

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about 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 ("**Bursa Securities**") takes no responsibility for the contents of this Circular, makes no representation as to its 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.

You should rely on your own evaluation to assess the merits and risks of the Proposed Shares Issuance (as defined herein).



AXTERIA GROUP BERHAD

(Registration No.: 199901021765 (496665-W))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED SHARES ISSUANCE OF UP TO 213,660,000 NEW ORDINARY SHARES IN AXTERIA ("AXTERIA SHARES" OR "SHARES") ("SUBSCRIPTION SHARES"), REPRESENTING APPROXIMATELY 30.0% OF THE ENLARGED TOTAL NUMBER OF ISSUED SHARES OF AXTERIA (EXCLUDING TREASURY SHARES) ("PROPOSED SHARES ISSUANCE")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

MALACCA SECURITIES SDN BHD

Registration No: 197301002760 (16121-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting ("**EGM**") of Axteria Group Berhad ("**Axteria**" or the "**Company**") will be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Voting ("**RPV**") facilities which are provided by Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") via TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC: D1A282781) on Monday, 30 January 2023 at 10.00 a.m., or any adjournment thereof. The Notice of EGM together with the Form of Proxy, are enclosed herewith.

If you are not able to participate and vote at the EGM, you may complete the Form of Proxy and deposit it at the office of the Share Registrar, Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively to submit the Form of Proxy electronically via TIIH Online website at <https://tiih.online> not later than 24 hours before the time of holding the EGM. Please refer to the procedure as set out in the Administrative Guide for the EGM for the electronic lodgment of the Form of Proxy. The lodging of the Form of Proxy shall not preclude you from attending, participating and voting in person at the EGM should you subsequently wish to do so, but if you do, your proxy or proxies shall be precluded from attending the EGM.

Last date and time for lodging the Form of Proxy : Sunday, 29 January 2023 at 10.00 a.m.
Date and time of the EGM : Monday, 30 January 2023 at 10.00 a.m., or any adjournment thereof

This Circular is dated 13 January 2023

DEFINITIONS

For the purpose of this Circular, except where the context otherwise requires, the following definitions shall apply throughout this Circular:

| | |
|---------------------------------|---|
| Act | : Companies Act, 2016 of Malaysia, as amended from time to time including any re-enactment thereof |
| ADSB | : Axteria Development Sdn Bhd |
| Announcement | : The announcement dated 13 December 2022 in relation to the Proposed Shares Issuance |
| Axteria Assets | : Axteria Assets Sdn Bhd |
| Axteria Cemerlang | : Axteria Cemerlang Sdn Bhd |
| Axteria Eco | : Axteria Eco Sdn Bhd |
| Axteria or the Company | : Axteria Group Berhad |
| Axteria Group or Group | : Axteria and its subsidiaries, collectively |
| Axteria Shares or Shares | : Ordinary shares in Axteria |
| Board | : The Board of Directors of Axteria |
| Bursa Depository | : Bursa Malaysia Depository Sdn Bhd |
| Bursa Securities | : Bursa Malaysia Securities Berhad |
| CCC | : Certificate of Completion and Compliance |
| Circular | : This circular dated 13 January 2023 in relation to the Proposed Shares Issuance |
| COVID-19 | : Coronavirus disease |
| Director | : A natural person who holds a directorship in a company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act, 2007 |
| EGM | : Extraordinary general meeting |
| EPS | : Earnings per Share |
| FPE | : Financial period ended |
| FYE | : Financial year ended |
| GDC | : Gross development cost |
| GDV | : Gross development value |
| HEDSB | : Harum Eco Dormitory Sdn Bhd |
| Interested Director | : Mr. Yee, a Subscriber, Executive Director and major shareholder of Axteria |

DEFINITIONS (CONT'D)

| | | |
|--|---|--|
| Interested Persons | : | Mr. Yee, Mr. Woo, Mr. Tee and Ms. Tan |
| JDSB | : | Jaya Dormitory Sdn Bhd |
| JMSB | : | Jaya Mapan Sdn Bhd |
| LAT | : | Loss after tax |
| LBT | : | Loss before tax |
| LPD | : | 28 December 2022, being the latest practicable date prior to the printing of this Circular |
| LPS | : | Loss per Share |
| Listing Requirements | : | Main Market Listing Requirements of Bursa Securities |
| Malacca Securities or Principal Adviser | : | Malacca Securities Sdn. Bhd. |
| MBJB | : | Majlis Bandaraya Johor Bahru |
| Ms. Tan | : | Ms. Tan Sock Eng |
| Mr. Tee | : | Mr. Tee (Tay) Eng Joo |
| Mr. Woo | : | Mr. Woo Wai Onn @ Foo Wai Onn |
| Mr. Yee | : | Mr. Yee Wei Meng |
| NA | : | Net assets |
| PAC(s) | : | Person(s) acting in concert |
| Placement 2021 | : | Private placement of 44,274,200 Axteria Shares which was completed on 7 January 2021 and raised total proceeds of RM8.5 million |
| Placement 2022 | : | Private placement of 43,051,003 Axteria Shares which was completed on 12 April 2022 and raised total proceeds of RM8.5 million |
| Plentong Project | : | A mixed development project on a freehold land held under Geran 504836 Lot 28073 in the Mukim of Plentong, District of Johor Bahru, State of Johor measuring approximately 7,909 square meters, via a joint venture with SASB |
| Plot 1 Tebrau Project | : | A mixed development project on a portion of Tebrau Development Land via a joint venture with Alpha Astral Properties Sdn Bhd |
| Pre-emptive Rights | : | The right of the existing shareholders to be offered with new shares in the Company in proportion to their shareholding in the Company pursuant to Section 85 of the Act and Clause 61 of the Company's constitution in connection with the allotment and issuance of the Subscription Shares pursuant to the Proposed Shares Issuance, as more particularly set out in Section 8 of this Circular |
| Proposed Allotment to Ms. Tan | : | Proposed allotment of 6,000,000 Subscription Shares to Ms. Tan |

DEFINITIONS (CONT'D)

| | | |
|--------------------------------------|---|---|
| Proposed Allotment to Mr. Tee | : | Proposed allotment of 7,666,000 Subscription Shares to Mr. Tee |
| Proposed Allotment to Mr. Woo | : | Proposed allotment of 121,500,000 Subscription Shares to Mr. Woo |
| Proposed Allotment to Mr. Yee | : | Proposed allotment of 23,000,000 Subscription Shares to Mr. Yee |
| Proposed Shares Issuance | : | Proposed shares issuance of up to 213,660,000 Subscription Shares, representing approximately 30.0% of Axteria's enlarged total number of issued Shares (excluding treasury shares) |
| RCPS | : | Redeemable convertible preference shares |
| RCPS Minimum Conversion Price | : | RM0.22, being the minimum conversion price of each RCPS as per the terms of the subscription agreement governing the RCPS |
| Record of Depositors | : | A record of depositors established by Bursa Depository under the Rules of Bursa Depository, as amended from time to time |
| RM and sen | : | Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia |
| RPV | : | Remote Participation and Voting |
| Rules | : | Rules on Take-Overs, Mergers and Compulsory Acquisition issued by the Securities Commission Malaysia |
| SASB | : | Sumber Alpha Sdn Bhd |
| SOHO | : | Small office home office |
| Subscribers | : | The subscribers of the Subscription Shares as detailed in Section 2.2 of this Circular |
| Subscription Agreements | : | The subscription agreements dated 13 December 2022 entered into between each of the Subscribers and Axteria, to subscribe for the Subscription Shares in relation to the Proposed Shares Issuance, including any amendments, modifications or supplementals thereto |
| Subscription Price | : | RM0.1250 per Subscription Share |
| Subscription Shares | : | Up to 213,660,000 Axteria Shares to be issued pursuant to Proposed Shares Issuance |
| Tebrau Development Land | : | A freehold land held under HSD 520150 PTD 171203 in the Mukim of Tebrau, District of Johor Bahru, State of Johor measuring approximately 83,037 square meters |
| VWAP | : | Volume weighted average market price |

DEFINITIONS (CONT'D)

In this Circular, any reference to “we”, “us”, “our” and “ourselves” are to the Company, and where the context otherwise requires, our subsidiaries. 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.

TABLE OF CONTENTS

LETTER FROM THE BOARD TO THE SHAREHOLDERS OF AXTERIA IN RELATION TO THE PROPOSED SHARES ISSUANCE

| | PAGE |
|--|---------------------|
| EXECUTIVE SUMMARY | vi |
| 1. INTRODUCTION..... | 1 |
| 2. PROPOSED SHARES ISSUANCE..... | 2 |
| 3. UTILISATION OF PROCEEDS | 10 |
| 4. RATIONALE AND JUSTIFICATION FOR THE PROPOSED SHARES ISSUANCE..... | 19 |
| 5. INDUSTRY OVERVIEW AND PROSPECTS..... | 22 |
| 6. EFFECTS OF THE PROPOSED SHARES ISSUANCE..... | 27 |
| 7. HISTORICAL SHARE PRICES | 29 |
| 8. APPROVALS REQUIRED AND INTER-CONDITIONALITY | 30 |
| 9. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED | 31 |
| 10. DIRECTORS' STATEMENT AND RECOMMENDATION..... | 32 |
| 11. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION..... | 32 |
| 12. ESTIMATED TIMEFRAME FOR COMPLETION | 32 |
| 13. EGM | 32 |
| 14. FURTHER INFORMATION | 33 |
| <u>APPENDICES</u> | |
| APPENDIX I SALIENT TERMS OF THE SUBSCRIPTION AGREEMENTS | 34 |
| APPENDIX II SALIENT FEATURES OF THE RCPS | 37 |
| APPENDIX III HISTORICAL FINANCIAL INFORMATION OF AXTERIA | 38 |
| APPENDIX IV FURTHER INFORMATION | 40 |
| NOTICE OF EGM | ENCLOSED |
| FORM OF PROXY | ENCLOSED |

EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSED SHARES ISSUANCE. YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS TOGETHER WITH THE APPENDIX OF THIS CIRCULAR WITHOUT RELYING SOLELY ON THIS EXECUTIVE SUMMARY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED SHARES ISSUANCE TO BE TABLED AT THE COMPANY'S FORTHCOMING EGM.

| Key information | Description |
|--|--|
| Details of the Proposed Shares Issuance (Section 2 of this Circular) | <p>The Proposed Shares Issuance entails the issuance of up to 213,660,000 Subscription Shares.</p> <p>As at LPD, Axteria has an issued share capital of 498,672,875 Shares, of which 111,840 Shares are held as treasury shares.</p> <p>Upon completion of the Proposed Shares Issuance, the Subscription Shares represent approximately 30.0% of the enlarged total number of issued Shares of Axteria of 712,221,035 Axteria Shares (excluding 111,840 treasury shares).</p> |
| Utilisation of proceeds (Section 3 of this Circular) | Based on the Subscription Price of RM0.1250 per Subscription Share, the Proposed Shares Issuance is expected to raise proceeds of RM26.7 million which the Group proposes to utilise as follows:- |

| Purposes | Estimated timeframe for utilisation from receipt of proceeds | Amount |
|---|---|---------------|
| | | <i>RM'000</i> |
| Financing of property development and construction projects | Within 24 months | 20,408 |
| Working capital | Within 24 months | 6,000 |
| Defraying estimated expenses for the Proposed Shares Issuance | Within 2 months | 300 |
| Total estimated proceeds | | 26,708 |

| | |
|--|---|
| Rationale (Section 4 of this Circular) | <p>The Group believes that the Proposed Shares Issuance:-</p> <p>(i) allows the Group to raise proceeds for the purposes as set out in Section 3 in this Circular, specifically for The Asteria Melaka; and</p> <p>(ii) is the most appropriate avenue for raising funds at this juncture as it allows Axteria to raise funds without having to increase bank borrowings which will incur interest costs, thereby minimising future cash outflow from the interest servicing.</p> |
|--|---|

EXECUTIVE SUMMARY (CONT'D)

| Key information | Description |
|--|--|
| Approvals required and inter-conditionally (Section 8 of this Circular) | <p>The Proposed Shares Issuance is subject to the approvals being obtained from the following:-</p> <ul style="list-style-type: none">(i) Bursa Securities for the listing and quotation of up to 213,660,000 Subscription Shares pursuant to the Proposed Shares Issuance;(ii) the shareholders of Axteria at an EGM to be convened; and(iii) any other relevant authorities/parties, if required. <p>In accordance with Section 85 of the Act and Clause 61 of the Company's Constitution, shareholders of the Company have Pre-emptive Rights to be offered the Subscription Shares to be issued pursuant to the Proposed Shares Issuance. In the event the resolution for the Proposed Shares Issuance is approved by shareholders of the Company at the forthcoming EGM, shareholders will be taken to have agreed to irrevocably waive their Pre-emptive Rights under Section 85 of the Act and Clause 61 of the Company's Constitution in respect of the new Subscription Shares to be allotted and issued by the Company pursuant to the Proposed Shares Issuance.</p> <p>The Proposed Allotment to Mr. Yee, Proposed Allotment to Mr. Woo, Proposed Allotment to Mr. Tee and Proposed Allotment to Ms. Tan are subject to the approval being obtained from the shareholders of Axteria at the EGM.</p> <p>The Proposed Allotment to Mr. Yee, Proposed Allotment to Mr. Woo, Proposed Allotment to Mr. Tee and Proposed Allotment to Ms. Tan are conditional upon the Proposed Shares Issuance but not vice versa. The Proposed Allotment to Mr. Yee, Proposed Allotment to Mr. Woo, Proposed Allotment to Mr. Tee and Proposed Allotment to Ms. Tan are not conditional upon each other.</p> <p>The Proposed Shares Issuance is not conditional upon any other proposals undertaken or to be undertaken by the Company.</p> |
| Interests of directors, major shareholders, chief executive and/or persons connected to them (Section 9 of this Circular) | <p>Mr. Yee, Mr. Woo, Mr. Tee and Ms. Tan are deemed interested in relation to the Proposed Shares Issuance and their respective allotments under the Proposed Shares Issuance.</p> <p>Save as disclosed above, none of the Directors, major shareholders, chief executive officer of Axteria and/or persons connected with them have any interest, direct or indirect in the Proposed Shares Issuance.</p> |
| Directors' statements and recommendation (Section 10 of this Circular) | <p>The Board (save for Mr. Yee), having considered all aspects of the Proposed Shares Issuance, Proposed Allotment to Mr. Yee, Proposed Allotment to Mr. Woo, Proposed Allotment to Mr. Tee, and Proposed Allotment to Ms. Tan, including but not limited to the rationale and effects of the Proposed Shares Issuance, is of the opinion that the Proposed Shares Issuance, Proposed Allotment to Mr. Yee, Proposed Allotment to Mr. Woo, Proposed Allotment to Mr. Tee, and Proposed Allotment to Ms. Tan are in the best interest of the Company.</p> <p>The Board (save for the Mr. Yee), recommends that the shareholders of Axteria vote in favour of the resolutions for the Proposed Shares Issuance, Proposed Allotment to Mr. Yee, Proposed Allotment to Mr. Woo, Proposed Allotment to Mr. Tee, and Proposed Allotment to Ms. Tan at the forthcoming EGM.</p> |



AXTERIA GROUP BERHAD
(Registration No.: 199901021765 (496665-W))
(Incorporated in Malaysia)

Registered Office:
2 (1st Floor), Jalan Marin,
Taman Marin,
Jalan Haji Abdullah,
Sungai Abong,
84000 Muar, Johor.

