

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.

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

MILUX[®]
QUALITY • SAFETY • RELIABILITY
MILUX CORPORATION BERHAD
Registration No.: 199401027937 (313619-W)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

PROPOSED DISPOSAL BY T.H. HIN HOME TECH SDN. BHD., A WHOLLY-OWNED SUBSIDIARY OF MILUX CORPORATION BERHAD OF A LEASEHOLD LAND LOCATED IN PERAI, PULAU PINANG AND BUILDINGS ERECTED THEREON FOR A TOTAL CASH CONSIDERATION OF RM11.0 MILLION

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 Milux Corporation Berhad (“**Milux**” or the “**Company**”) is to be conducted fully virtual at the broadcast venue at Meeting Room, Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Monday, 28 February 2022 at 2.30 p.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 via live stream and online voting, you may complete the Form of Proxy and deposit it at the Office of the Poll Administrator, SS E Solutions Sdn. Bhd., at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submit it via fax at 03-2094 9940 and/or 03-2095 0292 or e-mail to eservices@sshshb.com.my, no later than forty-eight (48) hours before the time of holding the EGM. Your proxy appointment may also be lodged electronically via Securities Services e-Portal at <https://sshshb.net.my/>. The resolution set out in the Notice of EGM is to be voted by poll. The lodging of the Form of Proxy shall not preclude you from attending, participating and voting remotely 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 : Saturday, 26 February 2022 at 2.30 p.m.
Date and time of the EGM : Monday, 28 February 2022 at 2.30 p.m., or any adjournment thereof

This Circular is dated 11 February 2022

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
Announcement	:	The announcement dated 2 December 2021 in relation to the Proposed Disposal
Board	:	The Board of Directors of Milux
Buildings	:	The 2-storey office block with an annexed single-storey detached factory, 3-storey detached factory tower, canteen cum surau, compressor room, guard house, parking shed, pump rooms and TNB substation erected thereon the Land
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
Director	:	The director(s) of a company having the same meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Market Services Act, 2007, and includes any person who is or was within the preceding 6 months of the date on which the terms of the SPA were agreed upon, a director or chief executive officer of Milux, its subsidiaries or holding company
Disposal Consideration	:	Total cash consideration of RM11.0 million
Henry Butcher or Valuer	:	Henry Butcher Malaysia (Seberang Perai) Sdn Bhd (Registration No.: 199101016569 (226881-H))
Home Tech or Vendor	:	T.H. Hin Home Tech Sdn. Bhd. (Registration No.: 198301016863 (112272-K)), a wholly-owned subsidiary of Milux, the vendor for the Proposed Disposal
Land	:	All that piece of leasehold land held under HS(D) 41656 PT 1387, Mukim 01, Daerah Seberang Perai Tengah, Negeri Pulau Pinang measuring approximately 7,991.2940 sqm
LPD	:	24 January 2022, being the latest practicable date prior to the printing of this Circular
Major Shareholder	:	A person who has an interest or interests in one or more voting shares in Milux and the aggregate number of those shares, is:- (i) 10% or more of the total number of voting shares in Milux; or (ii) 5% or more of the total number of voting shares in Milux where such person is the largest shareholder of Milux. For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act and a major shareholder includes any person who is or was within the preceding 6 months of the date on which the terms of the SPA were agreed upon, a major shareholder of Milux or any other company which is its subsidiaries or holding company
Malacca Securities or Principal Adviser	:	Malacca Securities Sdn. Bhd. (Registration No.: 197301002760 (16121-H))

DEFINITIONS (CONT'D)

Milux or Company	:	Milux Corporation Berhad (Registration No. 199401027937 (313619-W))
Milux Group or Group	:	Milux and its subsidiaries, collectively
Milux Share(s) or Share(s)	:	Ordinary share(s) in Milux
NA	:	Net assets
Proposed Disposal	:	Proposed disposal by Home Tech of the Subject Property for the Disposal Consideration
RPGT	:	Real Property Gains Tax
SPA	:	Conditional sale and purchase agreement in relation to the Proposed Disposal which was entered into between Home Tech and UPSB on 2 December 2021
sq ft	:	Square foot/feet
sqm	:	Square meter
Subject Property	:	The Land and Buildings, collectively
TNB	:	Tenaga Nasional Berhad
UPSB or Purchaser	:	Update Paper Sdn. Bhd. (Registration No.: 199801008270 (464397-V)), the purchaser for the Proposed Disposal
UPSB Share(s)	:	Ordinary share(s) in UPSB
Valuation Certificate	:	Valuation certificate dated 13 November 2021 in relation to the Subject Property prepared by the Valuer
Valuation Report	:	Valuation report dated 13 November 2021 in relation to the Subject Property prepared by the Valuer

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.

All references to “you” in this Circular are to the shareholders of Milux.

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EXECUTIVE SUMMARY

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

Key information	Description	Reference to this Circular
Summary of the transaction	The Proposed Disposal entails Home Tech, a wholly-owned subsidiary of Milux, disposing all that piece of leasehold land held under HS (D) 41656 PT 1387 Mukim 01, Seberang Perai Tengah, Pulau Pinang together with the buildings erected thereon to UPSB for a total cash consideration of RM11.0 million.	Section 2
Basis of Disposal Consideration	<p>The Disposal Consideration was arrived at on a "willing-buyer willing-seller" basis after taking into consideration, amongst others, the market value attributed to the Subject Property of RM10.0 million ascribed by the Valuer.</p> <p>The Disposal Consideration of RM11.0 million represents a 10.0% premium to the RM10.0 million market value of the Subject Property ascribed by the Valuer.</p>	Section 2.3
Rationale for the Proposed Disposal	<p>(i) The Proposed Disposal is part of Milux Group's ongoing initiative to rationalise its assets and focus its resources on more promising areas of its operations.</p> <p>(ii) The Proposed Disposal provides an opportunity for Milux Group to realise the value of its investment in the Subject Property at an attractive price and record a net gain on disposal of approximately RM7.7 million.</p> <p>(iii) The Proposed Disposal will enable Milux Group to raise proceeds of RM11.0 million to be utilised for repayment of bank borrowings and working capital.</p>	Section 4
Directors' and major shareholders' interests	None of the Directors and/or major shareholders of Milux and/or persons connected to them have any interest, direct or indirect, in the Proposed Disposal.	Section 9
Directors' statement and recommendation	<p>The Board, having considered all relevant aspects of the Proposed Disposal including the terms and conditions of the SPA, basis and justification of the Disposal Consideration, rationale and effects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interest of Milux.</p> <p>Accordingly, the Board recommends that shareholders of the company VOTE IN FAVOUR of the ordinary resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM of the Company.</p>	Section 10



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MILUX CORPORATION BERHAD
Registration No.: 199401027937 (313619-W)
(Incorporated in Malaysia)

