-22313, 22320-22326, 22344-22356, 22381-22383, 22406-22413, 22424-22429, 22450-22455, 22459-22461, 22471-22478, 22490-22494, 22500-22504, 22520-22524, 22582-22586, 22594-22599, 22602-22608, 22616-22621, 22631-22638, 22650-22654, 22677-22681, 22687-22691, 22700-22706, 22731-22738, 22745-22749, 22756-22759, 22770-22774, 22793-22796, 22808-22813, 22817-22822, 22825-22828, 22885-22888, 22896-22899, 22915-22924, 22943-22956 and 22974-22979</p> <p>"Tanah ini hanya boleh dipindahmilik atau dipajak dengan kebenaran bertulis oleh Pihak Berkuasa Negeri. Sekatan ini dikecualikan kepada kaum Bumiputra bagi pindahmilik kedua dan seterusnya"</p> <p>For PT No. 21964 Not stated.</p> <p>For PT No. 24754</p> <p>"Tanah ini hanya boleh dipindahmilik, dipajak atau digadai dengan kebenaran bertulis daripada Pihak Berkuasa Negeri Perak."</p>
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VALUATION CERTIFICATE (CONT'D)

	Registered Owner : FARLIM (PERAK) SDN BHD Encumbrances : Nil
Town Planning	Zoned residential
Development Approval	<p>Our inquiry at Jabatan Perancangan Majlis Daerah Kampar (MDK), the Subject Property is situated within an area zoned for residential purpose with a permissible density of 36 units per acre and plot ratio of 1:4. We were given to understand via documentations provided by Farlim Perak that the Subject Property has been issued with a “Kebenaran Merancang” (“K.M.”) and Approved Layout Plan (“ALP”) by MDK for a guarded neighbourhood housing scheme comprising of 1,170 units of residential terraced plot and 31 units of commercial terraced plot, 3 units of TNB substation plot and 1 unit of SSU tapak pencawang elektrik plot with individual titles issued together with reserved land for infrastructure, utilities, amenities and services measuring total gross land area of about 39.174 hectares (96.800 acres).</p> <p>The Subject Property was initially issued with a K.M. by MDK via Borang C(1) bearing Ref. No.17/2019 on March 4, 2019, with 12 months validity period and ALP bearing Ref. No. MDKpr(JPB)(K) 12/2018(KM) for a guarded neighbourhood housing scheme proposal of 574 units of 2 storey terraced house, 116 units of 2 storey of affordable terraced house (type A), 241 units of 2 storey of affordable terraced house (type B), 239 units of medium cost terraced house and 31 units of shopoffice together with reserved land for government reserved, public hall, surau, kindergarten, sewerage treatment plan, water retention pond, water tank and open space.</p> <p>Thereafter, part of the Subject Property known as phase 1A and phase 1B were approved and issued with two (2) Approved Building Plans (“ABP”) on April 28, 2023 with 12 months validity period by MDK via Borang C(1) bearing Ref. No.35/2023 with ABP bearing Ref. No. MDKpr(JPB)(KM/PB-S)(G) 3/2023 and second Borang C(1) bearing Ref. No.32/2023 with ABP bearing Ref. No. MDKpr(JPB)(KM/PB-S)(G) 4/2023 for 104 units of single storey terraced house and 67 units of single storey terraced house respectively.</p> <p>Subsequently, an amended K.M. dated September 13, 2023 with 12 months validity period were approved and issued by MDK via Borang C (1) bearing Ref. No.78/2023 with ALP bearing Ref. No. MDKpr(JPB)(KM)(G) 15/2023 for the change of location for the water tank reserved.</p> <p>We noticed that, as at the Date of Valuation, the above-mentioned ALP will expire on September 12, 2024 and the two (2) ABP (for part of the entire development project for a total of 171 units of single storey terraced house out of the total 1,201 terraced plots) above-mentioned had lapsed on April 27, 2024. In addition, we were also informed by Farlim Perak that no application had been submitted to the relevant authority for approval to extend the existing Approved Layout Plan and the two (2) Approved Building Plans and Farlim Perak has no intention to proceed with the previous approved housing scheme development project.</p>