13 January 2023

Board of Directors:

Mok Juan Chek (*Independent Non-Executive Chairman*)
Yee Wei Meng (*Executive Director*)
Ng Lee Thin (*Independent Non-Executive Director*)
Oon Min Hoon (*Independent Non-Executive Director*)
Dato Abdullah Bin Abdul Mannan (*Non-Independent Non-Executive Deputy Chairman*)
Tan Joo Khong (*Non-Independent Non-Executive Director*)

To: The Shareholders of Axteria Group Berhad

Dear Sir/Madam,

PROPOSED SHARES ISSUANCE

1. INTRODUCTION

On 13 December 2022, Malacca Securities had, on behalf of the Board, announced that the Company proposes to undertake a shares issuance of up to 213,660,000 Subscription Shares, representing approximately 30.0% of Axteria's enlarged total number of issued Shares (excluding treasury shares), upon completion of the Proposed Shares Issuance.

On 29 December 2022, Malacca Securities had, on behalf of the Board, announced that Bursa Securities, had vide its letter dated 28 December 2022, approved the listing and quotation of up to 213,660,000 Subscription Shares pursuant to the Proposed Shares Issuance on the Main Market of Bursa Securities, subject to the conditions as set out in Section 8 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED SHARES ISSUANCE AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSED SHARES ISSUANCE TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

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

2. PROPOSED SHARES ISSUANCE

2.1. Size of the Proposed Shares Issuance

The Proposed Shares Issuance will entail the issuance of up to 213,660,000 Subscription Shares. As at LPD, Axteria has an issued share capital of 498,672,875 Shares, of which 111,840 Shares are held as treasury shares.

Upon completion of the Proposed Shares Issuance, the Subscription Shares represent approximately 30.0% of the enlarged total number of issued Shares of Axteria being 712,221,035 Axteria Shares (excluding 111,840 treasury shares).

2.2. Shares issuance arrangement

On 13 December 2022, Axteria had entered into the Subscription Agreements with each of the following Subscribers whereby the Subscribers have agreed to subscribe for the Subscription Shares at the Subscription Price of RM0.1250 per Subscription Share:-

| Subscribers | Number of Subscription Shares | Percentage of total Subscription Shares (%) | Percentage of Axteria's enlarged total number of issued Shares (%) ⁽ⁱ⁾ |
|---------------------------|--------------------------------------|--|--|
| Mr. Yee | 23,000,000 | 10.7 | 3.2 |
| Mr. Woo | 121,500,000 | 56.9 | 17.1 |
| Mr. Tee | 7,666,000 | 3.6 | 1.1 |
| Ms. Tan | 6,000,000 | 2.8 | 0.9 |
| Mr. Samuel Tan Hock Khoon | 25,000,000 | 11.7 | 3.5 |
| Mr. Simon Chua | 21,494,000 | 10.1 | 3.0 |
| Mr. Pang Keng Soon | 3,000,000 | 1.4 | 0.4 |
| Mr. Chhin Kong Siong | 3,000,000 | 1.4 | 0.4 |
| Ms. Koo Yu Ling | 3,000,000 | 1.4 | 0.4 |
| Total | 213,660,000 | 100.0 | 30.0 |

(collectively, referred to as the "**Subscribers**", and each, a "**Subscriber**")

Note:-

- (i) Based on the enlarged total number of issued Shares of 712,221,035 Axteria Shares (excluding 111,840 treasury shares) upon completion of the Proposed Shares Issuance.

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

Barring any unforeseen circumstances, there may be events that are beyond the control of both Axteria and the Subscribers, such as, amongst others, death or insufficient margins as a result of a sudden decline in share prices of the portfolio of shares held by Subscribers whom are funding their respective Subscription Shares via share margin facilities. However, the Board believes that based on information available at this juncture, the likelihood of the Subscription Shares being unable to be fully placed out due to the aforementioned circumstances should be low. Nonetheless, Axteria had verified that the Subscribers have the necessary financial resources to subscribe for their respective portions of their Subscription Shares.

In the event the Subscription Shares are unable to be fully placed to the respective Subscribers, the Board may place such Subscription Shares to other third-party investor(s) who qualify under the Schedule 6 and 7 of the Capital Markets and Services Act 2007. In such event, the Proposed Shares Issuance may be placed out in one or more tranches and at a subscription price based on the 5-day VWAP of Axteria Shares up to the date prior to the price fixing date at the material time.

For avoidance of doubt, there is no moratorium imposed on the Subscription Shares by Axteria.

2.2.1. Take-over implications

For information, Mr. Yee and Mr. Woo are PACs with each other and Mr. Tee and Ms. Tan are PACs with Mr. Woo, as defined under the Rules.

The direct and indirect shareholdings of Mr. Yee, Mr. Woo, Mr. Tee and Ms. Tan in Axteria as at LPD and assuming the full issuance of Subscription Shares to them and the other Subscribers are as follows:-

| Subscriber | Shareholdings as at | |
|--------------|---------------------|--------------------------------|
| | LPD | After Proposed Shares Issuance |
| Mr. Yee | 8.9% | 9.4% |
| Mr. Woo | 2.3% | 18.7% |
| Mr. Tee | - | 1.1% |
| Ms. Tan | - | 0.8% |
| Total | 11.2% | 30.0% |

The Proposed Allotment to Mr. Yee, Proposed Allotment to Mr. Woo, Proposed Allotment to Mr. Tee and Proposed Allotment to Ms. Tan will not give rise to any consequences of mandatory general offer obligations pursuant to the Rules. Mr. Yee, Mr. Woo, Mr. Tee and Ms. Tan have undertaken to observe and comply at all times with the provisions of the Rules and will seek from the Securities Commission Malaysia the necessary exemptions from undertaking such mandatory take-over offer, if required.

2.3. Details of Subscribers

Mr. Yee

Mr. Yee, a Malaysian, aged 44, was the Group Managing Director of Axteria since 2 April 2021 and was redesignated as Executive Director on 1 December 2022.

Mr. Yee holds a Bachelor of Laws from the University of Leicester, United Kingdom and a Certificate in Legal Practice issued by Legal Profession Qualifying Board, Malaysia. He also holds a Master of Business Administration from Charles Sturt University, Australia.

Prior to 2004, Mr. Yee worked as a legal assistant in various legal firms where he was involved in conveyancing, corporate finance and litigation matters.

Mr. Yee, also serves as the Managing Director on the Board of Fontern International Group of companies and Transgrow Group of companies involving in multiple industries including steel and hardware trading, oil palm and rubber plantations, hospitality, property investment and development.

As at LPD, Mr. Yee being the single largest shareholder of Axteria, is an 8.9% (direct and indirect) major shareholder of Axteria.

As at LPD, Mr. Yee is also a director and shareholder of the following companies which are involved in property development and/or construction activities :-

| Company name/ (Principal activities) | Shareholdings in the company | Key responsibilities | Details of completed projects |
|--|---|--|--|
| Puncak Wawasan Properties Sdn. Bhd. / (Construction and development of building projects for own operation) | 98,000 shares held in the Company | As an advisor providing high-level corporate decision making | For information, these companies have not undertaken any property development or construction related activities. As at LPD, these companies are investment holding companies. |
| Puncak Wawasan Development Sdn. Bhd. / (Construction and development of building projects for own operation) | 98,000 shares held in the Company | As an advisor providing high-level corporate decision making | |

Mr. Woo

Mr. Woo, a Malaysian, aged 63, was appointed as the Group Chief Executive Officer of Axteria on 1 December 2022.

Mr. Woo holds a Diploma in Finance and Accounting from North East London Polytechnic (UK). Mr. Woo started his own a manufacturing business in 1988, supplying high precision metal components to well-known multinational corporations such as Bosch, Philips, Motorola, JVC, etc.

In 2013, Mr. Woo divested his manufacturing business to focus on his new venture in the property sector. As at LPD, he owns several private companies and completed some property development projects.

On 22 November 2022, Mr. Woo through his investee companies i.e. Alpha Astral Properties Sdn Bhd and Sumber Alpha Sdn Bhd, have entered into joint ventures with ADSB, a wholly-owned subsidiary of Axteria. Through this arrangement, Mr. Woo will be able to continue with his interest in the property sector through Axteria.

The aforementioned joint ventures are further detailed in Section 4.2 in this Circular.

Mr. Woo does not hold any directorship or substantial shareholdings in any other listed issuer on Bursa Securities.

As at LPD, Mr. Woo is a 2.3% shareholder of Axteria.

As at LPD, Mr. Woo is a director and/or shareholder of the following companies which are involved in property development and/or construction activities:-

| Company Name/ (Principal activities) | Shareholdings in the company | Key responsibilities | Details of main projects completed |
|--|---|---|--|
| Sumber Terang Sdn. Bhd. / (Property development) | 5,500,000 shares held | As a project manager supervising the progress of the overall project. | 8 units of detached industrial factories on approximately 10 acres of land in Desa Cemerlang, completed in 2015. |

| Company Name/ (Principal activities) | Shareholdings in the company | Key responsibilities | Details of main projects completed |
|--|---|---|--|
| | | | GDV: RM60.0 million, GDC: RM54.0 million |
| Alpha Astral Sdn. Bhd. / (Property development) | 2,500,000 shares held | As a project manager supervising the progress of the overall project. | Greenfield Regency Johor Bahru - 5 blocks of 1,310 units serviced apartments duly completed and handover to purchasers in 2014/2015 GDV: RM450.0 million, GDC: RM380.0 million |
| Alpha Astral Realty Sdn. Bhd. / (Property development) | 4,990,000 shares held | As a project manager supervising the progress of the overall project. | Molek Regency, Taman Molek, Johor Bahru – Medium development consisting of 3 blocks of serviced apartments totaling 1,050 units completed in 2014 GDV: RM580.0 million, GDC: RM470.0 million |
| Alpha Astral Properties Sdn. Bhd. / (Property development) | 699,999 shares held | As a project manager supervising the progress of the overall project. | 5 acres commercial land @ Bandar Dato' Onn, Johor Bahru, currently under joint venture with Axteria Development Sdn. Bhd, completion in 2 nd quarter, 2028. GDV: RM413.2 million GDC: RM353.5 million |
| City Palms Sdn. Bhd. / (Property developer and management services provider) | 1 share held | As a project manager supervising the progress of the overall project. | Bayu Puteri 1, Johor Bahru 266 units apartments, completed in 2004. GDV: RM53.0 million GDC: RM40.0 million |
| Malcast Technology Sdn Bhd / (Property development) | 950,000 shares held | - | For information, as at LPD, the company is an investment holding company, it holds land as its assets. |
| Prinsip Megamaju Sdn. Bhd. / (Housing developer and property development) | 99,999 shares held | - | For information, as at LPD, the company is an investment holding company, it owns shop lots as its assets. |
| Gemilang Megamaju Sdn Bhd / (Property developer) | 499,999 shares held | - | For information, as at LPD, the company is dormant. |

| Company Name/ (Principal activities) | Shareholdings in the company | Key responsibilities | Details of main projects completed |
|---|---|---------------------------------|---|
| Tanah Bumimas Sdn. Bhd. / (Investment holding and property developer) | 450,000 shares held | - | For information, as at LPD, the company is an investment holding company, it owns shop buildings as its assets. |
| Amatulin (M) Sdn Bhd / (Property investment and development) | 161,050 shares held | - | For information, as at LPD, the company is dormant. |
| Clearlight Projects Sdn Bhd / (Property investment and development) | 147,050 shares held | - | For information, as at LPD, the company is dormant. |
| Gemilang Serba Maju Sdn Bhd / (Construction Activities) | 699,999 shares held | - | For information, as at LPD, the company is an investment holding company, it owns a land as its assets. |
| Prinsip Megamas Sdn Bhd / (Construction Activities) | 84,999 shares held | - | For information, as at LPD, the company is an investment holding company, it owns a shop houses as its assets. |
| Prinsip Hartajaya Sdn Bhd / (Construction Activities) | 84,999 shares held | - | For information, as at LPD, the company is an investment holding company, it owns a shop houses as its assets. |
| Gemilang Padujaya Sdn Bhd / (Construction Activities) | 84,999 shares held | - | For information, as at LPD, the company is an investment holding company, it owns a shop houses as its assets. |
| Alpha Astral Construction Sdn Bhd / (Construction Activities) | 1 share held | - | For information, as at LPD, the company is newly incorporated and is dormant. |
| Prinsip Bumijaya Sdn Bhd / (Construction Activities) | 1 share held | - | For information, as at LPD, the company is an investment holding company, it holds land as its assets. |
| Sumber Astral Sdn Bhd / (Construction Activities) | 1 share held | - | For information, as at LPD, the company is newly incorporated and is dormant. |
| Sumber Alpha Sdn Bhd / (Construction Activities) | 424,999 shares held | - | The company is involved in the projects as stated in Section 4.2 (iii). |

Mr. Tee

Mr. Tee, a Malaysian, aged 58, is involved in various businesses related to investment property such as property development and construction, property management and manufacturer for building materials. He also holds directorships in several private companies.

Mr. Tee does not hold any directorship or substantial shareholdings in any other listed issuer on Bursa Securities.

As at LPD, Mr. Tee is a director and/or shareholder of the following companies which are involved in property development and/or construction activities:-

| <u>Company Name/ (Principal activities)</u> | <u>Shareholdings in the company</u> | <u>Key responsibilities</u> | <u>Details of main projects completed</u> |
|--|--|--|---|
| Acmeland Development Sdn. Bhd./ (Property development and property management) | - | - | For information, the company has not undertaken any property development or construction related activities. As at LPD, the company is an investment holding company. |
| Alpha Astral Construction Sdn Bhd / (Construction Activities) | 1 share held | - | For information, as at LPD, the company is newly incorporated and is dormant. |
| Eco Permata Sdn Bhd / (Construction Activities) | 1 share held | - | For information, the company has not undertaken any property development or construction related activities. As at LPD, the company is an investment holding company. |
| Sumber Alpha Sdn Bhd / (Construction Activities) | 50,000 shares held | As an advisor providing high-level corporate decision making | The company is involved in the projects as stated in Section 4.2 (iii). |

Ms. Tan

Ms. Tan, a Malaysian, aged 54, is the spouse of Mr. Tee. Ms. Tan is involved in businesses related to investment property. She holds directorships in several private companies.

Ms. Tan does not hold any directorship or substantial shareholdings in any other listed issuer on Bursa Securities.

Mr. Samuel Tan Hock Khoon

Mr. Samuel Tan Hock Khoon, a Malaysian, aged 55 is a branch manager in Public Bank Berhad located in Johor Bahru.

Mr. Samuel Tan Hock Khoon does not hold any directorship or substantial shareholdings in any other listed issuer on Bursa Securities.

Ms. Koo Yu Ling

Ms. Koo Yu Ling, a Malaysian, aged 50, is the spouse of Mr. Samuel Tan Hock Khoon. She is a freelance property agent. She does not hold directorships in any companies.

Ms. Koo Yu Ling does not hold any directorship or substantial shareholdings in any other listed issuer on Bursa Securities.

Mr. Chua Tick Yaw

Mr. Chua Tick Yaw, a Malaysian, aged 52, is involved in the business of providing security and lock systems. He is also involved in other businesses such as general trading in food and beverage industry and providing mechanical and electrical work. He holds directorships in several private companies.

Mr. Chua Tick Yaw does not hold any directorship or substantial shareholdings in any other listed issuer on Bursa Securities.

Mr. Pang Keng Soon

Mr. Pang Keng Soon, a Malaysian, aged 33, is involved in a furniture business, and is also involved in the business of exporting and importing industrial machinery and equipment. He holds directorships in several private companies.