Registered Office:
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan

11 February 2022

Board of Directors:

Datuk Dr. Wong Lai Sum (*Independent Non-Executive Chairman*)
Datuk Wira Ling Kah Chok (*Executive Vice Chairman*)
Datuk Khoo Teck Kee (*Group Managing Director*)
Tan Chee How (*Executive Director*)
Ho Pui Hold (*Independent Non-Executive Director*)
Datuk Haw Chin Teck (*Independent Non-Executive Director*)
Dato' Sri Ir. Ts. Dr. Liew Mun Hon (*Independent Non-Executive Director*)
Gan Boon Lay (*Non-Independent Non-Executive Director*)
Yee Carine (*Non-Independent Non-Executive Director*)
Teh Sok Hoon (*Non-Independent Non-Executive Director*)

To: The Shareholders of Milux Corporation Berhad

Dear Sir/Madam,

PROPOSED DISPOSAL

1. INTRODUCTION

On 2 December 2021, Malacca Securities had on behalf of the Board, announced that Home Tech had, on even date, entered into the SPA with UPSB for the disposal of all the piece of leasehold land held under HS(D) 41656 PT 1387 Mukim 01, Seberang Perai Tengah, Pulau Pinang together with buildings erected thereon measuring approximately 7,991.2940 sqm for the Disposal Consideration of RM11.0 million, subject to the terms of the SPA.

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

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

2. PROPOSED DISPOSAL

The Proposed Disposal entails the disposal by Home Tech of the Subject Property comprising the following:-

- (i) a leasehold land held under HS(D) 41656 PT 1387, Mukim 01, Daerah Seberang Perai Tengah, Negeri Pulau Pinang measuring approximately 7,991.2940 sqm; and
- (ii) a 2-storey office block with an annexed single-storey detached factory, 3-storey detached factory tower, canteen cum surau, compressor room, guard house, parking shed, pump rooms and TNB substation erected thereon the Land,

to UPSB for the Disposal Consideration of RM11.0 million, subject to the terms and conditions of the SPA. The salient terms of the SPA are set out in Appendix I of this Circular.

For information, Milux and UPSB had vide a letter of exchange dated 23 December 2021, allowed UPSB to enter the premises and commence moving some inventories and install machineries in a portion of the warehouse pending the handing over of vacant possession of the Subject Property in accordance with the SPA for an administrative fee of RM500.00 per month payable by UPSB until the handing over of vacant possession by Milux. In the event the conditions precedent of the SPA are not met and the SPA is terminated, UPSB will be responsible to remove all inventories stored and machineries installed at its own costs and hand back vacant possession of the Subject Property.

The Proposed Disposal is not expected to result in Milux becoming a Cash Company and/or a Practice Note 17 Company under the Main Market Listing Requirements of Bursa Securities.

2.1 Information on UPSB

UPSB was incorporated in Malaysia on 21 June 1998 as a private company under the Act with its registered address at No. 42A-07-03, Menara Penang Garden, Jalan Sultan Ahmad Shah, 10050 Georgetown, Pulau Pinang.

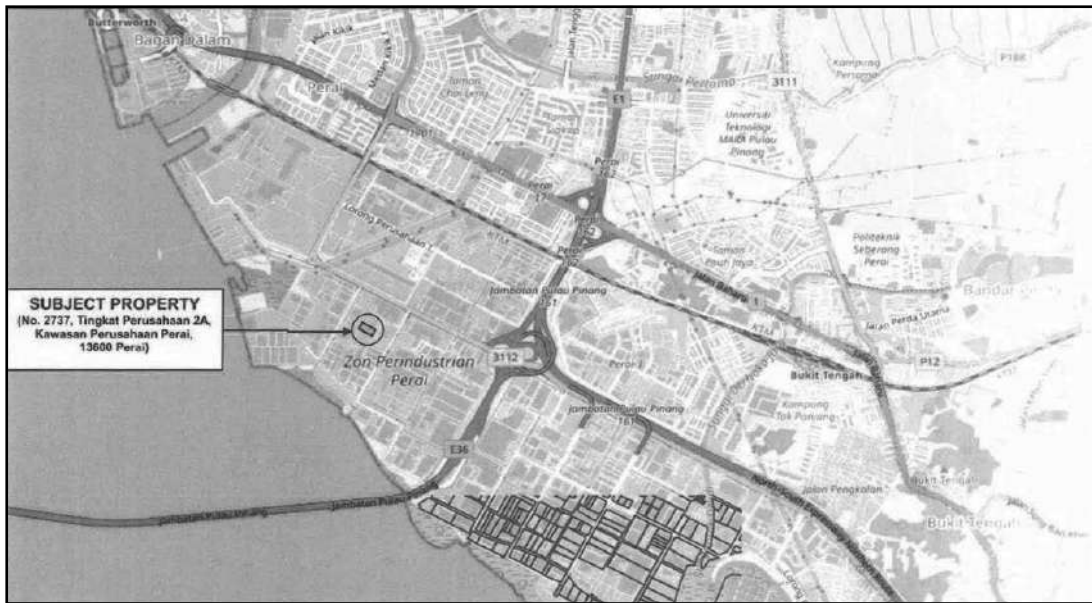
As at LPD, the directors of UPSB are Ang Boon Him and Chong Boo Kean.

The principal activities of UPSB are manufacturing and dealing of papers and associated products.

As at LPD, UPSB has an issued share capital of RM1,000,000.00 comprising 1,000,000 UPSB shares. The shareholders of UPSB and their respective shareholdings in UPSB as at LPD are as follows:-

	<u>No. of UPSB shares</u>	<u>%</u>
Ang Boon Him	554,768	55.48
Chong Boo Kean	282,942	28.29
Yap Lee Kwong	92,101	9.21
Teoh Bee Lay	70,189	7.02
Total	<u>1,000,000</u>	<u>100.00</u>

2.2 Information on the Subject Property



Details of the Subject Property are as follows:-

Information on the Land

- | | |
|----------------------|--|
| Title details | : HS(D) 41656 PT 1387, Mukim 01, Daerah Seberang Perai Tengah, Negeri Pulau Pinang |
| Land Area | : 7,991.2940 sqm |
| Tenure | : Leasehold with 60 years lease expiring on 15 December 2042 (21 years remaining as at 13 November 2021, being the material date of inspection) |
| Category of land use | : Industrial |
| Express condition | : (i) The subsequent proprietor registered after Penang Development Corporation shall within two years from the date of alienation or within such further term as may be approved by the Penang State Authority erect a factory building or buildings on the Land hereby alienated in accordance with the plan approved by the local authority and shall maintain the building or buildings so erected to the satisfaction of the Penang State Authority.
(ii) The subsequent proprietor registered after Penang Development Corporation shall treat and dispose of, or cause to be treated and disposed of, trade effluents in a manner to the satisfaction of the Penang State Authority.
(iii) The subsequent proprietor registered after Penang Development Corporation shall pay and discharge all taxes, rates, assessments and charges whatsoever which may be payable for the time being in respect of the land hereby alienated of any part thereof, levied by the Majlis Perbandaran Seberang Perai. |

- (iv) The subsequent proprietor registered after Penang Development Corporation shall ensure that 30% of the employees engaged in the business for which the land is hereby alienated shall be Malays.
- Restriction in interest : (i) The Land hereby alienated shall not be transferred, charged, leased, sub-leased or otherwise in any manner dealt with or disposed of without the written sanction of the Penang State Authority.
- (ii) The Land hereby alienated shall not be subdivided.