VALUATION CERTIFICATE (CONT'D)

However, subsequent to the Date of Valuation and at the request of the Gabong Holding Sdn Berhad ("**Purchaser**"), an application for an extension of the approved layout plan was submitted on September 3, 2024 and approval for extension by MDK was obtained via its approval letter bearing Ref. No.Bil.(7)dml.MDKPR(JPB)(KM)(G) 15/2023 dated September 18, 2024. This extended ALP will expire on September 12, 2025. Further, an application for an extension of the two (2) Approved Building Plans was submitted on September 5, 2024 and approval for extension by MDK was obtained via its approval letters dated April 5, 2024, bearing Ref. No.Bil.(7)dml.MDKpr(JPB)(KM/PB-S)(G) 3/2023 and Ref. No.Bil.(7)dml.MDKPR(JPB)(KM/PB-S)(G) 4/2023. This extended Approved Building Plans will expire on April 27, 2025.

The development contents of the ALP issued in 2023 as detailed below: -

PETUNJUK BAGI KESELURUHAN KAWASAN PEMBANGUNAN :					
SYMBOL	GUNATANAH	SAIZ/ DENSAI	UNIT	EKAR	PERATUS
			BIL	%	
RT	RUMAH TERES	20' x 70'	574	49.1	19.38
RT A	RUMAH TERES MAMPU MILK JENIS A (HARGA JUJALAN --RM250,000)	20' x 65'	116	10.0	3.89
RT B	RUMAH TERES MAMPU MILK JENIS B (HARGA JUJALAN --RM300,000)	20' x 65'	241	20.5	7.88
RTKS	RUMAH TERES KOS SEDERHANA (HARGA JUJALAN --RM140,000)	18' x 60'	239	20.4	6.26
			1170	100.0	
KP	KEDAI PEJABAT (2 TINGKAT)	20' x 70'	31	1.14	1.2
	DEWAN		1	0.89	0.9
	SURAU		1	0.50	0.5
	TADIKA		1	0.50	0.5
RK	REZAB KERAJAAN		1	0.23	0.2
KL	KAWASAN LAPANG			8.43	8.7
	REZAB TANGKI AIR		1	0.56	0.6
KTA	KOLAM TAHANAN		1	2.97	3.0
	REZAB PART			1.57	1.6
RLR	REZAB LOJI RAWATAN		1	1.22	1.3
PKS	PUSAT KITAR SEMULA (30 kaki x 30 kaki)		1	0.02	0.1
	ZON PENAMPAN 5 METER			0.10	0.1
TNB	REZAB PENCAWANG ELEKTRIK	50' x 60'	4	0.28	0.3
PP	PONDOK PENGAWAL			0.01	0.1
	REZAB JALAN/LORONG			41.17	42.5
	JUMLAH KESELURUHAN		1213	96.80	100.0

Location

The Subject Property is located in the western region of Gopeng town. It is surrounded by established mixed of developments in Gopeng town that are situated to the eastern side of the Subject Property, whilst the western side is mainly of oil palm plantations. To be more precisely, it is located about 500 metres west of Federal Route No.1 (also known as Jalan Ipoh - Kampar) and behind the western side of the Gopeng Fire and Rescue Station which fronts onto Federal Route No.1 and also next to the southern boundary of the Asia Meranti Solar Farm (Kampar). The Kopisan Baru housing settlement is located to south of the Subject Property.

VALUATION CERTIFICATE (CONT'D)

Site Description	The Subject Property is irregular in shape encompassing a gross land area of about 39.174 hectares (96.800 acres) and it has been subdivided into 1,205 individual titles with a total net titled land area of about 15.642 hectares (38.652 acres). The western and southern boundaries of the Subject Property are abutting onto the neighbouring oil palm plantation lands. The northern boundary of the Subject Property is neighbouring a Solar Farm and land planted with oil palm, whereas a water pond was found outside the north-eastern boundary of the Subject Property in the neighbouring lot. The Subject Property is a vacant open space overgrown with trees, light vegetations and bushes with split levels and fairly flat in terrain, it lies higher than the Federal Route No.1 and about the same level with the surrounding lots.
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VALUATION METHODOLOGY

We have adopted the “**Comparison Approach (based on terraced plots)**” and counter checked with “**Income Approach (by Residual Method)**” of valuation in formulating our opinion of the Market Value of the Subject Property.