Mr. Pang Keng Soon does not hold any directorship or substantial shareholdings in any other listed issuer on Bursa Securities.

Mr. Chhin Kong Siong

Mr. Chhin Kong Siong, a Malaysian, aged 44, is involved in various businesses of such as property construction, gold and silver jewelry trading related businesses, and providing cleaning services and labour supply.

Mr. Chhin Kong Siong does not hold any directorship or substantial shareholdings in any other listed issuer on Bursa Securities.

Pursuant to paragraph 1.01 of the Listing Requirements, Mr. Yee and Mr. Woo are persons connected with each other by virtue of them being business partners. Mr. Woo and Mr. Tee are persons connected with each other by virtue of them being business partners. Ms. Tan is deemed as a person connected to Mr. Woo by virtue of her being the spouse of Mr. Tee, whom is a person connected to Mr. Woo. Please refer to Section 9 of this Circular for further information.

A total of 67.6% of the Subscription Shares is to be subscribed by Mr. Yee (10.7%) and Mr. Woo (56.9%). Both Mr. Yee and Mr. Woo having the relevant experience and expertise in property development and construction as mentioned in Section 2.3 of this Circular, are expected to lead and contribute towards the growth of the Company in this respect. The remaining Subscribers have been procured by Axteria to raise the necessary funding as detailed in Section 3 of this Circular. These Subscribers (save for Mr. Yee and Mr. Woo), however, will not be involved in the day-to-day business in Axteria.

In accordance with paragraph 6.06(1) of the Listing Requirements, the Proposed Allotment to Mr. Yee, Proposed Allotment to Mr. Woo, Proposed Allotment to Mr. Tee and Proposed Allotment to Ms. Tan are subject to the approval of the Company's shareholders at an EGM to be convened.

Save for the proposed allotments to Mr. Yee, Mr. Woo, Mr. Tee and Ms. Tan, the remaining Subscription Shares will not be placed to the following persons:-

- (i) a director, major shareholder, chief executive of Axteria or the holding company of Axteria;
- (ii) a person connected with a director, major shareholder, chief executive of Axteria or the holding company of Axteria; or
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The Subscribers (save for Mr. Yee, Mr. Woo, Mr. Tee and Ms. Tan) have also confirmed that they are not persons connected to the directors, major shareholders or chief executive of the Company as at LPD.

Measures to resolve, eliminate and mitigate existing or potential conflict of interest

As highlighted above, Mr. Yee, Mr. Woo and Mr. Tee are currently involved in other property development businesses outside the Group. Hence, a situation conflict of interest may arise. In view of this, Axteria has undertaken and/or will undertake the following measures to mitigate such conflict of interest:-

- (i) Mr. Yee, Mr. Woo and Mr. Tee have individually undertaken that upon subscription of the Subscription Shares, they will not be involved in the day-to-day operations of such companies outside of Axteria Group. In this respect, they will only participate in high level decision makings and/or strategic direction of such companies;
- (ii) any related party transactions with these interested parties (as a director, senior management and/or employee of Axteria) will be required to be disclosed to the relevant committees and/or Board and where relevant, seek the relevant approvals of shareholders of the Company; and
- (iii) each of the interested parties have undertaken to give or procure the respective property development companies in which they hold directorship and/or interest in, to give Axteria Group the first right of refusal for any property development projects/construction contracts which may be undertaken by their private property development/construction companies.

2.4. Basis of determining and justification for the Subscription Price

The Subscription Price of RM0.1250 per Subscription Share was negotiated and determined by the Company after taking into consideration the following:-

- (i) the funding requirements of the Group to fund the purposes set out in Section 3 of this Circular; and
- (ii) the 5-day VWAP of Axteria Shares up to LPD of RM0.1250.

The Subscription Price represents a discount to the following last price and VWAPs of Axteria Shares:-

| | Share price | Premium or discount over closing price/ VWAP | |
|---------------|-------------|--|-------|
| | RM | RM | % |
| Up to LPD:- | | | |
| Closing price | 0.1400 | 0.0150 | 10.7 |
| 5-day VWAP | 0.1406 | 0.0156 | 11.1 |
| 1-month VWAP | 0.1308 | 0.0058 | 4.4 |
| 3-month VWAP | 0.1213 | (0.0037) | (3.1) |
| 6 month VWAP | 0.1838 | 0.0133 | 9.6 |
| 12-month VWAP | 0.1878 | 0.0628 | 33.4 |

(Source: Bloomberg)

The Subscription Price was fixed upfront to procure the Subscribers' commitment to subscribe for the Subscription Shares and to increase the certainty of Axteria to raise the required proceeds as set out in Section 3 of this Circular.

2.5. Ranking of the Subscription Shares

The Subscription Shares shall, upon allotment and issuance, rank equally and carry the same rights in all respects as the existing Axteria Shares, save and except that the Subscription Shares will not be entitled to any dividend, rights, allotment and/or other distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Subscription Shares.

2.6. Listing and quotation of the Subscription Shares

Bursa Securities had, vide its letter dated 28 December 2022, approved for the listing and quotation of up to 213,660,000 Subscription Shares pursuant to the Proposed Shares Issuance on the Main Market of Bursa Securities, subject to the conditions as set out in Section 8 of this Circular.

3. UTILISATION OF PROCEEDS

Assuming the issuance of 213,660,000 Subscription Shares pursuant to the Proposed Shares Issuance, the Company expects to raise proceeds of approximately RM26.7 million which the Group proposes to utilise as follows:-

| Purposes | Notes | Estimated timeframe for utilisation from the receipt of proceeds | Amount <i>RM'000</i> |
|---|-------|--|-------------------------|
| Financing of property development and construction projects | (i) | Within 24 months | 20,408 |
| Working capital | (ii) | Within 24 months | 6,000 |
| Defraying estimated expenses for the Proposed Shares Issuance | (iii) | Within 2 months | 300 |
| Total estimated proceeds | | | 26,708 |

Notes:-

(i) Financing of property development and construction projects

Axteria Group is principally engaged in property development, project management and construction. The Group had planned to fund the development of its on-going projects through amongst others, bank borrowings, internally generated funds and proceeds to be raised through the RCPS programme.

For information, The Asteria Melaka (Block A) is currently funded via the proceeds raised from the RCPS programme, Placement 2021, Placement 2022 and bank borrowings. The Asteria Melaka (Block A) relates to a hotel which is not meant for sale but for investment property purposes. Given The Asteria Melaka (Block C) has not been launched, there is no collection of progress billings as at LPD.

The Company had proposed to utilise funds from the subscription of the RCPS for, amongst others, funding the development of the Group's Project Sentrico and The Asteria Melaka (Block A and Block C).

The RCPS programme may allow the Company to raise gross proceeds of up to RM80.0 million, pursuant to subscription of the RCPS by the RCPS subscriber, of which RM72.0 million had been earmarked for the Group's existing and future property development projects. As at LPD, the Group had issued 490,000,000 RCPS which raised a total of RM49.0 million and a total of 480,000,000 RCPS had been converted into Axteria Shares. As at LPD, there remains a balance of RM31.0 million which may be raised under the RCPS program. Please refer to the Company's circular dated 11 June 2020 in relation to amongst others, the issuance of the RCPS for further information and Appendix II of this Circular for salient features of the RCPS program.

As explained in Section 4 of this Circular, the Group has been unable to raise funds through the RCPS programme over the last year to fund the development works for these projects. To mitigate any delays in the completion of the projects, the Group had undertaken the following private placements to raise the necessary funding:-

- On 7 January 2021, the Company had completed a private placement of 44,274,200 Axteria Shares, representing 16.7% of the 265,757,491 total number of issued Shares of Axteria as at the date of the said completion, and raised total proceeds of approximately RM8.5 million of which, approximately RM8.0 million was allocated for the Group's property development and construction projects; and
- On 12 April 2022, the Company had completed a private placement of 43,051,003 Axteria Shares, representing 9.0% of the 480,491,057 total number of issued Shares of Axteria as at the date of the said completion, and raised total proceeds of approximately RM8.5 million of which approximately RM6.0 million was allocated for the Group's property development and construction projects.

Accordingly, the table below summarises the funding required for the Group's projects, the amount of funding raised up to the LPD and the balance funding required to complete the projects:-

| Project | Date of Commencement/ (Estimated Completion Date) | ⁽ⁱ⁾ Estimated GDC/(GDV) <i>RM'000</i> | Proceeds raised from | | | Funding from bank borrowings <i>RM'000</i> | Internally generated funds <i>RM'000</i> | Balance funding required <i>RM'000</i> |
|--|---|---|---------------------------------|---------------------------------|---------------------------------|---|---|---|
| | | | Placement 2021 <i>RM'000</i> | Placement 2022 <i>RM'000</i> | RCPS programme <i>RM'000</i> | | | |
| Sentrio Project | 2 nd quarter 2021/ 4 th quarter 2023 | 30,100/ (43,700) | 1,000 | - | 5,137 | - | ⁽ⁱⁱⁱ⁾ 5,044 | 18,919 |
| Desa 88 | 1 st quarter 2020/ 4 th quarter 2023 | 93,300/ (127,500) | 3,100 | - | - | 33,500 | ⁽ⁱⁱⁱ⁾ 49,031 | 7,669 |
| The Asteria Melaka (Block A) – formerly known as The Green (Block A) | 2 nd quarter 2020/ 4 th quarter 2023 | 80,200/ ⁽ⁱⁱ⁾ (n/a) | 3,900 | 3,500 | 10,000 | 9,589 | 1,423 | 51,788 |
| The Asteria Melaka (Block C) – formerly known as The Green (Block C) | 4 th quarter 2020/ 1 st quarter 2025 | 96,700/ (119,500) | - | 2,500 | 4,550 | - | 20,633 | 69,017 |
| Plot 1 Tebrau Project | 2 nd quarter 2024/ 2 nd quarter 2028 | 353,500/ (413,200) | - | - | - | - | - | 353,500 |
| Plentong Project | 4 th quarter 2023/ 4 th quarter 2027 | 149,600/ (176,600) | - | - | - | - | - | 149,600 |
| Total | | 803,400/ (880,500) | 8,000 | 6,000 | 19,687 | 43,089 | 76,131 | 650,493 |

Notes:-

(a) The estimated GDC for the projects are based on Axteria's current estimates as at LPD and may change as it is dependent on various factors, such as, cost of materials, labour and financing costs at the material time.

The estimated GDV for the projects are based on Axteria's current estimates as at LPD and may change as it is dependent on various factors, such as market demand/conditions and profit margin of the project at the material time.

(b) Not applicable as The Asteria Melaka (Block A) is a hotel which, upon completion is owned by Axteria and not for subsequent sale.

(c) Includes RM10.2 million proceeds derived from the disposal of lands as mentioned in Section 4.2(i) of this Circular.

For information, the funding required to complete the abovementioned projects does not include The Asteria Melaka (Block B). For information, JMSB was the master developer of The Asteria Melaka (Block A, Block B and Block C). The Group had on 5 November 2018, acquired the development rights of The Asteria Melaka (Block C) from JMSB and had on 6 August 2019 being appointed as the exclusive party to develop The Asteria Melaka (Block A). The Group had decided not to acquire the development rights for The Asteria Melaka (Block B) as the development of the project was already at an advanced stage of construction and had limited opportunity for the Group to participate in the development.

Save for Phase 1 of Project Desa 88 as disclosed in Section 5.4 of this Circular whereby a provision of liquidated ascertained damages had been provided for, the rest of the projects are progressing on-track as planned as at LPD.

Axteria proposes to utilise approximately RM20.4 million of the proceeds for the Group's The Asteria Melaka projects as follows:-

| Project name | Estimated utilisation | Percentage of proceeds |
|--|------------------------------|-------------------------------|
| | <i>RM'000</i> | <i>%</i> |
| The Asteria Melaka (Block A) – formerly known as The Green (Block A) ^(aa) | 12,000 | 58.8 |
| The Asteria Melaka (Block C) – formerly known as The Green (Block C) ^(bb) | 8,408 | 41.2 |
| Total | 20,408 | 100.0 |

Notes:-

(aa) The Asteria Melaka (Block A)

Upon completion of the structural works of the hotel, the Group will commence interior design works on the hotel. As at LPD, the Company has not procured any financing to fund such interior design works and therefore, proposes to utilise RM12.0 million of the total proceeds for such purposes.

Further details of The Asteria Melaka (Block A) are as follows:-

| | | |
|-------------------------------|---|---|
| Details | : | The Asteria Melaka (Block A) – formerly known as The Green (Block A) |
| Type of development | : | Development of a 16-storey block hotel comprising of 245 rooms |
| Current registered land owner | : | JMSB |
| Developer | : | <p>Axteria Assets (formerly known as TE Hotel Sdn Bhd), is a wholly owned subsidiary of Axteria.</p> <p>Axteria Assets and JMSB have entered into a development agreement on 6 August 2019, where, JMSB grants and appoints Axteria Assets as the sole exclusive party to develop The Asteria Melaka (Block A) project.</p> <p>JMSB agrees to provide the development area for The Asteria Melaka (Block A) project and be reimbursed all development costs previously incurred for professional fees, preliminary works carried out and for securing the development order from the relevant authorities, whereas, Axteria Assets shall be principally responsible to bear all future cost and expense for the construction, development and sale of the completed project. Kindly refer to the Company's announcement dated 6 August 2019 for further details.</p> <p>Subsequently, a supplementary agreement to the development agreement dated 6 August 2019 was entered on 25 June 2021 for the full settlement of the entitlement to JMSB. With the execution of the supplementary agreement, Axteria Assets will be absolutely entitled to the beneficial ownership of the properties, buildings and parcels comprised or to be comprised in the project together with all common rights and enjoyment as a beneficial owner of such properties, buildings and parcel for all amenities and facilities within the development.</p> |
| Encumbrances | : | The land is presently charged to United Overseas Bank (Malaysia) Bhd as security for financial facilities granted to JMSB and Axteria Assets. |
| Size and location of the land | : | <p>The master land is held under title number HSD 70516 PT 1816, Kawasan Bandar VI, District of Melaka Tengah, State of Melaka measuring approximately 4.38 acres equivalent to approximately 17,746 square meters, where the hotel shall occupy approximately 0.28 acres equivalent to approximately 1,124 square meters.</p> <p>The Asteria Melaka (Block A) project is located at Kawasan Bandar VI, District of Melaka Tengah, State of Melaka.</p> |

| | | |
|---|---|---|
| | | <p>The project is situated along Jalan Syed Abdul Axis in Kota Syahbandar and within 3.5 km drive to Melaka town. The project, which is identified as Block A, forms part of an on-going mixed development project known as “The Asteria Melaka”.</p> <p>The Asteria Melaka development project comprises the following:</p> <ul style="list-style-type: none"> (i) 2 blocks of service apartments of 39-storey (Block B) and 44-storey (Block C), respectively; (ii) 1 block of 16-storey hotel (Block A); (iii) 18 units of retail lots; and (iv) 10 units of 4-storey shop offices |
| Estimated GDV and GDC | : | <p>GDV: n/a*</p> <p>GDC: RM80.2 million</p> <p>* Not applicable as The Asteria Melaka (Block A) is a hotel which, upon completion is owned by Axteria and not for subsequent sale.</p> |
| Expected conditional commencement and completion period/ date | : | <p>On 5 May 2016, JMSB had obtained development order (Kebenaran Merancang) for The Asteria Melaka development project, which includes Block A from Majlis Bandaraya Melaka Bersejarah.</p> <p>The building plan approval was obtained by JMSB for The Asteria Melaka development project, including Block A from Majlis Bandaraya Melaka Bersejarah on 8 September 2015 and subsequently the amended building plan approval (pelan pindaan) on 23 November 2016.</p> <p>Construction of The Asteria Melaka (Block A) has commenced in June 2020 and is expected to be completed by December 2022. As at LPD, structural works is at approximately 82.8% completion. The Group has commenced the interior design works for the hotel in November 2022 and expects to complete such works in 3rd quarter of year 2023. As at LPD, the overall completion progress of this project is approximately 46.8%.</p> |

(bb) The Asteria Melaka (Block C)

The Group proposes to utilise RM8.4 million of the proceeds to fund the on-going construction of the structural works of the project.