Information on the Buildings

- Postal address : 2737, TKT Perusahaan 2A, Kawasan Perusahaan Perai, 13600, Perai, Pulau Pinang
- Age of Buildings : 22 to 26 years
- Gross floor area : 109,297 sq ft ^(a)
- Existing use of buildings and factory structure : Office cum factory and warehouse

Other information

- Valuation date : 13 November 2021
- Valuer : Henry Butcher Malaysia (Seberang Perai) Sdn Bhd
- Net book value as at 31 December 2020 : (i) Land (RM604,652)
(ii) Building (RM2,275,272)
- Market value : RM10,000,000
- Registered owner : Home Tech
- Encumbrances/ Caveat : Charged to United Overseas Bank (Malaysia) Berhad vide Presentation No. 0799SC2014042977 registered on 28 November, 2014 ^(b).

Notes:-

- (a) The Valuer had excluded 16,310 sq feet of the total 109,297 sq ft gross floor area from its valuation as a portion of the extensions (i.e. attic floor, part of the first floor office block and canteen, surau, store and lean to sheds) to the Buildings have been constructed either without approvals from Seberang Perai City Council (Majlis Bandaraya Seberang Perai) or the Company has not been able to locate the relevant approval documents.
- (b) For information, the encumbrances are proposed to be discharged via internally generated funds and part of the Disposal Consideration prior to the completion of the Proposed Disposal.

2.3 Basis and justification in arriving at the Disposal Consideration

The Disposal Consideration was arrived at on a “willing-buyer willing-seller” basis after taking into consideration the following:-

- (i) the market value attributed to the Subject Property of RM10.0 million ascribed by the Valuer. The Disposal Consideration of RM11.0 million represents a 10.0% premium to the RM10.0 million market value of the Subject Property ascribed by the Valuer; and
- (ii) the strategic location of the Subject Property within Kawasan Perusahaan Perai which is approachable from the Prai Interchange of North-South Highway via well-maintained metalled roads and about 7.5km due south-east of the Butterworth Ferry Terminal Complex / Penang Sentral Mall.

The Valuer had adopted the Cost Approach and Comparison Approach to value the Subject Property and used the Investment Method of Income Approach as a counter-check. The Cost Approach is based on an estimate of current market value of the Land which is arrived at by the comparison approach for its existing use plus the current replacement cost of the buildings less allowance for physical deterioration and all relevant forms of obsolesces and optimisation. Valuation using the Cost Approach is made on the assumption that the entity will continue in operational existence for the foreseeable future and is subject to adequate potential profitability of the enterprise. The comparison approach entails comparing the Land with similar comparable properties that were sold recently. The characteristics, merits and demerits of these comparable properties are identified and appropriate adjustments thereof are then made to arrive at the market value of the Land.

The Investment Method of Income Approach entails the capitalisation of net rent from a property. Net rent is the residue of gross rent less annual expenses (outgoings) required to sustain the rent with allowance for void and management fees. The gross rent is arrived at by the Comparison Approach.

2.4 Liabilities to remain with Milux Group

There are no liabilities, including contingent liabilities, in relation to the Subject Property which will remain with or to be assumed by Milux Group and/or guarantees given by Milux Group to UPSB upon completion of the Proposed Disposal.

2.5 Original cost of investment

The Land was acquired by Home Tech in 1990 and the construction of the Buildings was completed in 1995. The total cost of investment for the Land was RM1.2 million and the total cost of construction of the Buildings (including other costs for refurbishments and renovations) up to LPD at which such cost of investment could be calculated up to LPD, was RM4.9 million.

3. UTILISATION OF PROCEEDS

Milux proposes to utilise the proceeds from the Proposed Disposal as follows:-

<u>Utilisation</u>	<u>Note</u>	<u>RM'000</u>	<u>Timeframe for utilisation from receipt of proceeds</u>
Repayment of bank borrowings	(i)	4,000	Within 12 months
Working capital	(ii)	5,700	Within 18 months
Defray estimated expenses relating to the Proposed Disposal	(iii)	1,300	Within 3 months
		<u>11,000</u>	

Notes:-

- (i) As at 31 December 2020, Milux Group has an audited bank borrowings of RM3.86 million pertaining to bankers' acceptances carrying an effective interest of 4.98% per annum. For information, Milux Group has bank borrowings totalling RM6.64 million as at LPD. Based on the aforementioned, the interest savings to be derived from the repayment of Milux Group's borrowings is approximately RM0.2 million per annum.

Any deviation in the amount utilised for the repayment of bank borrowings will be adjusted to/from the amount allocated for the general working capital of the Group.

- (ii) The proceeds for working capital are proposed to be utilised to finance the day-to-day operations of Milux Group's business including amongst others, payment to trade and other payables, staff related costs such as salaries, bonuses, statutory contribution and welfare expenses and general administrative/operating expenses such as rental, utilities, telephone charges and sundry expenses. The actual utilisation may vary and is dependent on Milux Group's working capital requirements at that relevant point in time. Nonetheless, Milux proposes to utilise such proceeds received in the following manner:-

Working capital	RM'000
Payment to trade and other creditors	2,000
Staff related costs	2,000
General administrative/ operating expenses	1,700

- (iii) Part of the proceeds estimated at RM1.30 million from the Proposed Disposal will be utilised to defray expenses for the Proposed Disposal as set out below:-

Expenses	RM'000
Professional fees ^(a)	690
RPGT ^(b)	410
Fees payable to authorities	100
Printing, despatch, meeting expenses and miscellaneous expenses	100
Total	1,300

Notes:-

- (a) Comprise estimated professional fees payable to the Principal Adviser, solicitors, Valuer, company secretary, agent commission and consent fees payable to Penang Development Corporation.
- (b) The estimated RPGT of RM0.41 million was derived based on 10% imposed on the net chargeable gain of disposal of the Subject Property of RM4.10 million (computed based on the Disposal Consideration of RM11.0 million less incidental cost pertaining to the Proposed Disposal of RM0.8 million and the recorded cost value of the Subject Property of RM6.10 million as at 31 December 2020).