As the Subject Property is issued with individual titles for a development comprising residential terraced plots and commercial terraced plots, we have relied on “**Comparison Approach (based on terraced plots)**” as the primary method in assessing the Market Value of the Subject Property and utilised the “**Income Approach (by Residual Method)**” as the counter check method.

The **Comparison Approach (based on terraced plots)** is the market approach of comparing the Subject Property and its development components with similar properties that were either transacted recently within the same location or other comparable localities. In comparing properties, due consideration is given to factors such as location, size, access, tenure, surroundings, shape, terrain, title restriction, time element and other relevant factors to arrive at our opinion of Market Value.

In arriving at our opinion of value for the Subject Property by *Comparison Approach (based on terraced plots)*, we have considered the following terraced plots sale transactions: -

Details	Comparable A1	Comparable A2	Comparable A3
Source	Jabatan Pernilaian dan Perkhidmatan Harta (“ JPPH ”)	JPPH	JPPH
Title No	Pajakan Negeri (“ PN ”) 1069033, 1069066, 1069023 & etc.	HSD 242470, 242474, 242476, 242412, 242413 & etc.	HSD 183867, 183903, 183905 & etc.
Address/Location	Lot No.374130, 374163, 374120 & etc, Jalan Pengkalan -Batu Gajah, Taman Metro Pengkalan, Mukim of Sungai Terap, District of Kinta, Perak Darul Ridzuan	Lot No. PT 25317, 25321, 25323, 25259, 25269 & etc, Bersebelahan Taman Raia Mesra, Jalan Batu Gajah-Gopeng (Kellas), Mukim of Sungai Raya, District of Kinta, Perak Darul Ridzuan	Lots No. PT 54994, 55030, 55032 & etc. Belakang Klinik Kesihatan Kampar, Mukim of Kampar, District of Kampar, Perak Darul Ridzuan

VALUATION CERTIFICATE (CONT'D)

Details	Comparable A1	Comparable A2	Comparable A3
Vendor	Sanjung Sempurna Sdn Bhd	Unggul Giat Sdn Bhd	Selesa Ria Sdn Bhd & Om Trading & General Services Sdn Bhd
Purchaser	P.K Lee Sdn Bhd	K-Ratus Sepakat Sdn Bhd	P.K Lee Sdn Bhd
Type of Land	136 Residential Terraced plots	Mixed of 81 Residential Terraced Plot & 12 Commercial Terraced plots	131 Residential Terraced plots
Zoning	Residential	Residential	Residential
Tenure	Leasehold 99 years, expiring December 20, 2114	Leasehold 99 years, expiring July 10, 2118	Leasehold 99 years, expiring December 15, 2120
Land Area (Hectares)	2.0544	1.4205	2.1684
Land Area (acres)	5.076	3.510	5.358
Consideration	RM 8,643,000	RM 1,982,000	RM 3,496,396
Analysed Land Value per square foot ("PSF")	RM39.08	RM12.96	RM14.98
Date of Transaction	January 19, 2024	March 22, 2023	October 26, 2022
Adjustments	Adjustments made for accessibility, size, location, surroundings, category of land use/zoning/ development component, title restriction, planning approval/issuance of individual titles, shape, terrain & physical status and tenure.		
Adjusted Value PSF	RM15.63	RM14.26	RM15.35

Taking into consideration all the factors with relevant adjustments made in the adjustments table, the adjusted land values range from RM14.26 to RM15.63 PSF.

We have adopted Comparable A3 as a fair representation after making the necessary adjustments, with adjusted land value of RM15.35 PSF, as the best comparable in arriving at the market value of Subject Property due to following factors:

- (i) It is located along Federal Route No. 1 which is similar to the Subject Property; and
- (ii) It requires the least adjustment compared to the other comparable.