Further details of The Asteria Melaka (Block C) are as follows:-

| | | |
|-------------------------------|---|---|
| Details | : | The Asteria Melaka (Block C) – formerly known as The Green (Block C) |
| Type of development | : | Development of a 44-storey block comprising of 306 service suites |
| Current registered land owner | : | JMSB |
| Developer | : | <p>Axteria Eco, formerly known as Teras Eco Sdn Bhd, is a wholly-owned subsidiary of Axteria.</p> <p>Axteria Eco and JMSB have entered into a development rights agreement on 5 November 2018, where, JMSB sells to Axteria Eco the development rights of The Asteria Melaka (Block C) project.</p> |

| | | |
|---|---|---|
| | | JMSB agrees to sell the development rights of the Asteria Melaka (Block C) project at a total purchase consideration of RM18.0 million, whereas, Axteria Eco shall acquire all legal, equitable rights, economic and commercial rights including revenue and profits arising from the sale of the completed units to third parties. Kindly refer to the Company's announcement dated 5 November 2018 for further details. |
| Encumbrances | : | The land is presently charged to United Overseas Bank (Malaysia) Bhd as security for financial facilities granted to JMSB and Axteria Assets. |
| Size and location of the land | : | <p>The master land is held under title number HSD 70516 PT 1816, Kawasan Bandar VI, District of Melaka Tengah, State of Melaka measuring approximately 4.38 acres equivalent to approximately 17,746 square meters), where Block C shall occupy approximately 0.20 acres (approximately 822 square meters).</p> <p>The Asteria Melaka (Block C) project is located at Kawasan Bandar VI, District of Melaka Tengah, State of Melaka.</p> <p>The project is situated along Jalan Syed Abdul Axis in Kota Syahbandar and within 3.5 km drive to Melaka town. The project, which is identified as Block C, forms part of an on-going mixed development project known as "The Asteria Melaka"</p> |
| Estimated GDV and GDC | : | <p>GDV: RM119.5 million</p> <p>GDC: RM96.7 million</p> |
| Expected conditional commencement and completion period/ date | : | <p>On 5 May 2016, JMSB had obtained development order (Kebenaran Merancang) for The Asteria Melaka development project, which includes Block C from Majlis Bandaraya Melaka Bersejarah.</p> <p>The building plan approval was obtained by JMSB for The Asteria Melaka development project, including Block C from Majlis Bandaraya Melaka Bersejarah on 8 September 2015 and subsequently the amended building plan approval (pelan pindaan) was obtained on 23 November 2016.</p> <p>Construction of The Asteria Melaka (Block C) has commenced in December 2020 and is expected to be completed by January 2025. As at LPD, structural works is at approximately 37.1% completion.</p> |

The total proceeds earmarked for the Group's property development and construction projects shall include costs such as site overheads, partial funding of construction costs such as payment to and for, inter alia, contractors, material cost, building and external works, setting up of showrooms, or galleries etc.

In view of this, the Group is embarking on the Proposed Shares Issuance to raise funds for the construction of The Asteria Melaka as view that the Proposed Shares Issuance will allow Axteria to raise funds without having to increase its bank borrowings which will incur interest costs, thereby minimising future cash outflow from the interest servicing.

In any event, should any of the aforementioned projects fail to materialise or be protracted beyond the expected timeframe, the Group proposes to utilise the proceeds earmarked for these projects towards the Group's other projects at the material point in time.

Any deficit/excess of the proceeds proposed for the financing of property development and construction projects will be adjusted accordingly to/from the proceeds to be utilised for working capital purposes.

(ii) Working capital

The RM6.0 million proceeds earmarked for the general working capital of the Group are intended to be utilised as follows:-

| | | |
|-----|--|--------|
| (a) | Staff costs which include staff salaries, Directors' remuneration and contributions to the Employees Provident Fund Board and the Social Security Organisation, and deductions to be paid to the Inland Revenue Board | 70.0% |
| (b) | General administrative expenses such as rental, utilities, office maintenance, maintenance of property, plant and equipment, printing costs, postages, marketing expenses and compliance expenses such as audit (internal and external), company secretarial and share registrar expenses, legal, listing and payment to corporate advisers. | 30.0% |
| | | 100.0% |

The monthly general working capital required for Axteria to operate the day-to-day business of the Company is approximately RM1.0 million. As at LPD, the cash and cash equivalent of the Group stood at RM2.3 million and is intended to be utilised for the payment to suppliers as well as interest payments. Axteria envisages that its current on-going project will not be sufficient to fund the cash flow requirement in the immediate term. In view of this, Axteria is proposing for a portion of the proceeds raised from the Proposed Shares Issuance to fund staff costs and the general administrative expenses.

(iii) Defraying estimated expenses for the Proposed Shares Issuance

The breakdown of the estimated expenses for the Proposed Shares Issuance is illustrated below:

| Estimated expenses | <i>RM'000</i> |
|---|---------------|
| Professional fees | 160 |
| Fees to relevant authorities | 30 |
| Printing, despatch, meeting expenses and miscellaneous expenses | 110 |
| Total | 300 |

Any deviation in the allocation for each component of the general working capital as set out above will be adjusted to/from other components.

Any deficit/excess of the proceeds proposed for the estimated expenses will be adjusted accordingly to/from proceeds to be utilised for working capital purposes.

In the event the gross proceeds raised is less than RM26.7 million, the proceeds will be utilised in the following priority:-

- (i) estimated expenses for the Proposed Shares Issuance;
- (ii) working capital; and
- (iii) financing of property development and construction projects.

Pending the utilisation of proceeds from the Proposed Shares Issuance, the proceeds should be placed in a profit-bearing bank account, as deposits with licensed financial institution(s) and/or in short-term money market instruments as the Board deems fit. The Company proposes to utilise such interest/profits arising from the deposits/financial instruments for general working capital purposes as stated in note (ii) above over a period of 24 months from the date of receipt of the proceeds.

The Company had initially planned for the total proceeds of RM48.0 million from the RCPS programme to be utilised for the development of the Group's Project Sentrico and The Asteria Melaka (Block A and Block C). Nonetheless, should the Company be able to subsequently raise proceeds through the RCPS programme, the Company proposes to vary all or part of the utilisation of proceeds earmarked for financing of property development and construction projects raised through the Proposed Shares Issuance for the Group's other development and construction projects at the material time. The Company will evaluate the necessary funding requirements for the Group's on-going and/or upcoming projects at the material time before deciding the amount to be earmarked for each project.

The Company will evaluate the necessary funding requirements for its on-going and/or upcoming projects at the material time before deciding the amount to be earmarked for each project. The Company will seek its shareholders' approval if required pursuant to the Listing Requirements.

3.1. Past fundraising exercises undertaken over the last 12 months

On 12 April 2022, the Company had announced the completion of the Placement 2022 following the issuance of Axteria Shares as follows:-

| Issue date | Number of shares | Issue price (RM) | Total (RM) |
|-------------------|-------------------------|-------------------------|-------------------|
| 7 February 2022 | 22,761,600 | 0.2021 | 4,600,119 |
| 8 April 2022 | 20,289,403 | 0.1932 | 3,919,913 |
| Total | 43,051,003 | | 8,520,032 |

The Group has utilised the RM8.5 million proceeds raised via the Placement 2022 as follows:-

| Purpose | Proposed utilisation | Actual utilisation | Balance to be utilised |
|---|-----------------------------|---------------------------|-------------------------------|
| | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> |
| Financing of property development and construction projects | 6,000 | 6,000 | - |
| Working capital | 2,420 | 2,420 | - |
| Estimated expenses for the Placement 2022 | 100 | 100 | - |
| Total proceeds | 8,520 | 8,520 | - |

4. RATIONALE AND JUSTIFICATION FOR THE PROPOSED SHARES ISSUANCE

The Company is undertaking the Proposed Shares Issuance to raise proceeds for its immediate funding requirements, specifically for The Asteria Melaka project. As at LPD, the Company has in place a RCPS programme to potentially raise a balance of RM31.0 million. As per the terms of the subscription agreement governing the RCPS, the RCPS Minimum Conversion Price is RM0.22. As Axteria's share price is trading significantly below the RCPS Minimum Conversion Price as at LPD, it is not meaningful for the RCPS subscriber to, upon subscription of new RCPS, convert the RCPS into new Axteria Shares at the RCPS Minimum Conversion Price of RM0.22. There is also no assurance that Axteria's share price will trade at/or above the RCPS Minimum Conversion Price. As such, the Company is exploring the Proposed Shares Issuance to facilitate the funding of the aforementioned projects.

The Board remains cautious on the extent of projects being undertaken and the avenues of funding used for these projects. After due consideration of the various fund-raising methods, the Board is of the view that the Proposed Shares Issuance is the most appropriate avenue for raising funds at this juncture. The Proposed Shares Issuance will allow Axteria to raise funds without having to increase its bank borrowings which will incur interest costs, thereby minimising future cash outflow from the interest servicing. The Board is also of the view that the Proposed Shares Issuance will enable the Group to raise funds more expeditiously as compared to other forms of fundraising exercises such as a rights issue, which will typically entail a longer implementation process and is relatively more expensive to implement.

The Board believes that expediency of funds raised from the Proposed Shares Issuance will allow the Group to make the most out of the recovering property market and higher demand for properties to launch its projects in a timely manner. The Proposed Shares Issuance will also enable the Group to raise proceeds for the Group's day to day working capital needs.

4.1. Value creation and impact of the Proposed Shares Issuance to the Group and Axteria shareholders

Upon issuance of the Subscription Shares, the shareholdings percentage of Axteria's existing shareholders and the earnings per Share will be immediately diluted as a result of the increase in the number of issued Shares arising from the Proposed Shares Issuance.

Nonetheless, the proceeds from the Proposed Shares Issuance will enable the Group to continue the development and construction of its ongoing projects as mentioned in Section 3.

4.2. Steps or actions which have been taken/will be taken to improve the financial condition of the Group

The COVID-19 pandemic in 2020 had resulted in decreased activity in the property development and constructions industry which in return had adversely affected Axteria Group's ability to undertake its property development and construction projects. The Group had undertaken the following actions to improve the financial condition of the Group:-

(i) Disposals of lands

The Group had on 11 February 2020 announced that its wholly-owned subsidiary Axteria Cemerlang (previously known as JM Cemerlang Sdn Bhd) had entered into a sale and purchase agreement with Melatone Coating Sdn Bhd for the disposal of 2 contiguous parcels of land, each measuring approximately 1.01 acres, in the Mukim of Plentong, District of Johor Bahru, State of Johor for a cash consideration of approximately RM6.6 million. As at LPD, the disposal is pending state approval. For information, the expected timeline to obtain the state approval is beyond the Group's control, the Group is hopeful to obtain the state approval in the 4th quarter of year 2023.

On 5 March 2021, the Group announced that Axteria Eco (previously known as Teras Eco Sdn Bhd), a wholly owned subsidiary of the Company, had entered into a sale and purchase agreement with Pegasus Advance Engineering Sdn Bhd for the disposal of a parcel of land measuring approximately 3.24 acres, known as H.S.(D) 52526 PTB 18056 in the Mukim of Tanjung Surat, District of Kota Tinggi, State of Johor for a cash consideration of RM6.4 million. The disposal was completed on 11 August 2021.

The proceeds from the aforementioned disposals has been utilised for the following;-

| Utilisation of Proceeds | RM'million |
|---|-------------------|
| Repayment of Axteria Cemerlang's existing borrowings to a financial institution | 2.8 |
| Project Desa 88 Phase 2 | 6.3 |
| Project Sentrío | 3.9 |
| Total | 13.0 |

(ii) Acquisitions of additional equity interest in associate and 16 retail units

Acquisition of 1,500,000 ordinary shares constituting 15.0% equity interest in HEDSB

The Group had on 15 November 2021, announced that the Company had entered into a share sale agreement with JDSB to acquire from JDSB 1,500,000 ordinary shares constituting 15.0% of the total issued share capital of HEDSB, an associate of the Group which is principally involved in the dormitory letting business, for a cash consideration of approximately RM2.8 million. HEDSB had developed a hostel building in Plentong, Johor Bahru. The said acquisition had been completed on 25 November 2021 and the Company's equity interest in HEDSB had increased from 30.0% to 45.0%.

The acquisition had enabled the Company to increase its profit from HEDSB from RM0.2 million in FYE 31 December 2021 to RM0.3 million in 9-month FPE 30 September 2022, as a result from the 15.0% increase in the equity interest in HEDSB.

For information, at the material time, Axteria had considered that the additional investment in HEDSB will provide an opportunity for the Group to increase its earnings in the form of rental income as well as potential capital appreciation in terms of the investment properties held by HEDSB. The Group had further considered that there could potentially be further property investment opportunities via HEDSB to cater for rising demand for well-equipped hostel accommodation.

Acquisition of 16 retail units located in Kota Laksamana, Melaka

On 15 November 2021, Axteria Properties Sdn. Bhd. a wholly-owned subsidiary of Axteria, had entered into a master sale and purchase agreement with JMSB to acquire 16 retail units located in Kota Laksamana, Melaka Darul Azim for a total cash consideration of approximately RM11.0 million. The proposed acquisition will enable Axteria to own majority of the apartments/hotel units and retail/shop units under The Asteria Melaka project and therefore facilitate better integration of quality tenants for the project which should in turn, bode well for the earnings of Axteria over the medium to long term. Upon completion of the acquisition, the Group will hold 551 units of service apartments/hotel units, 4 retail/shop units of the total 806 units of service apartments/hotel units and 28 retail/shop units under The Asteria Melaka project which will enable the Group to have a control on the tenant mix of the said project as well as to increase the rental which will improve the financial condition of the Group.

The acquisition is yet to complete as at LPD. Barring any unforeseen circumstances, the acquisition is expected to be completed in 1st quarter of year 2023.

(iii) Entering into joint venture arrangements

On 22 November 2022, the Group announced that ADSB had entered into the following joint venture arrangements to develop several parcels of land:-

(a) Plot 1 Tebrau Project

As at LPD, the parties have plans to develop a portion of the Tebrau Development Land measuring 20,759.25 square meters with a mixed development consisting of 2 blocks of SOHO suites totaling 792 units, 4-storey corporate office, 4-storey spa, boutique hotel, office and co-working space, 3-storey retail showroom space, 7-storey multi-level carpark and a clubhouse. The development plans for Plot 1 of the Tebrau Project have yet to be finalised for submission. All approvals necessary to develop the Tebrau Development Land as proposed by the Developer has yet to be issued or obtained.

Based on preliminary assessment, the development of Plot 1 of the Tebrau Project is anticipated to have a GDV of RM413.2 million and have a GDC of RM353.5 million. The necessary applications to MBBJ are expected to be submitted in the 2nd quarter of 2023. Barring any unforeseen circumstances, development of Plot 1 of the Tebrau Project should commence in the 2nd quarter of 2024 and completed in the 2nd quarter of 2028.