Any deviation in the amount utilised for the estimated expenses for the Proposal Disposal will be adjusted to/from the amount allocated for the general working capital of the Group.

Pending the utilisation of proceeds from the Proposed Disposal, the proceeds would be placed as deposits with licensed financial institutions or 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 working capital purposes as stated in note (ii) above over a period of eighteen (18) months from the date of receipt of the proceeds.

4. RATIONALE FOR THE PROPOSED DISPOSAL

The Subject Property was previously used by Milux Group as a manufacturing plant for gas cooker and water heater. The manufacturing plant had ceased operations in December 2020 as part of Milux Group's initiative to focus on its trading business. Currently, the Subject Property is being utilised by Milux Group's trading division as a warehouse. Upon completion of the Proposed Disposal, Milux Group's trading division will rent a smaller and more suitable premise for its warehouse purposes. Milux Group had identified semi-detached factories located in Taman Nagasari, Perai as consideration for its warehouse purpose with an estimated rental of RM15,000 per month.

The Proposed Disposal is part of Milux Group's ongoing initiative to rationalise its assets and focus its resources on more promising areas of its operations. The Proposed Disposal also provides an opportunity for Milux Group to realise the value of its investment in the Subject Property at an attractive price. The Proposed Disposal will allow Milux Group to record a net gain on disposal of approximately RM7.7 million.

The Proposed Disposal will enable Milux Group to raise proceeds of RM11.0 million to be utilised for purposes set out in Section 3 of this Circular. This may allow Milux Group to redeploy its existing financial resources for other ventures as and when such opportunities present themselves.

5. RISK FACTORS

The risk factors relating to the Proposed Disposal including, but are not limited to the following:-

(i) Non-completion of the SPA

The completion of the Proposed Disposal is conditional upon the fulfilment of the conditions precedent as set out in Appendix I of this Circular. If any of the conditions precedent is not fulfilled within six (6) months from the date of the SPA, or further extension of time as granted by UPSB to Milux Group as per the terms of the SPA, the SPA may be rescinded or terminated. There can be no assurance that the conditions precedent can be fulfilled and the Proposed Disposal can be completed within the time period permitted under the SPA.

In addition, should a delay or non-completion of the Proposed Disposal occur, Milux Group may not be able to realise the benefits that may accrue to it from the proposed utilisation of proceeds as disclosed in Section 3 of this Circular.

Notwithstanding the above, Milux Group endeavours to ensure full compliance in relation to fulfilment of its part of the obligations under the SPA. In the event the Proposed Disposal is not completed for any reason, Milux Group will continue to own the Subject Property and its trading division will continue to utilise the Subject Property as a warehouse.

(ii) Opportunity Cost

With the Proposed Disposal, Milux Group will only be disposing the Subject Property at current valuation and will not be able to enjoy any future appreciation in the value of the Subject Property.

Nonetheless, the Proposed Disposal will result in a net gain on disposal to Milux Group as detailed in Section 6.2 of this Circular. The proceeds from the Proposed Disposal would be utilised for purposes set out in Section 3 of this Circular, which is expected to strengthen Milux Group's principal businesses and be beneficial to the Milux Group.

6. EFFECTS OF THE PROPOSED DISPOSAL

6.1 Share capital and substantial shareholders' shareholdings

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

6.2 Earnings and Earnings per Share

The Proposed Disposal is expected to result in an estimated net gain on disposal of approximately RM7.7 million. Assuming the Proposed Disposal is completed at the beginning of the audited financial year ended 31 December 2020, the proforma effects of the Proposed Disposal on the earnings and earnings per share of the Milux Group is as follows:-

	<i>RM'000</i>
Loss after tax	(5,047)
(Add) Net gain on disposal from the Proposed Disposal	(a) 7,710
(Add) Interest savings from repayment of bank borrowings	(b) 192
(Less) Estimated expenses relating to the Proposed Disposal	(890)
Proforma profit after tax	<u>1,965</u>
Total number of ordinary shares in Milux in issue ('000)	58,764
Proforma earnings per share (RM)	0.033

Notes:-

- (a) Computed based on the Disposal Consideration of RM11.00 million less the net book value of the Subject Property of RM2.88 million as at 31 December 2020 less RPGT of RM0.41 million.
- (b) Assuming repayment of RM3.86 million bank borrowings as at 31 December 2020 carrying an average interest cost of 4.98% p.a.

6.3 NA, NA per Share and gearing

Based on the audited consolidated statements of financial position of Milux as at 31 December 2020, the proforma effects of the Proposed Disposal on the NA, NA per Share and gearing of Milux Group are set out below:-

	Audited	(a) Subsequent	After Proposed
	31 December 2020	events	Disposal
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Share capital	59,067	59,067	59,067
Fair value adjustment reserve	232	232	232
Accumulated losses	(22,533)	(22,533)	(b) (15,713)
Total equity attributable to owners of the Company	36,766	36,766	43,586
Non-controlling interest	(33)	(33)	(33)
Total equity	<u>36,733</u>	<u>36,733</u>	<u>43,553</u>

	Audited 31 December 2020	^(a) Subsequent events	After Proposed Disposal
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Total number of ordinary shares in Milux in issue ('000)	58,764	235,057	235,057
Proforma NA per share (<i>RM</i>)	0.63	0.16	0.19
Borrowings	3,861	3,861	^(c) -
Gearing (<i>times</i>)	0.11	0.11	-

Notes:-

- (a) Subsequent event relates to the issuance of 176,292,591 new ordinary shares in Milux pursuant to a bonus issue of shares which was completed on 24 March 2021.
- (b) After accounting for the net gain on disposal of RM7.71 million (after deducting the RPGT of RM0.41 million) and estimated expenses of RM0.89 million relating to the Proposed Disposal.
- (c) Assuming repayment of borrowings of RM4.00 million using proceeds from the Proposed Disposal as detailed in Section 3 of this Circular.

7. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Disposal is subject to the following approvals/consents being obtained:-

- (i) shareholders of Milux at the forthcoming EGM;
- (ii) Penang Development Corporation; and
- (iii) Penang State Authority on the sale and transfer of the Subject Property.

The Proposed Disposal is not conditional upon any other corporate exercises/schemes undertaken or to be undertaken by Milux.

8. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Disposal pursuant to paragraph 10.02(g) of the Listing Requirements is 29.9% derived based on the aggregate value of the Disposal Consideration of RM11.0 million over the audited NA of Milux Group of RM36,733,475 as at 31 December 2020.

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

None of the Directors and/or major shareholders of Milux and/or persons connected to them have any interest, direct or indirect, in the Proposed Disposal.

10. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board after having considered all relevant aspects of the Proposed Disposal including the terms and conditions of the SPA, basis and justification of the Disposal Consideration, rationale and effects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interest of Milux.

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

11. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION

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

12. TENTATIVE TIMETABLE FOR IMPLEMENTATION

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed by the second quarter of 2022.

13. EGM

The EGM, the Notice of which is enclosed with this Circular, will be conducted fully virtual at the broadcast venue at Meeting Room, Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Monday, 28 February 2022 at 2.30 p.m., or any adjournment thereof, for the purpose of considering and, if thought fit, passing the resolution to give effect to the Proposed Disposal.

If you are not able to participate and vote at the EGM via live stream and online voting, you may complete the Form of Proxy and deposit it at the Office of the Poll Administrator, SS E Solutions Sdn. Bhd., at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submit it via fax at 03-2094 9940 and/or 03-2095 0292 or e-mail to eservices@sshb.com.my, no later than forty-eight (48) hours before the time of holding the EGM or any adjournment thereof. Your proxy appointment may also be lodged electronically via Securities Services e-Portal at <https://www.sshb.net.my/>. The lodging of the Form of Proxy does not preclude you from attending, participating, speaking, and voting in person at the EGM should you subsequently wish to do so.

14. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board of
MILUX CORPORATION BERHAD

DATUK DR WONG LAI SUM
Independent Non-Executive Chairman

The salient terms and conditions of the SPA are as follows:-

1. Sale and purchase of the Subject Property

Home Tech, being the Vendor agrees to sell, and UPSB, being the Purchaser agrees to purchase the Subject Property on an “as is where is basis” free from all caveats, liens charges and encumbrances with vacant possession, subject to the restrictions in interest and conditions expressed or implied in the title of the Subject Property at Disposal Consideration and upon the terms and conditions stated in the SPA.

2. Conditions Precedent

(a) The sale and purchase of the Subject Property as contemplated in the SPA shall be conditional upon the following conditions precedent being obtained, at Home Tech’s own cost and expenses within 6 months from the date of the SPA, or further extension of time granted by UPSB to Home Tech:-

- (i) Milux’s (being the holding company of Home Tech) shareholders’ approval in a general meeting for the Proposed Disposal;
- (ii) consent of Penang Development Corporation to the Proposed Disposal; and
- (iii) consent to the sale and transfer of the Subject Property from the state authority (“**Consent to Transfer**”) and Home Tech shall, where so requested, assist UPSB, at UPSB’s own cost and expense, in the application for the consent to charge to the state authority during the submission of application for Consent to Transfer.

(Collectively, “**Consents/Approvals**”)

(b) The SPA shall become unconditional on the date which UPSB’s solicitors in receipt of the Consents/ Approvals (“**Unconditional Date**”).

(c) In the event that the Consents/ Approvals are not obtained or are refused for any reason whatsoever within the time period stipulated in Section 2(a) of this Appendix or such extended period or periods as may be mutually agreed by the parties, the SPA shall at the absolute option of the parties be terminated whereupon Home Tech shall refund to UPSB all money paid towards the Disposal Consideration without any interest or compensation whatsoever within seven (7) days from the date of termination, failing which without prejudice to any other right and remedy available to UPSB, Home Tech shall be liable to pay UPSB interest at the rate of 8% per annum on the outstanding sum calculated on a day to day basis until full payment of the outstanding sum to UPSB, together with interest.

3. Disposal Consideration

The Disposal Consideration shall be paid or caused to be paid by UPSB at the times and in the manner as follows:-

- (i) UPSB had paid to Home Tech’s solicitors as stakeholder, the earnest deposit of RM110,000 prior to the execution of the SPA;
- (ii) UPSB shall pay to its solicitors and Home Tech’s solicitors as stakeholders, the balance deposit of RM330,000 and RM660,000 respectively, on the date of execution of the SPA; and

- (iii) UPSB shall pay or caused to be paid to Home Tech's solicitors as stakeholders, the balance Disposal Consideration of RM9,900,000 on or before the expiration of a date falling within 3 months from the date of UPSB's solicitors received the certified true copies of the consents from Penang Development Corporation and the state authority from Home Tech's solicitors ("**Completion Period**"), failing which, a further period of 1 month from the expiration of the Completion Period ("**Extended Completion Period**") shall automatically be granted to UPSB on the expiration of the Completion Period, provided always that UPSB shall be liable to pay Home Tech interest in accordance with the terms and conditions stated in the SPA.

For the avoidance of doubt, the earnest deposit and balance deposit as stated in Sections 3(a) and (b) of this Appendix shall form part payment towards the Disposal Consideration.

4. Default

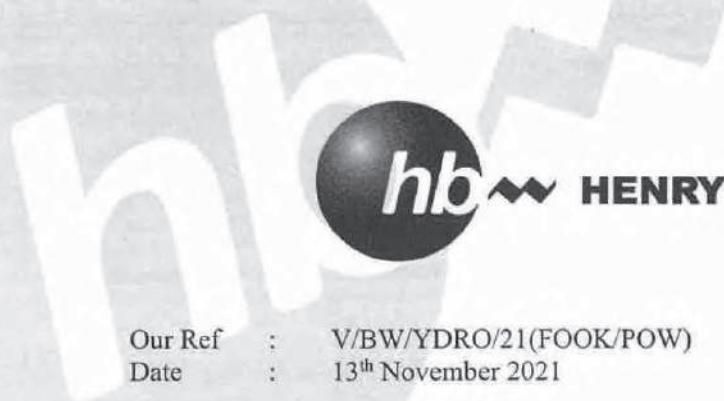
Subject to the SPA having become effective:-

- (i) if UPSB fails to comply with the terms and conditions of the SPA and/or being default of paying the whole or any part of the balance Disposal Consideration to Home Tech's solicitors as stakeholder through no fault of Home Tech in the manner and within the time stipulated in the SPA, Home Tech shall be entitled by notice in writing to terminate the SPA and the deposit paid by UPSB shall be forfeited absolutely to Home Tech by way of agreed liquidated damages; or
- (ii) if through no fault of UPSB, Home Tech shall default to complete the sale and/or fail to comply with the terms and conditions of the SPA, UPSB shall be entitled at its sole discretion either to require Home Tech to specific perform the relevant provisions of the SPA and to proceed to apply for a decree of specific performance of the SPA in court against Home Tech or alternatively, to terminate the SPA by notice in writing to Home Tech.