Having regard to the above, the value adopted is RM15.35 PSF. The market value of Subject Property is therefore RM25,650,313 rounded down to RM25,650,000.

As a counter check, we have adopted the **Income Approach (by Residual Method)**. Under this method, consideration is given to the gross development value ("GDV") (being the estimated gross proceeds obtainable from the completed development) of the project and deducting therefrom the estimated costs of development including pre-development costs, site development costs, construction costs, professional fees, marketing and administrative expenses, project management, financing charges, contingencies and developer's profit and risk. The resultant amount is then deferred (discounted) over the period of time required to complete the development to arrive at the present Market Value of the Subject Property.

VALUATION CERTIFICATE (CONT'D)

In our assessment of the Subject Property by the Residual Method of Valuation, we have based on the following BASIS:

- 1) THAT THE DEVELOPMENT WOULD BE IN ACCORDANCE WITH THE APPROVED LAYOUT PLAN NO. MDKpr(JPB)(KM)(G) 15/2023 DATED SEPTEMBER 13, 2023 WITHOUT ANY MAJOR AMENDMENTS OR ALTERATIONS;
- 2) THAT ALL COMPUTATIONS OF GROSS FLOOR AREAS OF THE DEVELOPMENT AS PROVIDED TO US BY THE FARLIM PERAK AND RELEVANT CONSULTANTS ARE PLANNING APPROVABLE AND MATERIALLY CORRECT;
- 3) THAT THE PROPOSED DEVELOPMENT WOULD BE COMPLETED WITHIN A PERIOD OF EIGHT (8) YEARS AND THAT PROPERTY MARKET VALUES AND THE COST OF BUILDING MATERIALS WOULD REMAIN SUBSTANTIALLY THE SAME DURING THE CONSTRUCTION PERIOD.

Gross Development Value (GDV)

We have adopted a total GDV of RM306,403,320, reflecting the total sales of the development components to be developed on the Subject Property. It should be noted that the residential properties are subject to 5% discount and commercial properties are subject to 7% discount for bumiputra purchasers based on 30% bumiputra quota, which we have reflected accordingly onto the Subject Property.

The details of the adopted selling prices are as tabulated as follows: -

Type	Adopted Average Selling Price (RM)	Justification
Single storey terraced house 20x70	295,000	Based on comparisons with transacted and/or current selling prices of comparable developments for terraced houses and shopoffices.
Single storey terraced house 20x65 (Mampu Milik) type A	245,000	
Single storey terraced house 20x65 (Mampu Milik) type B	270,000	
Single storey terraced house 18x60 (Medium Cost)	140,000	
2 storey shopoffice 20x70	480,000	

Development Period

Based on discussions with the Farlim Perak and other developers, as well as an assessment of the size and nature of the proposed development, we estimate that the Subject Property could be completed within a development period of approximately 8 years from the Date of Valuation. This timeframe encompasses not only the construction phase but also the marketing and sales processes for the units, all of which are considered to align with reasonable industry standards.

VALUATION CERTIFICATE (CONT'D)

Gross Development Costs ("GDC")

Details of GDC are as follows: -

No.	Items	Total Cost Adopted	Justifications
i.	Pre-Development Costs	RM4,766,622	These costs include plan fees, community facilities, Jabatan Pengairan Dan Saliran (JPS) contribution, Lembaga Air Perak (LAP) contribution & connection, TNB contribution. This is based on the preliminary cost estimates by the licenced quantity surveyor, Perunding Kos Bersatu Sdn. Bhd. ("Licenced QS"), based on its preliminary feasibility studies dated August 23, 2024 ("Preliminary Feasibility Studies"), provided to us by Farlim Perak, which we consider to be in line with market standard.
ii.	Site Development Costs	RM36,518,000	These costs include earthworks and related works, road & drainage, sewer and water reticulation, sewer treatment plant, elevated water tank, traffic light, TNB substation, provisional sums and external M&E works. This is based on the preliminary cost estimates by the Licenced QS, based on its Preliminary Feasibility Studies provided to us by the Farlim Perak, which we consider to be in line with market standard.
iii.	Building Construction Costs	RM133,464,000	This is the main component of GDC as it involves the construction costing of the building structural works, mechanical and electrical works and finishes works. This is based on preliminary cost estimates by Licenced QS, after benchmarking it with industry average costings as published in the JUBM & Arcadis Construction Cost Handbook Malaysia 2022.
iv.	Professional Fees	RM7,863,688	The professional fees to be incurred are for various professionals engaged in different stages of development. We have adopted a rate of 4.5% of the total pre-development costs, site development costs and building construction costs as fair representation within the industry standard range of rate of 4.0%-7.0%.
v.	Contingencies	RM5,099,460	Based on our enquiries made with other developers, the general market rate for contingencies range between 3.0% to 5.0% of total estimated costs of site development costs and building construction costs. We have adopted a rate of 3.0% of the total site development costs and building construction costs, which we consider to be fair and sufficient to cover the cost of the unexpected items.