(b) Plentong Project

The Plentong Project is proposed to comprise a mixed development consisting of 474 units of SOHO and 35 units of shop lots. As at LPD, development plans for the Plentong Project are still in its preliminary stages and all approvals necessary to undertake the Plentong Project have yet to be issued or obtained.

The Plentong Project is anticipated to have a GDV of RM176.6 million and GDC of RM149.6 million. The necessary applications to MBBJ had been submitted in September 2022 and had obtained the approval with conditions via a letter dated 13 November 2022. Barring any unforeseen circumstances, SASB expects to commence development of the Plentong Project in the 4th quarter of 2023 and complete the development in the 4th quarter of 2027.

The aforementioned joint ventures entail the contribution of the land by the landowners to be developed by ADSB. The landowners will be compensated in the form of a percentage of entitlements over the GDV of the projects payable based on the percentage of completion of the projects. As per the terms of the joint venture agreements, the land will be pledged to financial institutions to obtain the necessary project financing for the development of the land. Please refer to the Company's announcement dated 22 November 2022 for further information on the joint ventures.

The Group had considered that the aforementioned joint venture arrangements will allow the Group to increase its project orderbook and recognise revenue over time without having to incur upfront cost of acquiring landbank whilst mitigating financing/ cashflow risk to the Group.

(iv) Private placement

To mitigate delays in the completion of the Group's on-going projects, the Company had undertaken the Placement 2021 and Placement 2022 to raise the total proceeds of RM17.0 million, of which RM14.0 million had been utilised to fund the Group's ongoing development projects.

Moving forward, the Group will closely monitor the progress of its development/construction projects and take the necessary measures to facilitate timely completion of its on-going projects.

4.3. Adequacy of the Proposed Shares Issuance in addressing Axteria Group's financial concerns

As detailed in Section 4 above, the Proposed Shares Issuance is intended to facilitate the Group's immediate funding requirements, primarily for the development of The Asteria Melaka projects. The proceeds from the Proposed Shares Issuance will enable the Group to continue its development/construction on these projects and subsequently generate cashflows/ revenue from progress billings from these projects. The Group envisages that it will require further funding to complete its ongoing projects and is exploring various avenues to fund its on-going projects, which may include, obtaining bank borrowings and further fund-raising exercises such as through private placement(s) and/or a rights issue.

The Group will evaluate its funding requirements from time to time to ascertain the appropriate method of fund raising for the Group at the material time.

5. INDUSTRY OVERVIEW AND PROSPECTS

5.1. Overview and outlook of Malaysian economy

The Malaysian economy registered a strong growth of 14.2% in the 3rd quarter of 2022 (2Q 2022: 8.9%). Apart from the sizeable base effects from negative growth in the 3rd quarter of 2021, the high growth was underpinned by continued expansion in domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.9% (2Q 2022: 3.5%). Overall, the Malaysian economy expanded by 9.3% in the first three quarters of 2022.

All economic sectors expanded in the 3rd quarter of 2022. The services sector strengthened further by 16.7% (2Q 2022: 12.0%), primarily supported by consumer-related subsectors. Better labour market conditions and the continued recovery in tourism provided strong impetus to retail and leisure-related activities. Policy measures such as the increase in minimum wage further supported domestic spending.

The construction sector recorded a higher growth of 15.3% (2Q 2022: 2.4%) as all subsectors recorded improvements in activities. Commercial real estate, mixed-development and small-scale projects continued to support activities in the non-residential and special trade subsectors.

During the quarter, domestic demand expanded by 13.1% (2Q 2022: 13.0%), driven by firm private sector expenditure.

Private consumption growth remained robust at 15.1% (2Q 2022: 18.3%). This was attributed to the continued recovery in labour market conditions with higher employment and income growth. The strong performance was driven by spending across both necessities and discretionary items. Policy support, including the increase in minimum wage and Bantuan Keluarga Malaysia also spurred consumer spending.

Public consumption expanded at a faster pace of 4.5% (2Q 2022: 2.6%), attributable to higher growth in spending on supplies and services.

Headline inflation, as measured by the annual percentage change in the Consumer Price Index (CPI), rose to 4.5% during the quarter (2Q 2022: 2.8%). As expected, the increase was largely driven by the base effect from the discount on electricity bills implemented in the 3rd quarter of 2021, as well as sustained increases in core and price-volatile inflation. The inflationary pressures reflected the confluence of stronger demand conditions and elevated cost pressures, particularly for food-related items.

Outlook

Going forward, Malaysia's economic growth will be supported by continued expansion in domestic demand. The economy would benefit from the improvement in labour market conditions, realisation of multi-year projects and higher inbound tourism activity. While external demand is expected to moderate, this will be partly cushioned by Malaysia's diversified export base. The balance of risks to Malaysia's growth outlook remains tilted to the downside. This stems from weaker-than-expected global growth, further escalation of geopolitical conflicts, and worsening supply chain disruptions.

After trending upward to an average of 4.5% in the 3rd quarter of 2022, headline inflation is expected to moderate in the 4th quarter of 2022, albeit remaining elevated. The base effect from the discount on electricity bill which have contributed to higher inflation in 3rd quarter of 2022 will dissipate in the 4th quarter of 2022. Overall, headline inflation is expected to average at 3.3% in 2022. Underlying inflation, as measured by core inflation, is expected to stay elevated for the remainder of 2022 amid firm demand and the high-cost environment.

Moving into 2023, headline and core inflation are expected to remain elevated amid both demand and cost pressures, as well as any changes to domestic policy measures. The extent of upward pressures to inflation will remain partly contained by existing price controls, subsidies, and the remaining spare capacity in the economy. The balance of risk to the inflation outlook in 2023 is tilted to the upside and continues to be subject to domestic policy measures on subsidies, as well as global commodity price developments arising mainly from the ongoing military conflict in Ukraine and prolonged supply-related disruptions.

For 2021, headline inflation is projected to average between 2.0% and 3.0%.¹⁶ Underlying inflation, as measured by core inflation, is expected to average below 1.0% for the year.

(Source: Quarterly Bulletin 3Q 2022, Bank Negara Malaysia)

5.2. Overview and outlook of the Malaysia property market

The property market performance recorded an increase in the first half of 2022 (H1 2022) compared to the same period last year (H1 2021). A total of 188,002 transactions worth RM84.4 billion were recorded, showing an increase of 34.5% in volume and 36.1% in value compared to the same period last year. Of the total transactions, 34.3% (64,479) and 62.6% (117,655) were transfers dated in 2021 and 2022 respectively while the remaining percentage share was for prior years' transfers.

Residential Property

The residential sub-sector led the overall property market, with 61.8% contribution. This was followed by agriculture sub-sector (22.1%), commercial (8.1%), development land and others (6.0%) and industrial (2.0%). In terms of value, residential took the lead with 54.1% share, followed by commercial (16.6%), industrial (12.7%), agriculture (10.2%) and development land and others (6.4%). For the residential sub-sector, there were 116,178 transactions worth RM45.6 billion recorded in the review period, increased by 26.3% in volume and 32.2% in value year-on-year. Performance across the states improved in the review period. All states recorded higher market volume. The four major states namely Pulau Pinang, WP Kuala Lumpur, Johor and Selangor recorded an increase of 37.8%, 28.4%, 20.2% and 16.0% respectively. Combined, these states formed about 47.0% of the total national residential volume.

Commercial Property

Commercial property segment recorded 15,169 transactions worth RM14.0 billion recorded, up by 45.4% in volume and 28.3% in value compared to the same period last year. Selangor contributed the highest volume and value to the national market share, with 26.5% in volume (4,025 transactions) and 33.5% in value (RM4.7 billion). More than 10,000 units of newly launched were recorded, down by 66.7% against 31,687 units (revised) in H1 2021. Against H2 2021, the new launches were lower by 13.3% (H2 2021: 12,173 units). Sales performance for new launches recorded at 20.3%, slightly lower compared to H1 2021 (revised 20.6%) and H2 2021 (28.1%). Johor recorded the highest number of new launches in the country, capturing nearly 23.8% (2,509 units) of the national total with sales performance at 31.8%. Sabah recorded the second highest number (1,335 units, 12.7% share) with sales performance at 10.6%. Perak came third (1,317 units, 12.5% share) with sales performance at 19.4%.

Terraced houses dominated the new launches. Single storey (2,047 units) and 2-3 storey (5,150 units) together contributed 68.2% of the total units with sales performance at 22.0%, followed by condominium/apartment units at 19.0% share (2,009 units) with sales performance at 12.4%. A total of 34,092 overhang units worth RM21.3 billion was recorded, down by 7.5% and 4.6% in volume and value respectively against H2 2021. Most of the overhang is in Johor with 6,040 units worth RM4.7 billion. Likewise, the unsold under construction residential units saw a decrease of 11.1% to 62,404 units compared to H2 2021 (70,231 units).

On the same note, serviced apartment sub-sector recorded 22,674 overhang units with a value of RM19.3 billion, indicating a decrease of 6.7% and 5.6% in volume and value respectively against H2 2021. Johor recorded the highest overhang in the country with 68.0% (15,423 units), followed by WP Kuala Lumpur and Selangor, with 18.9% (4,279 units) and 9.9% (2,248 units) share respectively.

Construction Activities

Residential construction activity recorded an increase in completion and new planned supply, each up by 5.9% and 12.9% respectively whilst housing starts decreased 7.2% compared to similar period last year. WP Kuala Lumpur contributed the highest number of completions, accounting for 28.2% (8,939 units) of the national total, followed by Selangor (27.4%) and Johor (8.7%). For serviced apartments, completions increased to 9,677 units whereas starts decreased by 67.2% to 6,982 units and new planned supply down 17.9% to 6,022 units against similar half last year.

House Prices

Malaysia House Price Index (MHPI) continued to increase at a moderating trend. As at Q2 2022P, the MHPI stood at 203.5 points, up by 0.5% on annual basis. However, the index points decreased by 1.2% against Q1 2022 (205.9 points).

Office and Retail Sectors

The performance of shopping complex moderated in H1 2022, with the national occupancy rate saw a slight decline at 75.7% as compared to H2 2021 (76.3%). WP Kuala Lumpur and Selangor recorded 81.6% and 77.7% occupancy rate respectively, whereas Johor and Pulau Pinang managed to secure an average occupancy of 72.2% and 71.5% respectively.

Five new completions were recorded injecting nearly 95,000 s.m. of space into the market in H1 2022 (H1 2021: 29,469 s.m.). Among which included the extension of Sunway Carnival Mall, Seberang Perai (32,500 s.m), new completion of Datum Mall Jelatek, Selayang (29,449 s.m.) and Mydin Hyper Tunjong, Kota Bharu (22,195 s.m.). Starts saw four buildings with a total retail space of 81,772 s.m. There were another 40 complexes (1.6 million s.m.) in the incoming supply and with another nine complexes (0.3 million s.m.) in the planned supply.

The performance of purpose-built office decreased to 77.7% lower than H1 2021 (78.5%). The purpose-built office consists of 1,565 private-owned buildings (18,155,972 s.m.) and 1,010 public-owned buildings (6,018,590 s.m). Three new completions were recorded, offering a total space of 114,716 s.m., including Menara Affin@TRX and The Stride@BBCC.

Property Market

The property market performance recorded a rebound in the first half of 2022 (H1 2022), a reflective of normalizing economic activity as the country moved towards endemicity. With the positive projection on economic growth by Bank Negara Malaysia, expected between 5.3% to 6.3% in 2022, supported by the implementation of various government initiatives and assistance, the property market performance is expected to be on track.

(Source: Press Release: Malaysia Property Market Report First Half Year 2022, Valuation and Property Services Department Malaysia, Ministry of Finance Malaysia)

5.3. Overview of the Malaysia property market in southern region

The Southern Region property market performance registered 40,500 transactions worth RM17.8 billion, increased by 32.7% and 36.1% in volume and value respectively as compared to H1 2021. Combined, these three states formed about 21.5% and 21.1% of the national volume and value of transactions.

(Source: Southern Region Property Market Report - First Half 2022, Valuation and Property Services Department Malaysia, Ministry of Finance Malaysia)

5.4. Prospects of the Group

The Group is principally involved in the property development and construction sector. In FYE 31 December 2021, the Group recorded a revenue of RM25.4 million which was mainly contributed by good work progress achieved on site and hence a higher percentage of revenue was recognised upon sale for Project Desa 88. As the sale of international units and development progress of the key revenue contributor of the Group, i.e. Phase 1 and 2 of Project Desa 88, have reached an advance stage, the Group only recorded a revenue of RM12.9 million for 9-month FPE 30 September 2022.

Despite the Group recording a revenue of RM12.9 million in 9-month FPE 30 September 2022, the Group, however, had a loss after tax of RM1.6 million which was mainly due to the provision of liquidated ascertained damages amounting to RM1.1 million in view of slower development progress and delay in the obtaining of the CCC for Phase 1 of Project Desa 88. In addition, the Group was unable to maintain the work progress momentum of The Asteria Melaka – Block C due to the unforeseen shortage of foreign labour throughout the country which resulted in a slower development and construction progress.

The management of Axteria is of the opinion that the loss incurred for the 9-months FPE 30 September 2022 was due to unforeseen circumstances which were beyond its control. The management believes that moving forward, with careful planning, the Group's following projects should contribute positively towards the Group's financial performance:-

(i) Project Sentrío

Project Sentrío consists of 66 units of shop offices to be developed on a land measuring 5.94 acres in Pasir Gudang, with an estimated GDV of RM43.7 million and GDC of RM30.1 million.

As at LPD, 67.0% (excluding 17 units allocated to the land owner as their entitlement) of the units had been sold (26 units) and booked (7 units) and the development is expected to be completed by year 2023. As at LPD, the project is 46.8% completed.

(ii) Project Desa 88

Project Desa 88 has a total of 6 phases with a combined estimated GDV of RM127.5 million and GDC of RM93.3 million.

As at LPD, Phase 1 of Project Desa 88 has successfully obtained CCC on 2 August 2022 and vacant possession has been handed over to the purchasers for international units. Phase 2 had achieved a completion of 85.3% and expects to obtain the CCC by 2nd quarter of year 2023. Both phases continue to show encouraging prospects with 100.0% take-up rate for international units while 80.0% of Bumiputra units are booked.

The remaining phases of the Project Desa 88 which consists of detached factories and multi-purpose retail spaces are targeted to be launched in year 2023.

(iii) The Asteria Melaka

The Asteria Melaka is a development of 16-storey with total 245 hotel rooms (Block A) and 44-storey with 306 (Block C) serviced suites in Kota Syahbandar, Melaka. The Asteria Melaka (Block A) has an estimated GDC of RM80.2 million whilst Block C has an estimated GDV of RM119.5 million and GDC of RM96.7 million.

Barring any unforeseen circumstances, the Group expects the hotel operation to commence in 3rd quarter of 2023 and the service suites to be launched in 4th quarter of 2023. The Group is optimistic the sales generated from the project will be promising in view of the recovery in the tourism industry due to the reopening of international borders, alongside with the high vaccination rate nationwide.

Barring any unforeseen circumstances, the aforementioned projects are expected to contribute towards the Group's earnings until year 2025.