5. Representations and Warranties

Home Tech expressly confirms, undertakes, represents and warrants to UPSB, amongst others, that to the best knowledge of Home Tech:-

- (i) the Subject Property or any part thereof is not subject to any acquisition proceedings or notice of intended acquisition by the relevant authorities as at the date of execution of the SPA;
- (ii) save for the charge in favour of Home Tech's financier, if applicable, the Subject Property is presently free from other encumbrances and all adverse claims by or rights of any third party;
- (iii) there is no subsisting sale and purchase agreement or any other agreements of whatsoever nature affecting or in respect of the Subject Property or any part thereof between Home Tech and any third party or parties;
- (iv) Home Tech is not undischarged bankrupt/ wound up and neither is there any bankrupt or winding up proceedings threatened, initiated or pending against Home Tech;
- (v) Home Tech is not in breach and shall not prior to the completion of the sale herein commit any breach of any express or implied conditions of title to the Subject Property;
- (vi) there is no pending suit, legal proceedings or claim against Home Tech which may affect in any way the rights of Home Tech to dispose of the Subject Property; and
- (vii) the certificate of fitness for occupation of the Subject Property has been issued by the relevant authority.



HENRY BUTCHER MALAYSIA

International Asset Consultants

Our Ref : V/BW/YDRO/21(FOOK/POW)
Date : 13th November 2021

PRIVATE & CONFIDENTIAL

Milux Corporation Berhad

Head Office No. 31, Lorong Jala 14/KS10,
Telok Gong, 42000 Port Klang,
Selangor Darul Ehsan.

Dear Sirs,

REPORT AND VALUATION OF A FACTORY PREMISES BEARING ASSESSMENT ADDRESS NO. 2737, TINGKAT PERUSAHAAN 2A, KAWASAN PERUSAHAAN PERAI, 13600 PERAI, PULAU PINANG HELD UNDER HSD 41656, PT 1387 (RESURVEYED AS NEW LOT NO. 5401), MUKIM 1, SEBERANG PERAI TENGAH, PULAU PINANG.

This certificate is prepared for the purpose of submission to Bursa Malaysia Securities Berhad and for inclusion in the circular to the shareholders of Milux Corporation Berhad for the proposed disposal of the subject property.

In accordance with the instructions from Milux Corporation Berhad, we have valued the abovementioned property vide our valuation report bearing Reference No. V/BW/YDRO/21(FOOK/POW) dated 13th November, 2021. We have conducted the internal inspection of the subject property on 13th November, 2021. Therefore the material date of valuation is as at 13th November, 2021.

The valuation has been carried out in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and in compliance with the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia and with the necessary professional responsibility and due diligence.

The basis of valuation adopted is the Market Value which is defined by *Malaysian Valuation Standards Sixth Edition 2019*, is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion.



HENRY BUTCHER MALAYSIA (SEBERANG PERAI) Sdn Bhd (226881-H)

2708, Jalan Chain Ferry, Taman Kimsar, 13700 Perai, Penang, Malaysia.

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Valuation | Real Estate Agency | Investment Advisory | International Marketing | Market Research | Development Consultancy
Project Marketing | Asset Management | Retail Planning & Consultancy | Auctions | Plant & Machinery | Art Consultancy



V110008/6 V0285

Description of the Subject Property

The subject property is situated along Tingkat Perusahaan 2A within the Kawasan Perusahaan Perai. It is situated approximately 5 km due south-west of the Prai Interchange of the North-South Highway and about 7.5 km due south-east of the Butterworth Ferry Terminal Complex / Penang Sentral Mall.

Kawasan Perusahaan Perai is one of the prime industrial estates in Seberang Perai and is well served with a good infrastructure network and located near to the Butterworth Container Terminal, Penang Bridge and highways.

The site is almost rectangular in shape and encompasses a surveyed land area of 7,996 square metres (1.9759 acres).

At the date of inspection, we noted that the site accommodates an industrial premises of about 22 to 26 years old comprising the following :-

- a) A double-storey detached office block;
- b) An annexed single-storey detached factory;
- c) An annexed three-storey detached factory tower;
- d) A canteen cum a surau;
- e) A compressor room;
- f) A guard house;
- g) A car parking shed;
- h) A switch room cum pump room 1;
- i) A pump room 2;
- j) A TNB substation.

The office building is constructed of a reinforced concrete frame supporting a metal framed pitched roof covered over with metal deck roofing sheets and concealed behind parapet brickwalls.

The factory buildings are constructed of a reinforced concrete frame supporting a metal framed pitched roof covered over with metal deck roofing sheets and concealed behind metal sheet fascia.

The ancillary buildings are generally constructed of a reinforced concrete / metal frame with supporting a metal deck sheets roof / reinforced concrete flat roof.

The total gross floor area of the subject buildings is approximately 8,638.70 sq. metres (92,987 sq. ft).

The subject property has been issued with Certificate of Fitness for Occupation by Seberang Perai Municipal Council (*Majlis Perbandaran Seberang Perai*) on:

- i) 6th November, 1995 (No. Sijil 67/I/95) – Sebuah kilang.
- ii) 12th January, 1999 (No. Sijil 4/I/99) – Tambahan pejabat kepada kilang sedia ada.
- iii) 9th February, 1999 (No. Sijil 11/I/99) – Tambahan kepada kilang sedia ada.

However, we noted that there are some minor extensions done on the subject property without Majlis Perbandaran Seberang Perai approval. For the purpose of this valuation exercise, we have disregarded these extensions without approval in our valuation consideration.

Planning Provision

Our enquiries conducted at the Town Planning Department, Seberang Perai City Council (*Jabatan Perancang Bandar, Majlis Bandaraya Seberang Perai*) revealed that the subject property is located within an area zoned for industrial use.

Title Particulars

The brief particulars of title are as follows:-

Title No.	HSD 41656
Lot No.	PT 1387
Mukim	1
District	Seberang Perai Tengah
State	Pulau Pinang
Tenure	Leasehold for a term of 60 years expiring on 15 th December, 2042.
Annual Rent	RM8,602.00
Registered Proprietor	T.H. Hin Home Tech Sdn Bhd – 1/1 share (No. Syarikat: 112272-K)
Provisional Land Area	7,991.294 square metres
Category of Land Use	Industrial
Express Conditions	<ul style="list-style-type: none"> i) The subsequent proprietor registered after Penang Development Corporation shall within two years from the date of alienation or within such further term as may be approved by the State Authority erect a factory building or buildings on the land hereby alienated in accordance with the plan approved by the local authority and shall maintain the building or buildings so erected to the satisfaction of the State Authority. ii) The subsequent proprietor registered after Penang Development Corporation shall treat and dispose of, or cause to be treated and disposed of, trade effluents in a manner to the satisfaction of the State Authority. iii) The subsequent proprietor registered after Penang Development Corporation shall pay and discharge all taxes, rates, assessments and charges whatsoever which may be payable for the time being in respect of the land hereby alienated of any part thereof, whether levied by the Majlis Perbandaran Seberang Perai. iv) The subsequent proprietor registered after Penang Development Corporation shall ensure that 30% of the employees engaged in the business for which the land is hereby alienated shall be Malays.
Restriction in Interest	<ul style="list-style-type: none"> i) The land hereby alienated shall not be transferred, charged, leased, subleased or otherwise in any manner dealt with or disposed of without the written sanction of the State Authority. ii) The land hereby alienated shall not be subdivided.
Encumbrances	Charged to United Overseas Bank (Malaysia) Berhad vide Presentation No. 0799SC2014042977 registered on 28 th November, 2014.