VALUATION CERTIFICATE (CONT'D)

No.	Items	Total Cost Adopted	Justifications
vi.	Administration Expenses and Project Management	RM3,494,972	These costs include daily administration expenses, administration staffs and project management expenses. We have adopted a rate of 2.0% of the total pre-development costs, site development costs and building construction costs, which we consider to be in line with market standard.
vii.	Marketing, Legal Fees and Advertisement	RM9,192,100	We have adopted a rate of 3.0% of the GDV as marketing, agency, legal fees and advertisement to be fair and within the acceptable range of rate for the intended development.
viii.	Financing cost	RM19,071,980	Based on our enquiries with financial institutions, the financing cost is charged based on Base Lending Rate (BLR) of 6.50% per annum plus security margin of 2.0% to 3.0% per annum. We have adopted rate of 8.5% per annum for half of the development period (i.e 4 years) on 33% of total site development costs and building construction costs, which we consider to be in line with market standard.
ix.	Developer's profit & risk	RM38,300,415	Typically, a rate of return of about 10% to 20% of GDV is required for a developer to commit to a project development. In view of the medium cost and affordable housing content of the project, we have thus adopted 12.5% of the estimated GDV, which is in line with industry standard.
x.	Discount Rate	8.5%	The residue value is deferred at a discounted rate of 8.5% per annum in tandem with the finance rate over the development period of 8 years.

Based on the above, the Market Value of subject property derived by the Residual Method, is RM25,320,000.

RECONCILIATION OF VALUE

The Market Value summary from both methods of valuation and its reconciliation are as follows:

Comparison Approach
(based on terraced plots) RM25,650,000

Income Approach
(by Residual Method) RM25,320,000

Adopt: RM25,650,000

VALUATION CERTIFICATE (CONT'D)

From the above, we note that the Market Value from the Comparison Approach is higher than the value derived from the Income Approach by RM330,000, or approximately 1.3%.

Although the Subject Property has received the extension of the approved layout plan and the approved building plans (for part of the entire development project for a total of 171 units of single storey terraced house out of the total 1,201 terraced plots) after the Date of Valuation, given the prevailing property market conditions and sentiments, and coupled with the considerable size/scale of the project, we are of the opinion that Subject Property development may not materialise in the immediate future in view of the residential property market overhung situation in Perak State, which remains challenging.

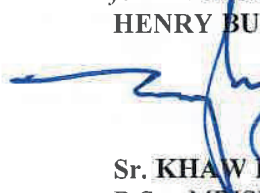

Given the significant timeframe that may elapse before the commencement and completion of the development project, and basis made in the Residual Method, the accuracy of current estimates and parameters used in the Residual Method of Valuation becomes increasingly uncertain. The proposed disposal of the Subject Property could result in changes to the currently approved development plan, or even a complete revision of the development proposal by the Purchaser.

In light of these factors, we consider the Income Approach using the Residual Method of Valuation to be less reliable for this purpose. Therefore, we would adopt the **Comparison Approach (based on terraced plots)** of Valuation as a more dependable method for this particular valuation.