(Source: Management of Axteria)

6. EFFECTS OF THE PROPOSED SHARES ISSUANCE

6.1. Issued share capital

The proforma effects of the Proposed Shares Issuance on the issued share capital of the Company are as follows:-

| | <u>No. of Shares</u> | <u>RM</u> |
|--|----------------------|---------------------------|
| Issued share capital as at LPD | 498,672,875 | 164,479,262 |
| Less: Treasury shares | (111,840) | (92,187) |
| Issued share capital net of treasury shares | 498,561,035 | 164,387,075 |
| Shares to be issued pursuant to the Proposed Shares Issuance | 213,660,000 | ⁽ⁱ⁾ 26,707,500 |
| Enlarged share capital after the Proposed Shares Issuance | 712,221,035 | 191,094,575 |

Note:-

(i) Computed based on the Subscription Price of RM0.1250 per Subscription Share.

6.2. Earnings and EPS

The Proposed Shares Issuance will result in an immediate dilution in Axteria's EPS as a result of the increase in the number of Axteria Shares in issue upon completion of the Proposed Shares Issuance.

The actual impact of the Proposed Shares Issuance on the future earnings and Axteria's EPS will depend on the level of returns generated from the utilisation of proceeds raised from the Proposed Shares Issuance.

6.3. NA, NA per Share and gearing

Based on the audited consolidated financial statements of Axteria as at 31 December 2021, the proforma effects of the Proposed Shares Issuance on the NA, NA per Share and gearing of Axteria are as follows:-

| | <u>Audited as at 31 December 2021</u> | <u>(I) After subsequent events</u> | <u>(II) After (I) and Proposed Shares Issuance</u> |
|--------------------|---|--|--|
| | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> |
| Share capital | 150,459 | 164,479 | 191,187 |
| Treasury shares | (92) | (92) | (92) |
| Accumulated losses | (33,060) | (33,060) | ⁽ⁱⁱ⁾ (33,360) |
| NA | 117,307 | 131,327 | 157,735 |

| | Audited as at 31 December 2021 | (I) (i) After subsequent events | (II) After (I) and Proposed Shares Issuance |
|---|-----------------------------------|--|---|
| | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> |
| No. of issued shares (excluding treasury shares) ('000) | 430,510 | 498,561 | (iii) 712,221 |
| NA per share (RM) | 0.27 | 0.26 | 0.22 |
| Total borrowings | 15,157 | 15,157 | 15,157 |
| Gearing ratio (times) | 0.13 | 0.12 | 0.10 |

Notes:-

(i) Subsequent events relate to the following:-

(a) issuance of 43,051,003 Axteria Shares at an issue price of between RM0.1932 to RM0.2021 each from 1 January 2022 up to LPD pursuant to Placement 2022.

(b) issuance of 25,000,000 Axteria Shares at a conversion price of RM0.2200 from 1 January 2022 up to LPD pursuant to conversion of RCPS.

(ii) After deducting estimated expenses for the Proposed Shares Issuance of RM0.3 million.

(iii) Assuming the issuance of 213,660,000 Subscription Shares at a Subscription Price of RM0.1250 per Subscription Share.

6.4. Substantial shareholders' shareholdings

The proforma effects of the Proposed Shares Issuance on the shareholdings of the substantial shareholders of Axteria based on the Register of Substantial Shareholders as at LPD are as follows:-

| | As at LPD | | | | After Proposed Shares Issuance | | | |
|---------|------------------|------|----------------------------|------|--------------------------------|-------|----------------------------|--------|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | (i)% | No. of Shares | (i)% | No. of Shares | (ii)% | No. of Shares | (iii)% |
| Mr. Yee | 43,366,840 | 8.7 | 1,000,000 ⁽ⁱⁱⁱ⁾ | 0.2 | 66,366,840 | 9.3 | 1,000,000 ⁽ⁱⁱⁱ⁾ | 0.1 |
| Mr. Woo | 11,368,900 | 2.3 | - | - | 132,868,900 | 18.7 | - | - |

Notes:-

(i) Based on the Company's total number of issued Shares of 498,561,035 Axteria Shares (excluding 111,840 treasury shares) as at LPD.

(ii) Based on the Company's the enlarged total number of issued Shares of 712,221,035 Axteria Shares (excluding treasury shares) assuming the completion of the Proposed Shares Issuance.

(iii) Deemed interest by virtue of his interest in Fontern Holdings (M) Sdn Bhd pursuant to Section 8 of the Act.

6.5. Convertible securities

As at LPD, save for the following convertible securities, the Company does not have any outstanding convertible securities:-

- (i) 97,211,694 outstanding warrants; and
- (ii) 10,000,000 outstanding RCPS. There remains a total of 310,000,000 RCPS available for subscription under the RCPS programme.

Pursuant to the deed poll in relation to the warrants and the subscription agreements in relation to the RCPS, the Proposed Shares Issuance will not give rise to any adjustment to the exercise price and number of outstanding warrants and RCPS.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Axteria Shares as traded on the Main Market of Bursa Securities for the past 12 months from January 2022 to December 2022 are as follows:-

| | <u>High</u> RM | <u>Low</u> RM |
|--------------------|-------------------|------------------|
| <u>2022</u> | | |
| January | 0.2500 | 0.2200 |
| February | 0.2500 | 0.2200 |
| March | 0.2350 | 0.2100 |
| April | 0.2400 | 0.2050 |
| May | 0.2150 | 0.1950 |
| June | 0.2000 | 0.1550 |
| July | 0.1950 | 0.1550 |
| August | 0.1750 | 0.1600 |
| September | 0.1700 | 0.1300 |
| October | 0.1550 | 0.1000 |
| November | 0.1350 | 0.0950 |
| December | 0.1500 | 0.1050 |

The last transacted market price of Axteria Shares on 12 December 2022 (being the last trading day prior to the date of announcement of the Proposed Shares Issuance) 0.1250

The last transacted market price of Axteria Shares as at LPD 0.1400

(Source: Bloomberg)

8. APPROVALS REQUIRED AND INTER-CONDITIONALITY

The Proposed Shares Issuance is subject to the approvals being obtained from the following:-

- (i) Bursa Securities for the listing and quotation of up to 213,660,000 Subscription Shares pursuant to the Proposed Shares Issuance, which was obtained vide its letter dated 28 December 2022 and is subject to, amongst others, the following conditions:

| No. | Conditions imposed by Bursa Securities | Status of compliance |
|------------|--|-----------------------------|
| 1. | Axteria and Malacca Securities must fully comply with the relevant provisions under the Main Market Listing Requirements pertaining to the implementation of the Proposed Shares Issuance; | To be complied |
| 2. | Malacca Securities to furnish Bursa Securities with the certified true copy of the resolution passed by the shareholders at extraordinary general meeting approving the Proposed Shares Issuance; | To be complied |
| 3. | Axteria and Malacca Securities to inform Bursa Securities upon the completion of the Proposed Shares Issuance; and | To be complied |
| 4. | Axteria and Malacca Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Shares Issuance is completed. | To be complied |

- (ii) the shareholders of Axteria at an EGM to be convened; and

- (iii) any other relevant authorities/parties, if required.

The approvals of the shareholders of the Company for the Proposed Shares Issuance will be sought at the forthcoming EGM. For information, in accordance with Section 85 of the Act and Clause 61 of the Company's Constitution, all new shares or other convertible securities in the Company shall, before they are issued, be offered to such persons who are as at the date of the offer are entitled to receive notices from the Company of general meetings, in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled.

Therefore, in conjunction with the Proposed Shares Issuance, the Company will be seeking the shareholders' approval for a waiver of their Pre-emptive Rights. In the event the resolution for the Proposed Shares Issuance is approved by shareholders of the Company at the forthcoming EGM, such approval is also tantamount to the shareholders agreeing to waive their Pre-emptive Rights under Section 85 of the Act and Clause 61 of the Company's Constitution in respect of the Subscription Shares to be allotted and issued by the Company to the Subscribers pursuant to the Proposed Shares Issuance.

The Proposed Allotment to Mr. Yee, Proposed Allotment to Mr. Woo, Proposed Allotment to Mr. Tee and Proposed Allotment to Ms. Tan are subject to the approval being obtained from the shareholders of Axteria at the EGM.

The Proposed Allotment to Mr. Yee, Proposed Allotment to Mr. Woo, Proposed Allotment to Mr. Tee and Proposed Allotment to Ms. Tan are conditional upon the Proposed Shares Issuance but not vice versa. The Proposed Allotment to Mr. Yee, Proposed Allotment to Mr. Woo, Proposed Allotment to Mr. Tee and Proposed Allotment to Ms. Tan are not conditional upon each other.

The Proposed Shares Issuance is not conditional upon any other proposals undertaken or to be undertaken by the Company.

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

Save as disclosed below, none of the Directors, major shareholders, chief executive officer of Axteria and/or persons connected with them have any interest, direct or indirect in the Proposed Shares Issuance:-

| | <u>Title</u> | <u>Persons connected to</u> | <u>Relationship</u> |
|---------|---|-----------------------------|--|
| Mr. Yee | Subscriber, Executive Director and major shareholder of Axteria (“Interested Director”) | Mr. Woo | Business partners ⁽ⁱ⁾ |
| Mr. Woo | Subscriber, Group Chief Executive Officer | Mr. Yee Mr. Tee | Business partners ⁽ⁱ⁾ Business partners ⁽ⁱⁱ⁾ |
| Mr. Tee | Subscriber | Mr. Woo Ms. Tan | Business partners ⁽ⁱⁱ⁾ Deemed persons connected by virtue of her being the spouse of Mr. Tee |
| Ms. Tan | Subscriber | Mr. Tee Mr. Woo | Spouse of Mr. Tee Deemed persons connected by virtue of her being the spouse of Mr. Tee |

Notes:-

- (i) Mr. Yee and Mr. Woo are deemed persons connected to each other by virtue of their common directorship in Prinsip Bumijaya Sdn. Bhd.
- (ii) Mr. Woo and Mr. Tee are deemed persons connected to each other by virtue of their common directorship in Sumber Alpha Sdn. Bhd. and Alpha Astral Construction Sdn. Bhd..

As such, Mr. Yee, Mr. Woo, Mr. Tee and Ms. Tan are deemed interested in the Proposed Shares Issuance and their respective allotments under the Proposed Shares Issuance.

Accordingly, the Interested Director has abstained and will continue to abstain from all deliberation in respect of the Proposed Shares Issuance at the relevant Board meetings. He has also abstained and will continue to abstain from all deliberation in respect of proposed allotment to the Interested Persons at the relevant Board meetings.

The Interested Persons will abstain from voting and will undertake to ensure that any persons connected to them will abstain from voting in respect of their direct and/or indirect interests on the resolution relating to for the Proposed Shares Issuance at the forthcoming EGM. The Interested Persons will also abstain from voting and will undertake to ensure that any persons connected to them will abstain from voting in respect of their direct and/or indirect interests in relation to the allotment of Subscription Shares to themselves at the forthcoming EGM.

As at LPD, the direct and indirect shareholdings of the Interested Persons in Axteria are set out below:-

| | As at LPD | | | |
|---------|---------------|-----|--------------------------|-----|
| | Direct | | Indirect | |
| | No. of Shares | % | No. of Shares | % |
| Mr. Yee | 43,366,840 | 8.7 | 1,000,000 ⁽ⁱ⁾ | 0.2 |
| Mr. Woo | 11,368,900 | 2.3 | - | - |
| Mr. Tee | - | - | - | - |
| Ms. Tan | - | - | - | - |

Note:-

- (i) Deemed interest by virtue of his interest in Fontern Holdings (M) Sdn Bhd pursuant to Section 8 of the Act.

10. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (save for the Interested Director), having considered all aspects of the Proposed Shares Issuance, Proposed Allotment to Mr. Yee, Proposed Allotment to Mr. Woo, Proposed Allotment to Mr. Tee and Proposed Allotment to Ms. Tan, including but not limited to the rationale and effects of the Proposed Shares Issuance, is of the opinion that the Proposed Shares Issuance, Proposed Allotment to Mr. Yee, Proposed Allotment to Mr. Woo, Proposed Allotment to Mr. Tee and Proposed Allotment to Ms. Tan, are in the best interest of the Group.

The Board (save for Interested Director) recommends that the shareholders of Axteria vote in favour of the resolutions for the Proposed Shares Issuance, Proposed Allotment to Mr. Yee, Proposed Allotment to Mr. Woo, Proposed Allotment to Mr. Tee and Proposed Allotment to Ms. Tan at the forthcoming EGM.

11. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

As at LPD, save for the Proposed Shares Issuance, the Company does not have any outstanding proposals that have been announced but pending completion.

12. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all the approvals of the relevant authorities being obtained, the Proposed Shares Issuance is expected to be completed by the 1st quarter of 2023.

13. EGM

The EGM, the notice of which is enclosed with this Circular, will be conducted on a fully virtual basis through live streaming using the RPV provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") via its TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC: D1A282781) on Monday, 30 January 2023 at 10.00 a.m., for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposed Shares Issuance. The resolutions pertaining to the Proposed Shares Issuance is set out in the Notice of EGM which is enclosed with this Circular.

If you are unable to attend and vote in person at the EGM, please complete, sign and send the enclosed Form of Proxy in accordance with the instructions therein as soon as possible in any event so as to arrive at the office of the Share Registrar, Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or by electronic lodgment via TIIH Online website at <https://tiah.online> not later than Sunday, 29 January 2023 at 10.00 a.m. Please follow the procedures set out in the Administrative Guide for the EGM for the electronic lodgment of proxy form.

14. FURTHER INFORMATION

You are advised to refer to the attached appendices of this Circular for further information.

Yours faithfully
For and on behalf of the Board
AXTERIA GROUP BERHAD

MOK JUAN CHEK
Independent Non-Executive Chairman

APPENDIX I – SALIENT TERMS OF THE SUBSCRIPTION AGREEMENTS

SALIENT TERMS OF THE SUBSCRIPTION AGREEMENTS

The salient terms below are reflected throughout all the Subscription Agreements.

1. SUBSCRIPTION OF SUBSCRIPTION SHARES

- 1.1 Subject to the terms and conditions of the Subscription Agreement, the Company hereby agrees to issue to the Subscribers and the Subscribers agree to subscribe for a total of 213,660,000 Subscription Shares at the subscription price of RM0.1250 per Subscription share (“**Total Subscription Price**”) as follows:-

| Subscriber | Number of Subscription Shares | Total sum subscribed (RM) |
|--------------------------|--------------------------------------|----------------------------------|
| Mr. Yee | 23,000,000 | 2,875,000 |
| Mr. Woo | 121,500,000 | 15,187,500 |
| Mr. Tee | 7,666,000 | 958,250 |
| Ms. Tan | 6,000,000 | 750,000 |
| Mr. Samuel Tan Hock Khoo | 25,000,000 | 3,125,000 |
| Mr. Simon Chua | 21,494,000 | 2,686,750 |
| Mr. Pang Keng Soon | 3,000,000 | 375,000 |
| Mr. Chhin Kong Siong | 3,000,000 | 375,000 |
| Ms. Koo Yu Ling | 3,000,000 | 375,000 |
| Total | 213,660,000 | 26,707,500 |

- 1.2 The Parties hereby agree that the subscription of the Subscription Shares shall take place in accordance with Section 3 of this Appendix I.
- 1.3 The Subscription Price shall be paid on the Payment Date (hereinafter defined) in cash in accordance with Section 3 of this Appendix I.

2. CONDITIONS PRECEDENT

- 2.1 Allotment and issuance of the Subscription Shares is conditional upon:

- (a) the Company obtaining the approval of Bursa Securities for the listing of and quotation for the Subscription Shares on the Main Market of Bursa Securities;
- (b) the Company obtaining shareholders' approval for the allotment and issuance of the Subscription Shares at a duly convened general meeting of the Company; and
- (c) the approval from any other relevant authorities and/or parties, if required.