*** Note:-**

As per the Certified Plan No. PA 22262, the subject property has been resurveyed as New Lot 5401 with the new surveyed land area of 7,996 square metres.

We have adopted this new surveyed land area of 7,996 square metres in our valuation consideration.

Occupation Status

At the date of inspection, we noted that the subject property is owner occupied.

Valuation Methodology

We have adopted the “**Cost Approach**” and “**Comparison Approach**” in formulating our opinion of the **Market Value** of the subject property. As a countercheck, we have also used the **Investment Method of Income Approach** of valuation.

The **Cost Approach** is based on an estimate of current Market Value of land which is arrived at by the **Comparison Approach** for its existing use plus the current gross replacement (or reproduction) cost of improvements less allowance for physical deterioration and all relevant forms of obsolesces and optimization. Valuation using the Cost Approach is made on the assumption that the entity will continue in operational existence for the foreseeable future and is subject to adequate potential profitability of the enterprise.

The **Comparison Approach** is the Market Approach of Comparing the subject property with similar properties that were transacted recently within the same location or other comparable localities. The comparable sale evidences have been sourced from Jabatan Penilaian Dan Perkhidmatan Harta (JPPH). In comparing properties, due consideration is given to factors such as location, size, building differences, improvements and amenities, time element and other relevant factors to arrive at our opinion of value.

In **Investment Method of Income Approach**, the capital value is derived from an estimate of the Market Rental, which the subject property can reasonably be let for. Outgoings, such as property tax, repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annum rental income is capitalised at an appropriate current market yield to arrive at its indicative capital value.

APPENDIX II – VALUATION CERTIFICATE (CONT'D)

Explanatory Notes for Comparison Approach

In arriving at our opinion of the Market Value using the Comparison Approach, the following sale evidences, amongst others, are noted :-

	Comparable 1	Comparable 2	Comparable 3
Address of Property	PT 1457, Mukim 13, Seberang Perai Tengah, Pulau Pinang.	PT 1460, Mukim 13, Seberang Perai Tengah, Pulau Pinang.	PT 4608, Mukim 1, Seberang Perai Tengah, Pulau Pinang.
Location	Penang Science Park	Penang Science Park	Kawasan Perusahaan Perai
Type of Property	Vacant Industrial Land	Vacant Industrial Land	Vacant Industrial Land
Transaction date	20 th November, 2019	24 th January, 2020	23 rd December, 2020
Tenure	60-year leasehold interest expiring on 13 th December, 2080.	60-year leasehold interest expiring on 21 st March, 2081.	99-year leasehold interest expiring on 15 th March, 2115.
Source	Jabatan Penilaian & Perkhidmatan Harta	Jabatan Penilaian & Perkhidmatan Harta	Jabatan Penilaian & Perkhidmatan Harta
Vendor	Perbadanan Pembangunan Pulau Pinang	Perbadanan Pembangunan Pulau Pinang	Petro-Pipe Industries (M) Sdn Bhd
Purchaser	SSK Penyulingan Sisa Minyak Sdn Bhd	IMR (Malaysia) Sdn Bhd	Sing Chuan Aik Transport Sdn. Bhd.
Land area (sq. ft.)	53,131	131,492	505,296
Consideration	RM 2,656,507	RM 6,574,729	RM 27,791,277
Based Value	RM 50 per sq. ft.	RM 50 per sq. ft.	RM 55 per sq. ft.
Adjustments	Adjustments have been made for time (market improvement), location, size and tenure between the subject property and the comparables.		
Adjusted Value	RM 31 per sq. ft.	RM 35 per sq. ft.	RM 36 per sq. ft.

Justification

Post adjustments have been made to the comparables after taking into consideration the positive and negative factors of time (market improvement), location, size and tenure of the subject property. From these comparables, we have concluded that Comparable No. 3 is the best and most suitable comparable to be adopted in this valuation due to the fact that this comparable is the latest and most recent transaction and located within the same industrial estate of the subject property. Having considered the above, we have adopted RM36 per sq. ft. as the Market Value of the subject land.

With regards to the additional site improvements (i.e. parameter fencing, gates and paved area for the internal circulation within the site), we have factored in a sum of approximately RM260,580 being the cost new for these improvements. We have adopted the straight line depreciation method at 2% per annum taking into consideration the age of these site improvements and physical deterioration, obsolescence and economic factors. The final land value including the site improvement adopted in this valuation is about RM37.45 per sq. ft.

Building Value

Building value is derived from the floor area multiplied by the cost of the building. Based on our research and resources, we have adopted the rates ranging from RM40 per sq. ft. to RM150 per sq. ft. as the new building cost depending on the type & structure & size of the buildings as well as the quality of materials used. Building cost and the cost of site improvement are derived from estimated cost new of a similar building and site improvement erected within Kawasan Perusahaan Perai or around this neighbourhood. As a check, we have also referred to the JUBM Construction Cost Handbook Malaysia 2021 and the latest construction cost of industrial premises or site improvement from our enquiries onto various parties. We have adopted the straight line depreciation method taking into consideration the age of the building and the site improvement and physical deterioration, obsolescence and economic factors. Depreciation rate is derived from dividing the age of the building and the site improvement with the estimated building and site improvement life span. The building and site improvement life span is estimated at 50 years.

The Market Value arrived at by using the Cost Approach is RM10,000,000.

Explanatory Notes for Investment Method of Income Approach

The parameters adopted in the Investment Method of Income Approach of Valuation are scheduled as follows :-

Monthly Gross Rental	RM1.30 psf
Monthly Outgoings	RM0.22 per sq.ft.
Capitalisation Rate / Yield	7.5%
Void	Approximately 5.50%

Rental

The current gross passing monthly rental of similar factory buildings in the immediate neighbourhood is ranged from RM1.40 per sq. ft. to RM1.53 per sq. ft.

With regards to the Investment Method of Valuation of the subject property, we have adopted monthly rentals of RM1.30 per sq. ft. after taking into consideration of the location, size and building condition and specification of the subject property. The rental rates adopted are considered to be fair and reasonable.