It is our opinion that the Market Value of the unencumbered leasehold interest in the Subject Property in its existing physical condition is **RM25,650,000 (Ringgit Malaysia: Twenty Five Million Six Hundred and Fifty Thousand Only)**.

Yours faithfully,
for and on behalf of

HENRY BUTCHER MALAYSIA (PERAK) SDN. BHD.

Sr. KHAW ENG LENG
B.Sc., MRISM, MRICS,
Registered Valuer (V-669)



KEL/GR

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

The Board has seen and approved the contents of this Circular, and they collectively and individually, accept full responsibility for the accuracy of the information given in this Circular. The Board confirms that after making all reasonable enquires and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular false or misleading.

2. CONSENT AND DECLARATION OF CONFLICT OF INTEREST**(i) Adviser**

Affin Hwang IB, being the Principal Adviser for the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto, in the form and context in which they appear in this Circular.

Affin Hwang IB hereby declares that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Principal Adviser for the Proposed Disposal.

(ii) Valuer

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

Henry Butcher hereby declares that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the independent registered valuer for the Gopeng Land.

3. MATERIAL LITIGATION

As at the LPD, there are no material litigations, claims or arbitrations involving the Gopeng Land and the Board is not aware of any proceedings pending or threatened against the Gopeng Land.

4. MATERIAL COMMITMENTS

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

5. CONTINGENT LIABILITIES

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

FURTHER INFORMATION (CONT'D)

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM of the Company, at the Registered Office of the Company at No. 2-8, Bangunan Farlim, Jalan PJS 10/32, Taman Sri Subang, 46150 Petaling Jaya, Selangor Darul Ehsan:

- (i) the Constitution of Farlim;
- (ii) the audited consolidated financial statements of Farlim for the past two (2) FYE 31 December 2022 and FYE 31 December 2023 as well as latest unaudited financial statements of the Company for the nine (9)-month financial period ended 30 September 2024;
- (iii) the SPA;
- (iv) the Valuation Report and Valuation Certificate referred to in Appendix II of this Circular; and
- (v) the letters of consent as referred to in Section 2 above.

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FARLIM GROUP (MALAYSIA) BHD

Registration No: 198201002529 (82275-A)

發林集團(馬)有限公司

(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Extraordinary General Meeting (“**EGM**” or “**Meeting**”) of Farlim Group (Malaysia) Bhd (“**Farlim**” or “**Company**”) will be held at Melati 1, 2 & 3, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 15 January 2025 at 10.00 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing the following ordinary resolution, with or without any modifications:

ORDINARY RESOLUTION

PROPOSED DISPOSAL BY FARLIM (PERAK) SDN BHD (“FARLIM PERAK”), A WHOLLY-OWNED SUBSIDIARY OF FARLIM, OF A LEASEHOLD HOUSING SCHEME WITH INDIVIDUAL TITLE ISSUED CONSISTING OF 1,201 PIECES OF INDIVIDUAL LEASEHOLD TITLES, 3 PIECES OF TENAGA NASIONAL BERHAD SUBSTATION LEASEHOLD TITLES AND 1 PIECE OF SISTEM SUIS UTAMA TAPAK PENCAWANG ELEKTRIK LEASEHOLD TITLE, HELD UNDER TITLE NO. HSD 16599 TO 17802 & 183566, LOT NO. PT 21779 TO PT 22982 & PT 24754, MUKIM OF TEJA, DISTRICT OF KAMPAR, STATE OF PERAK TOGETHER WITH RESERVED LAND FOR INFRASTRUCTURE, UTILITIES, AMENITIES AND SERVICES (COLLECTIVELY REFERRED TO AS THE “GOPENG LAND”), MEASURING TOTAL GROSS LAND AREA OF APPROXIMATELY 39.174 HECTARES (96.800 ACRES), FOR A TOTAL CASH CONSIDERATION OF RM33,000,000 (“DISPOSAL CONSIDERATION”) (“PROPOSED DISPOSAL”)

“**THAT** subject to the approval and consent being obtained from all relevant authorities and/or parties (where applicable), approval be and is hereby given to Farlim Perak to dispose the Gopeng Land to Gabong Holding Sdn Berhad for the Disposal Consideration, based on the terms and conditions of the conditional sale and purchase agreement dated 25 September 2024 in relation to the Proposed Disposal.