- 2.2 The above conditions precedent shall be satisfied within three (3) months after the date of the Subscription Agreement (“**Cut-Off Date**”). The Company and the Subscriber may (before or on expiry of the Cut-Off Date) have an extension(s) of time as may be agreed between the Company and the Subscriber to comply with the above conditions precedent.

- 2.3 In the event the conditions precedent have not been fulfilled on the expiry of the Cut-Off Date or such extension of time agreed between the Company and the Subscriber and the Company does not waive the fulfilment of the same, the Subscription Agreement shall lapse and cease to have any further force or effect and neither the Company nor the Subscriber shall have any further rights against each other, save and except for any antecedent breach of any obligation under the Subscription Agreement.

3. COMPLETION AND SUBSCRIPTION OF THE SUBSCRIPTION SHARES

3.1 Subject to the fulfilment of all conditions precedent as set out in Section 2.1 above, within five (5) market days of the fulfilment of the last condition precedent:

- (i) the Subscriber shall deposit with the Company the Total Subscription Price ("**Payment Date**") by way of telegraphic transfer to a bank account nominated by the Company and notified to the Subscriber; and
- (ii) the Subscriber shall notify the Company in writing of the details of the Subscriber's stockbrokers and the particulars of the securities account into which the Subscription Shares are to be credited.

The payment of the Total Subscription Price will be free and clear of and without deduction of or withholding for or on account of any tax or revenue payment or liability. The Subscriber will provide payment evidence for the Total Subscription Price to the Company on the Payment Date.

3.2 Upon the Company receiving the Total Subscription Price and within eight (8) market days from the Payment Date:

- (i) the Company shall confirm of such receipt;
- (ii) the Company shall allot and issue the Subscription Shares to the Subscriber;
- (iii) where applicable, the Company shall deliver or cause to be delivered to Bursa Depository the share certificate(s) for the Subscription Shares registered in the name of Bursa Depository; and
- (iv) the Company shall instruct and procure Bursa Depository to credit the securities account of the Subscriber with the Subscription Shares.

3.3 Completion shall take place on the listing date of the Subscription Shares on the Main Market of Bursa Securities ("**Completion Date**") ("**Completion**").

3.4 Without prejudice to other remedies available to the parties, if in respect to any provisions contained in Sections 3.1 and/or 3.2 of this Appendix I (as the case may be) are not complied by a Party on the Payment Date or Completion Date (as the case may be), the Parties may, subject to applicable laws, regulations and/or the Main Market Listing Requirements, mutually agree to:

- (i) defer Completion to a date not more than six (6) months from the date of receipt of the approval set out in Section 2.1(a) of this Appendix I;
- (ii) to the extent permissible by law, proceed to Completion so far as practicable (without prejudice to the Parties' respective rights hereunder); or
- (iii) rescind the Subscription Agreement and the non-defaulting party shall be entitled to claim for the actual cost and expenses incurred by such non-defaulting Party in relation to the Subscription Agreement.

3.5 Specifically, if Completion does not take place in accordance with Section 3.2 of this Appendix I or such other deferred date set out in Section 3.4 of this Appendix I, then the Company shall procure the Company to refund in full the Total Subscription Price (free of interest) to the Subscriber as soon as practicable upon notice from Bursa Depository or the Subscriber, as the case may be.

- 3.6** The Company hereby covenants that the Subscription Shares when allotted and issued shall be free from all Encumbrances whatsoever and that they shall rank pari passu in all respects with the existing issued Shares and with all rights, titles, benefits and advantages now or hereafter attaching thereto, including all bonuses, rights, dividends and distributions declared made and paid as from the Completion Date.

4. DEFAULT

- 4.1** In the event that the Subscriber shall for any reason fail or refuse to subscribe any Subscription Shares or complete the subscription of all of the Subscription Shares under the terms of the Subscription Agreement or the Subscriber fails to comply with any of the obligations or stipulations contained herein or defaults in the Subscription Agreement and does not remedy the same to the satisfaction of the Company within seven (7) days from the date of receipt of written notice by the Company or such breach is not waived by the Company at its absolute discretion, the Company shall be entitled to, without prejudice to its other rights and remedies including its right to sue for (i) specific performance of the Subscription Agreement upon the terms hereof; OR (ii) terminate the Subscription Agreement and recover all amounts actually paid and expended pursuant to or arising from the Subscription Agreement.
- 4.2** The Parties shall always be at liberty, in lieu of claiming for damages, to claim the remedy of specific performance of the Subscription Agreement against each other. In the event that a Party shall elect to enforce such right, it is hereby mutually agreed that an alternative remedy of monetary compensation shall not be regarded as compensation or sufficient compensation for the other Party's default in the performance of the terms and conditions of the Subscription Agreement.

APPENDIX II – SALIENT FEATURES OF THE RCPS

The following are the salient features of the RCPS:-

- Issue size : up to 800,000,000 new RCPS in the Company at an issue price of RM0.10 each. The RCPS will be issued in 32 equal sub-tranches of RM500,000 each over five (5) tranches.
- Issue price : RM0.10 for each RCPS
- Transferability : The RCPS are not transferable and not tradeable
- Tenure : 60 months from the issue date of the first sub-tranche of tranche 1 RCPS, up to Maturity date
- Maturity date : The business day immediately before the 5th anniversary of the issue date of the first sub-tranche of tranche 1 RCPS
- Dividend and return of capital : Each RCPS shall carry the right to dividend calculated as follows:
- (i) The right to receive out of profits of the Company a cumulative preferential dividend at 2.0% per annum (based on the RCPS Issue Price), to be calculated as follows:
- $2.0\% \text{ per annum} * N * P * (D/365)$
- Where:
- “N” is the number of outstanding RCPS
“P” is the Issue Price of RCPS
“D” is the amount of days elapsed since the issue date
- Conversion period : The period from and including the respective dates on which the RCPS are issued, up to the close of business in Malaysia on the day falling 7 days prior to the Maturity date.
- Conversion price : The Conversion Price for each Axteria Share shall not be less than the Minimum Conversion Price
- Minimum conversion price : RM0.22
- Redemption period : The period commencing from the respective issue date of the tranches or sub-tranches of RCPS up to the close of business of the day falling one week prior to the Maturity date.
- Conversion redemption amount : Amount payable by the Company upon redemption of the RCPS according to the formula:
- $N * \{P + [8.0\% * P * (D/365)] + PD\}$
- Where,
- “D” the amount of days elapsed since the issue date;
“N” the amount of RCPS presented for conversion;
“P” the face value of the RCPS presented for conversion; and
“PD” the remaining accumulated and unpaid dividend accrued on the RCPS presented for conversion
- Ranking of RCPS : The RCPS shall rank equally amongst themselves, and as a whole, above any other preference shares in all respect and without discrimination of preference.

APPENDIX III – HISTORICAL FINANCIAL INFORMATION OF AXTERIA GROUP

The financial summary of Axteria Group based on its audited financial results for the past 3 FYE 31 December 2019, 2020, 2021 and 9-month for the FPE 30 September 2022 are as follows:

| | Audited | | | Unaudited |
|--|----------------------------|-------------------------|-------------------------|-------------------------------------|
| | FYE 31 December 2019 | FYE 31 December 2020 | FYE 31 December 2021 | 9-month FPE 30 September 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 15,017 | 5,186 | 25,349 | 12,867 |
| LBT | (675) | (29,537) | (1,312) | (3,453) |
| LAT | (1,586) | (29,029) | (1,730) | (3,875) |
| Weighted number of ordinary shares ('000) | 194,535 | 200,520 | 361,125 | 410,803 |
| LPS | (0.82) | (14.48) | (0.48) | (0.94) |
| NA | 100,988 | 74,080 | 117,307 | 128,452 |
| Number of outstanding shares (excluding treasury shares) | 194,423 | 200,408 | 361,013 | 410,691 |
| NA per share (RM) | 0.52 | 0.37 | 0.32 | 0.31 |
| Total bank borrowings (including lease liabilities) | 17,494 | 19,198 | 16,105 | 20,596 |
| Gearing ratio (times) | 0.17 | 0.26 | 0.14 | 0.16 |

Commentaries:

FYE 31 December 2019 (“FYE 2019”)

The Group’s revenue had decreased by RM21.0 million or 58.4% from RM36.1 million in FYE 31 December 2018 (“**FYE 2018**”) to RM15.0 million in FYE 2019 which was mainly due to completion of the 5 blocks of dormitories in Permas Jaya, Johor at the end of FYE 2018. For the FYE 2019, the revenue was mainly generated from Desa 88 - Phase 1 terrace factories.

The Group’s LAT had decreased by RM6.0 million or 78.9% from RM7.6 million in FYE 2018 to RM1.6 million in FYE 2019. This marked an improvement as the Group managed to reverse the provision for impairment on amount owing by an associate and recoverable deposit in FYE2018 (which was subsequently recovered and recognised as an income in FYE 2018) and higher gross profit margin for the FYE 2019.

FYE 31 December 2020 (“FYE 2020”)

The Group’s revenue had decreased by RM9.8 million or 65.5% from RM15.0 million in FYE 2019 to RM5.2 million in FYE 2020 which was mainly due to delay in the construction progress of the Desa Phase 2 terrace factories in Plentong and Sentrio shop offices in Pasir Gudang as the Malaysian Government had imposed movement control orders to curb the outbreak of COVID-19 in year 2020.

The Group’s LAT had increased by RM27.4 million or 1730.3% from RM1.6 million in FYE 2019 to RM29.0 million in FYE 2020 which was mainly due to recognition of multiple impairment losses such as property development cost, other receivables, amount owing from associate, investment properties, and goodwill. The Group believes that these impairment losses are one-off events that occur during FYE 2020.

FYE 31 December 2021 (“FYE 2021”)

The Group’s revenue improved by RM20.2 million or 388.9% from RM5.2 million in FYE 2020 to RM 25.3 million in FYE 2021 which was mainly contributed by good work progress achieved on site, hence higher percentage of revenue was recognised upon sale. The Group has also sold 3 parcel of lands which contributed a total revenue of approximately RM13.0 million.

The Group’s LAT decreased by RM27.3 million or 94.0% from RM 29.0 million in FYE 2020 to RM1.7 million in FYE 2021 which was due to substantially higher sales and recognition of additional one-off compensation for shortfall in guaranteed profit during the financial year.

9-month FPE 30 September 2022 (“9M FPE 2022”)

The Group’s revenue declined by RM6.7 million or 34.3% from RM19.6 million in 9-month FPE 30 September 2021 to RM12.9 million in 9M FPE 2022 which was due to slower development process. This has led to a delay in obtaining the CCC for Project Desa 88 Phase 1. A provision of liquidated ascertained damages had been provided in 9M FPE 2022.

The Group’s LAT reduced by RM0.1 million or 2.9% from RM4.0 million in 9-month FPE 30 September 2021 to RM3.9 million in 9M FPE 2022 which was due to the recognition of income from non-fulfilment of profit guarantee by vendor during the quarter.

1. RESPONSIBILITY STATEMENT

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

2. CONSENTS AND DECLARATION OF CONFLICT OF INTERESTS

Malacca Securities, being the Principal Adviser for the Proposed Shares Issuance, has given and has not subsequently withdrawn its written consent for the inclusion in this Circular of its name and all references thereto in the form and context in which it appears in this Circular.

Malacca Securities has given its written confirmation that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Principal Adviser in respect of the Proposed Shares Issuance.

3. MATERIAL LITIGATION

As at LPD, Axteria Group is not engaged in any material litigation, claims and/or arbitration either as plaintiff or defendant, which may have a material effect on the financial position or business of the Group and the Board is not aware of any proceeding which is pending or threatened against Axteria and/or any of its subsidiaries, or of any fact likely to give rise to any proceeding which may materially and adversely affect the financial position or business of the Group.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**4.1 Material commitments**

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

4.2 Contingent liabilities

As at LPD, save as disclosed below, there are no contingent liabilities incurred or known to be incurred by Axteria Group, which upon becoming due or enforceable, may have a material impact on the financial position or business of Axteria Group:-

| | <u>RM'000</u> |
|--|---------------|
| Corporate guarantees given to financial institutions for a credit facility granted to an associate | 13,238 |

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of Axteria at 2 (1st Floor), Jalan Marin, Taman Marin, Jalan Haji Abdullah, Sungai Abong, 84000 Muar, Johor, during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:-

- (i) Constitution of the Company;
- (ii) Audited consolidated financial statements of Axteria for the past 2 financial years up to 31 December 2021;
- (iii) The unaudited consolidated financial statements of Axteria for the 9-month FPE 30 September 2022;
- (iv) The Subscription Agreements; and
- (v) The letter of consent and declaration of conflict of interest referred to in Section 2 of this Appendix III.



AXTERIA GROUP BERHAD
(Registration No.: 199901021765 (496665-W))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“**EGM**”) of Axteria Group Berhad (“**Axteria**” or the “**Company**”) will be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Voting (“**RPV**”) facilities which are provided by Tricor Investor & Issuing House Services Sdn Bhd (“**Tricor**”) via TIH Online website at <https://tiah.online> or <https://tiah.com.my> (Domain registration number with MYNIC: D1A282781), on Monday, 30 January 2023 at 10.00 a.m., or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the following resolutions, with or without modifications:-

ORDINARY RESOLUTION 1

PROPOSED SHARES ISSUANCE OF UP TO 213,660,000 NEW ORDINARY SHARES IN AXTERIA (“AXTERIA SHARES” OR “SHARES”) (“SUBSCRIPTION SHARES”), REPRESENTING APPROXIMATELY 30.0% OF THE ENLARGED TOTAL NUMBER OF ISSUED SHARES OF AXTERIA (EXCLUDING TREASURY SHARES) (“PROPOSED SHARES ISSUANCE”)

“THAT subject to the approvals of all relevant authorities and/or parties being obtained (where applicable), approval be and is hereby given to the Board of Directors of the Company (“**Board**”) to:

- (i) allot and issue up to 213,660,000 Subscription Shares, at a subscription price of RM0.1250 per Subscription Share to the subscribers (“**Subscribers**”) as set out in Section 2.2 of the circular to shareholders of the Company (“**Shareholders**”) dated 13 January 2023 in relation to the Proposed Shares Issuance (“**Circular**”) based on the terms and conditions of the subscription agreements dated 13 December 2022 (“**Subscription Agreements**”) entered into between the Company and each of the Subscribers and any supplementals thereto;
- (ii) utilise the proceeds to be derived from the Proposed Shares Issuance for the purposes and in such manner as set out in Section 3 of the Circular and to vary the manner and/or purposes of the utilisation of such proceeds as the Board may deem fit, necessary and/or expedient in the best interest of the Company, subject to the approval of the relevant authorities (where required); and
- (iii) place the Subscription Shares to third party investor(s) who qualify under the Schedule 6 and 7 of the Capital Markets and Services Act 2007 in one (1) or more tranches at a subscription price to be determined at a later date by the Board (“**Price-Fixing Date**”), based on the 5-day volume weighted average market price (“**VWAP**”) of the shares of the Company up to the date prior to the Price-Fixing Date at the material time, in the event that any of the Subscribers is unable to fulfil the terms of their respective Subscription Agreement and any supplemental thereto.