THAT the proceeds arising from the Proposed Disposal be utilised for the purposes set out in Section 4 of the circular to shareholders in relation to the Proposed Disposal dated 18 December 2024 and the Board of Directors of the Company (“**Board**”) be authorised with full power to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may at its absolute discretion deem fit, necessary and/or expedient in the best interest of the Company.

AND THAT the Board be and is hereby authorised to sign and execute all documents, do all acts, deeds and things as may be required to give effect to and to complete the aforesaid Proposed Disposal, with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or imposed by the relevant authorities or deemed necessary by the Board to implement, finalise and give full effect to the Proposed Disposal.”

By Order of the Board

LIM LI HEONG (MAICSA 7054716) (SSM PC NO. 202008001981)
WONG MEE KIAT (MAICSA 7058813) (SSM PC NO. 202008001958)
Company Secretaries

Kuala Lumpur
18 December 2024

Notes:

A member of the Company shall be entitled to appoint any person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote at the Meeting. A proxy need not be a member of the Company. There is no restriction as to the qualification of the proxy.

A member of the Company may appoint one (1) proxy or more proxies in relation to the Meeting and where a member appoints more than one (1) proxy as aforesaid, such appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.

Where a member of the Company is an exempt authorised nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds.

If the member is a corporation, the form of proxy must be executed either under its common seal or under the hand of an officer or attorney duly authorised in writing.

The form of proxy or instrument appointing a proxy duly completed and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's Registered Office situated at No. 2-8, Bangunan Farlim, Jalan PJS 10/32, Taman Sri Subang, 46150 Petaling Jaya, Selangor Darul Ehsan or at the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan. Alternatively, the form of proxy may also be lodged electronically via <https://investor.boardroomlimited.com> not less than forty-eight (48) hours, i.e. latest by Monday, 13 January 2025 at 10.00 a.m., before the time appointed for holding the Meeting, or any adjournment thereof.

For the purposes of determining whether a depositor shall be regarded as a member entitled to attend, speak and vote at the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue pursuant to Paragraph 7.16(2) of Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") a Record of Depositors as at 8 January 2025 and a depositor shall not be regarded as a member entitled to attend the Meeting and to speak and vote thereat unless his/her name appears in the said Record of Depositors.

Details and instructions in addition to the above on participation at the Meeting are set out in the Administrative Guide.

**FARLIM GROUP (MALAYSIA) BHD.**

Registration No. 198201002529 (82275-A)
(Incorporated in Malaysia)

Number of Shares Held**CDS Account No.****FORM OF PROXY**

I/We, _____ (NRIC/Passport/Co. No.: _____)
(Block Letters)

of _____

(Full Address)

_____ being a member/members of FARLIM GROUP (MALAYSIA) BHD
hereby appoint* _____ (NRIC/Passport No.: _____)

and/or failing him, _____ (NRIC/Passport No.: _____)
of _____

or failing him/her, the Chairman of the meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Extraordinary General Meeting ("**EGM**" or "**Meeting**") of the Company to be held at Melati 1, 2 & 3, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 15 January 2025 at 10.00 a.m. or adjournment of, in the manner indicated below:

ORDINARY RESOLUTION	FOR	AGAINST
PROPOSED DISPOSAL		

Please indicate with an "**X**" in the appropriate box against the resolution how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote at his/her discretion.

*For appointment of two (2) proxies, percentage of shareholdings represented by each proxy is to be indicated below:

Name of Proxy	No. of Shares	%
Proxy 1 -		
Proxy 2 -		
Total		100%

Date

Signature

Notes:

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Details and instructions in addition to the above on participation at the Meeting are set out in the Administrative Guide.

Fold this flap for sealing

Then fold here

**AFFIX
STAMP**

The Company Secretary
Farlim Group (Malaysia) Bhd (Registration No.198201002529 (82275-A))
No. 2-8, Bangunan Farlim
Jalan PJS 10/32, Taman Sri Subang
46150 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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