THAT such Subscription Shares shall, upon allotment and issuance, rank equally and carry the same rights in all respects as the existing Axteria Shares, save and except that the Subscription Shares will not be entitled to any dividend, rights, allotment and/or other distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Subscription Shares;

THAT, pursuant to Section 85(1) of the Companies Act 2016 (“**Act**”) to be read together with Clause 61 of the Constitution of the Company, it may be construed to mean that all new shares or other convertible securities in the Company shall, before they are issued, be first offered to such persons who are entitled to receive notices from the Company of general meetings as at the date of the offer in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled (“**Pre-emptive Rights**”) and accordingly, should this resolution for the allotment and issuance of the Subscription Shares be passed by the Shareholders, this resolution shall have the effect of the Shareholders having agreed to irrevocably waive their Pre-emptive Rights in respect of the new Subscription Shares to be allotted and issued by the Company pursuant to the Proposed Shares Issuance, and in this respect approval is hereby given for the Pre-emptive Rights of the Shareholders to be offered with new shares in the Company in proportion to their shareholding in the Company pursuant to Section 85 of the Act and Clause 61 of the Constitution of the Company to be and is hereby waived in respect of the issuance and allotment of the Subscription Shares in relation to the Proposed Shares Issuance;

AND THAT the Board be and is hereby authorised and empowered to do all acts, deeds and such things and to execute, enter into, sign and deliver or cause to be signed, executed or delivered on behalf of the Company, all necessary documents, agreements or arrangements to give effect and complete the Proposed Shares Issuance, including without limitation, with full power to assent to or make any modifications, variations and/or amendments as may be required or imposed by the relevant authorities and/or parties or as may be deemed necessary and/or expedient and/or appropriate by the Board in their absolute discretion in the interest of the Company and to take such steps as may be necessary or expedient to finalise, implement, give full effect and to complete the Proposed Shares Issuance.”

ORDINARY RESOLUTION 2

PROPOSED ALLOTMENT OF 23,000,000 AXTERIA SHARES TO MR. YEE WEI MENG (“MR. YEE”), THE EXECUTIVE DIRECTOR OF AXTERIA (“PROPOSED ALLOTMENT TO MR. YEE”)

THAT subject to the passing of Ordinary Resolution 1, approval be and is hereby given to the Board to allot and issue 23,000,000 Axteria Shares at an issue price of RM0.1250 per Subscription Share to Mr. Yee, the Executive Director of Axteria based on the terms and conditions of the Subscription Agreement and any supplementals thereto;

THAT such Subscription Shares to Mr. Yee shall, upon allotment and issuance, rank equally and carry the same rights in all respects as the existing Axteria Shares, save and except that Mr. Yee shall not be entitled to any dividend, rights, allotment and/or other distribution that may be declared, made or paid for which the entitlement date precedes the date of issuance and allotment of the Subscription Shares;

AND THAT the Board be and is hereby authorised and empowered to do all acts, deeds and such things and to execute, enter into, sign and deliver or cause to be signed, executed or delivered on behalf of the Company, all necessary documents, agreements or arrangements to give effect and complete the Proposed Allotment to Mr. Yee, including without limitation, with full power to assent to or make any modifications, variations and/or amendments as may be required or imposed by the relevant authorities and/or parties or as may be deemed necessary and/or expedient and/or appropriate by the Board in their absolute discretion in the interest of the Company and to take such steps as may be necessary or expedient to finalise, implement, give full effect and to complete the Proposed Allotment to Mr. Yee.”

ORDINARY RESOLUTION 3

PROPOSED ALLOTMENT OF 121,500,000 AXTERIA SHARES TO MR. WOO WAI ONN @ FOO WAI ONN (“MR. WOO”), THE GROUP CHIEF EXECUTIVE OFFICER OF AXTERIA (“PROPOSED ALLOTMENT TO MR. WOO”)

THAT subject to the passing of Ordinary Resolution 1, approval be and is hereby given to the Board to allot and issue 121,500,000 Subscription Shares at an issue price of RM0.1250 per Subscription Share to Mr. Woo, the Group Chief Executive Officer of Axteria based on the terms and conditions of the Subscription Agreement and any supplementals thereto;

THAT such Subscription Shares to Mr. Woo shall, upon allotment and issuance, rank equally and carry the same rights in all respects as the existing Axteria Shares, save and except that Mr. Woo shall not be entitled to any dividend, rights, allotment and/or other distribution that may be declared, made or paid for which the entitlement date precedes the date of issuance and allotment of the Subscription Shares;

AND THAT the Board be and is hereby authorised and empowered to do all acts, deeds and such things and to execute, enter into, sign and deliver or caused to be signed, executed or delivered on behalf of the Company, all necessary documents, agreements or arrangements to give effect and complete the Proposed Allotment to Mr. Woo, including without limitation, with full power to assent to or make any modifications, variations and/or amendments as may be required or imposed by the relevant authorities and/or parties or as may be deemed necessary and/or expedient and/or appropriate by the Board in their absolute discretion in the interest of the Company and to take such steps as may be necessary or expedient to finalise, implement, give full effect, and to complete the Proposed Allotment to Mr. Woo.”

ORDINARY RESOLUTION 4

PROPOSED ALLOTMENT OF 7,666,000 AXTERIA SHARES TO MR. TEE (TAY) ENG JOO (“MR. TEE”), A PERSON CONNECTED TO MR. WOO BY VIRTUE OF HIM BEING A BUSINESS PARTNER WITH MR. WOO (“PROPOSED ALLOTMENT TO MR. TEE”)

THAT subject to the passing of Ordinary Resolution 1, approval be and is hereby given to the Board to allot and issue 7,666,000 Subscription Shares at an issue price of RM0.1250 per Subscription Share to Mr. Tee, a person connected to Mr. Woo by virtue of him being a business partner with Mr. Woo, based on the terms and conditions of the Subscription Agreement and any supplementals thereto;

THAT such Subscription Shares to Mr. Tee shall, upon allotment and issuance, rank equally and carry the same rights in all respects as the existing Axteria Shares, save and except that Mr. Tee shall not be entitled to any dividend, rights, allotment and/or other distribution that may be declared, made or paid for which the entitlement date precedes the date of issuance and allotment of the Subscription Shares;

AND THAT the Board be and is hereby authorised and empowered to do all acts, deeds and such things and to execute, enter into, sign and deliver or caused to be signed, executed or delivered on behalf of the Company, all necessary documents, agreements or arrangements to give effect and complete the Proposed Allotment to Mr. Tee, including without limitation, with full power to assent to or make any modifications, variations and/or amendments as may be required or imposed by the relevant authorities and/or parties or as may be deemed necessary and/or expedient and/or appropriate by the Board in their absolute discretion in the interest of the Company and to take such steps as may be necessary or expedient to finalise, implement, give full effect and to complete the Proposed Allotment to Mr. Tee.”

ORDINARY RESOLUTION 5

PROPOSED ALLOTMENT OF 6,000,000 AXTERIA SHARES TO MS. TAN SOCK ENG (“MS. TAN”), DEEMED PERSONS CONNECTED TO MR. WOO BY VIRTUE OF HER BEING THE SPOUSE OF MR. TEE, WHO IS A BUSINESS PARTNER WITH MR. WOO (“PROPOSED ALLOTMENT TO MS. TAN”)

THAT subject to the passing of Ordinary Resolution 1, approval be and is hereby given to the Board to allot and issue 6,000,000 Subscription Shares at an issue price of RM0.1250 per Subscription Share to Ms. Tan, who is deemed a person connected to Mr. Woo by virtue of her being the spouse of Mr. Tee, who is a business partner with Mr. Woo, based on the terms and conditions of the Subscription Agreement and any supplementals thereto;

THAT such Subscription Shares to Ms. Tan shall, upon allotment and issuance, rank equally and carry the same rights in all respects as the existing Axteria Shares, save and except that Ms. Tan shall not be entitled to any dividend, rights, allotment and/or other distribution that may be declared, made or paid for which the entitlement date precedes the date of issuance and allotment of the Subscription Shares;

AND THAT the Board be and is hereby authorised and empowered to do all acts, deeds and such things and to execute, enter into, sign and deliver or caused to be signed, executed or delivered on behalf of the Company, all necessary documents, agreements or arrangements to give effect and complete the Proposed Allotment to Ms. Tan, including without limitation, with full power to assent to or make any modifications, variations and/or amendments as may be required or imposed by the relevant authorities and/or parties or as may be deemed necessary and/or expedient and/or appropriate by the Board in their absolute discretion in the interest of the Company and to take such steps as may be necessary or expedient to finalise, implement, give full effect and to complete the Proposed Allotment to Ms. Tan.”

By Order of the Board

PANG KAH MAN

SSM PC No.: 202008000183

MIA No.: 18831

Secretary

Kuala Lumpur

13 January 2023

Explanatory Note:-

Pursuant to Section 85 of the Act read together with Clause 61 of the Company's Constitution, the Shareholders have a statutory Pre-emptive Rights to be offered any new shares of the Company which rank equally to existing Shares issued by the Company. By you voting in favour of the proposed Ordinary Resolution 1, you will be waiving your statutory Pre-emptive Rights, and accordingly the proposed Ordinary Resolution 1, if passed, will be taken to mean and will tantamount to the Shareholders agreeing to waive and exclude their statutory Pre-emptive Rights under Section 85 of the Act and Clause 61 of the Company's Constitution to be offered any new Shares to be issued by the Company pursuant to the Proposed Shares Issuance.

Notes:-

1. The EGM will be conducted on a fully virtual basis via TIIH Online website at <https://tiih.online>. The conduct of a fully virtual EGM is in line with the revised Guidance Note and FAQs on the conduct of General Meetings for Listed Issuers issued by Securities Commission of Malaysia. An online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Act provided that the online meeting platform is located in Malaysia and all meeting participants including Chairman of the meeting, board members, senior management and shareholders are to participate in the meeting online.

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the EGM via the RPV facilities provided by Tricor via its TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide for the EGM for the procedures to register and participate via RPV facilities.

2. A member (other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991) entitled to participate at the meeting is entitled to appoint a maximum of 2 proxies to participate on his/her behalf. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate at the meeting of the Company shall have the same rights as the members to participate at the meeting.
3. A member who has appointed a proxy/attorney/authorised representative to participate at this EGM via RPV facilities must request his/her proxy/attorney/authorised representative to register himself/herself for RPV facilities at <https://tiih.online>. Please refer to the Procedures for RPV facilities as set out in the Administrative Guide for the EGM.
4. Where a member appoints 2 proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
5. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The Form of Proxy shall be signed by the appointer or his/her attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.
7. In the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Meeting as his/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy, have been duly completed by the member(s).
8. The original 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 such power or authority, shall be deposited at the Share Registrars' Office at Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively to submit the Form of Proxy electronically via TIIH Online website at <https://tiih.online> not later than 24 hours before the time of holding the EGM. Please refer to the procedure as set out in the Administrative Guide for the EGM for the electronic lodgment of the Form of Proxy.
9. For the purpose of determining who shall be entitled to participate at this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available a Record of Depositors as at 20 January 2023 and only Members whose names appear on such Record of Depositors shall be entitled to participate at this meeting and entitled to appoint proxy or proxies.
10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the EGM will be put to vote by poll.

Personal data privacy:

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*



AXTERIA GROUP BERHAD
(Registration No.: 199901021765 (496665-W))
(Incorporated in Malaysia)

FORM OF PROXY

(Before completing the form please refer to the notes below)

| No. of shares held | CDS Account No. of Authorised Nominee |
|--------------------|---------------------------------------|
| | |

I/We _____ NRIC/Passport/Co. No. _____ Contact No. _____
(FULL NAME IN BLOCK LETTERS)

of _____ Tel No. _____ /
(ADDRESS)

Email Address _____

being a member of **AXTERIA GROUP BERHAD**, hereby appoint

| Proxy 1 – Full name in Block Letters | NRIC/Passport No. | No. of shares | % of shareholdings |
|--------------------------------------|-------------------|---------------|--------------------|
| | | | |
| Address: | | | |
| Email Address: | | | |

| (if more than one (1) proxy) Proxy 2 – Full name in Block Letters | NRIC/Passport No. | No. of shares | % of shareholdings |
|--|-------------------|---------------|--------------------|
| | | | |
| Address: | | | |
| Email Address: | | | |

or failing him/her, the Chairman of the Meeting, as my/our proxy(ies) to vote for me/us and on my/our behalf at the Extraordinary General Meeting (“**EGM**”) of the Company to be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Voting (“**RPV**”) facilities which are provided by Tricor Investor & Issuing House Services Sdn Bhd (“**Tricor**”) via TIH Online website at <https://tiah.online> or <https://tiah.com.my> (Domain registration number with MYNIC: D1A282781), 30 January 2023 at 10.00 a.m. or any adjournment thereof.

My/our proxy(ies) shall vote as follows:

| ORDINARY RESOLUTION 1 | For | Against |
|-------------------------------|------------|----------------|
| Proposed Shares Issuance | | |
| ORDINARY RESOLUTION 2 | For | Against |
| Proposed Allotment to Mr. Yee | | |
| ORDINARY RESOLUTION 3 | For | Against |
| Proposed Allotment to Mr. Woo | | |
| ORDINARY RESOLUTION 4 | For | Against |
| Proposed Allotment to Mr. Tee | | |
| ORDINARY RESOLUTION 5 | For | Against |
| Proposed Allotment to Ms. Tan | | |

(Please indicate with an “X” in the space provided how you wish your vote to be cast on the resolutions specified in the Notice of the Extraordinary General Meeting. If you do not do so, the proxy(ies) will vote or abstain from voting at his/her/their discretion).

Dated this _____ day of _____ 2023

Signature/Seal of Shareholder



Notes:-

1. The EGM will be conducted on a fully virtual basis via TIIH Online website at <https://tiih.online>. The conduct of a fully virtual EGM is in line with the revised Guidance Note and FAQs on the conduct of General Meetings for Listed Issuers issued by Securities Commission of Malaysia. An online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Act provided that the online meeting platform is located in Malaysia and all meeting participants including Chairman of the meeting, board members, senior management and shareholders are to participate in the meeting online.

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the EGM via the RPV facilities provided by Tricor via its TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide for the EGM for the procedures to register and participate via RPV facilities.
2. A member (other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991) entitled to participate at the meeting is entitled to appoint a maximum of 2 proxies to participate on his/her behalf. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate at the meeting of the Company shall have the same rights as the members to participate at the meeting.
3. A member who has appointed a proxy/attorney/authorised representative to participate at this EGM via RPV facilities must request his/her proxy/attorney/authorised representative to register himself/herself for RPV facilities at <https://tiih.online>. Please refer to the Procedures for RPV facilities as set out in the Administrative Guide for the EGM.
4. Where a member appoints 2 proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
5. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The Form of Proxy shall be signed by the appointer or his/her attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.
7. In the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Meeting as his/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy, have been duly completed by the member(s).
8. The original 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 such power or authority, shall be deposited at the Share Registrars' Office at Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively to submit the Form of Proxy electronically via TIIH Online website at <https://tiih.online> not later than 24 hours before the time of holding the EGM. Please refer to the procedure as set out in the Administrative Guide for the EGM for the electronic lodgment of the Form of Proxy.
9. For the purpose of determining who shall be entitled to participate at this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available a Record of Depositors as at 20 January 2023 and only Members whose names appear on such Record of Depositors shall be entitled to participate at this meeting and entitled to appoint proxy or proxies.
10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the EGM will be put to vote by way of poll.

Fold this flap for sealing

Then fold here

Affix
stamp

THE SHARE REGISTRAR
AXTERIA GROUP BERHAD
(Registration No.: 200001013359 (515965-A))
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite Avenue 3
Bangsar South, No.8
Jalan Kerinchi, 59200 Kuala Lumpur
Malaysia

First fold here