Outgoing

As per the information provided by the client, the existing monthly outgoing of the subject property is analysed at RM19,934 or RM0.22 per sq. ft. comprising the quit rent, assessment rate, cost of repairs and maintenance, fire insurance premium and property management fee for building. We have adopted the monthly outgoing of RM0.22 per sq. ft. in our valuation computation as fair and reasonable outgoings for the subject property.

Yield

Based on our findings, the capitalisation rates for industrial premises in Pulau Pinang and Seberang Perai is ranging from 6.23% to 9.32%. Thus we have adopted a capitalisation rate of 7.5% after taking into consideration of the location, size and building condition to arrive at the Market Value of the subject property.

Void

We have adopted approximately 5.5% of estimated gross annual income for void allowance for vacancy period, marketing and rent free period offered to new tenant.

Opinion of Value

The Market Values arrived at by using the Cost and Income Approaches are as follows :

Method of Valuation		Market Value	
(i)	Cost Approach	RM10,000,000	(Ringgit Malaysia Twenty Ten Million only)
(ii)	Investment Method of Income Approach	RM11,200,000	(Ringgit Malaysia Eleven Million And Two Hundred Thousand Only)

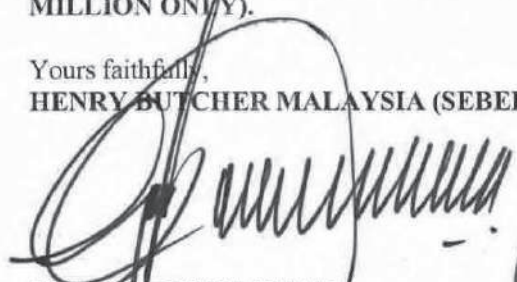
In arriving at the Market Value of the subject property, we have adopted the figure derived from the Cost Approach. The Investment Method of Income Approach is only used as a check method of valuation.

The subject property is a purpose-built industrial premises which is individually designed and constructed for a specific purpose to meet a specific requirement. Therefore the Cost Approach is a more appropriate and suitable method of valuation to be used to provide a better reflection of the Market Value of the subject property.

The Investment Method of Income Approach involves the conversion of an income flow from property into an appropriate capital sum. The assessment of a rental value is therefore an important process and a reasonably accurate estimate is therefore vital. The Investment Method of Income Approach of valuation has limitations due to the availability of sufficient rental evidence to justify the rental derived from the subject property. Taking into account the relative strengths and weaknesses of both methods of valuation, we are of the opinion that the Cost Approach should be a more suitable valuation approach for the subject property.

Having regard to the foregoing, our opinion of the **Market Value** of the full share 60-year leasehold interest having an unexpired term of about 21 years in respect of title as at 13th November, 2021 of the subject property identified as No. 2737, Tingkat Perusahaan 2A, Kawasan Perusahaan Perai, 13600 Perai, Pulau Pinang erected on PT1387 (resurveyed as New Lot 5401) held under Title No. HSD 41656, Mukim 1, Seberang Perai Tengah, Pulau Pinang, **WITH A CERTIFICATE OF FITNESS FOR OCCUPATION ISSUED, WITH VACANT POSSESSION AND SUBJECT TO THE TITLE BEING GOOD, REGISTRABLE, MARKETABLE, FREE FROM ALL ENCUMBRANCES, ENDORSEMENTS, STATUTORY NOTICES AND OUTGOINGS IS RM10,000,000 (RINGGIT MALAYSIA TEN MILLION ONLY).**

Yours faithfully,
HENRY BUTCHER MALAYSIA (SEBERANG PERAI) SDN BHD



SR. FOOK TONE HUAT
B. Sc. (HBP) Hons., ERISM
Registered Valuer
Registered Number: V-556



1. STATEMENT RESPONSIBILITY

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**(i) Malacca Securities**

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

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

(ii) Henry Butcher

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

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

3. MATERIAL LITIGATION

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

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 Milux Group which upon becoming due or enforceable, may have a material impact on the financial position or business of Milux Group.

4.2 Contingent Liabilities

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

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of Milux at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan 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) the audited financial statements of Milux for the past two (2) financial years up to 31 December 2020 and the unaudited financial statements of Milux for the 9-months period ended 30 September 2021;
- (iii) the SPA;
- (iv) the Valuation Certificate and Valuation Report;
- (v) the letter of exchange dated 23 December 2021 referred to in Section 2 of this Circular; and
- (vi) the letters of consent and declaration of conflict of interest referred to in Section 2, Appendix III.



QUALITY • SAFETY • RELIABILITY
MILUX CORPORATION BERHAD
Registration No.: 199401027937 (313619-W)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting (“**EGM**”) of Milux Corporation Berhad (“**Milux**” or the “**Company**”) will be conducted fully virtual at the broadcast venue at Meeting Room, Securities Services (Holdings) Sdn. Bhd., at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Monday, 28 February 2022 at 2.30 p.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution:-

ORDINARY RESOLUTION

PROPOSED DISPOSAL BY T.H. HIN HOME TECH SDN. BHD. (“HOME TECH”), A WHOLLY-OWNED SUBSIDIARY OF MILUX OF A LEASEHOLD LAND LOCATED IN PERAI, PULAU PINANG AND BUILDINGS ERECTED THEREON FOR A TOTAL CASH CONSIDERATION OF RM11.0 MILLION (“PROPOSED DISPOSAL”)

“**THAT** subject to the approval and consent being obtained from all relevant authorities and/or parties (where applicable), approval be and is hereby given to Home Tech to dispose of a leasehold land held under HS(D) 41656 PT 1387, Mukim 01, Daerah Seberang Perai Tengah, Negeri Pulau Pinang together with the buildings erected thereon for a total cash consideration of RM11.0 million, based on the terms and conditions of the conditional sale and purchase agreement dated 2 December 2021 in relation to the Proposed Disposal;

THAT the proceeds arising from the Proposed Disposal be utilised for the purposes set out in Section 3 of the Circular to shareholders in relation to the Proposed Disposal dated 11 February 2022, and the Board of Directors of the Company (“**Board**”) be authorised with full powers to vary the manner and/or purposes of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient in the best interest of the Company;

AND THAT the Board be and are hereby authorised to take all steps, to do all acts, deeds and things and to execute, sign and deliver for and on behalf of the Company all such documents and to enter into any deeds, agreements, arrangements, transfers and/or indemnities as they may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and give full effect to and to complete the Proposed Disposal, with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or imposed by the relevant authorities or deemed necessary by the Board to implement, finalise and give full effect to the Proposed Disposal.”

By Order of the Board

MILUX CORPORATION BERHAD
CHUA SIEW CHUAN (MAICSA 0777689) (SSM PC NO. 201908002648)
CHENG CHIA PING (MAICSA 1032514) (SSM PC NO. 202008000730)
Company Secretaries

Kuala Lumpur
11 February 2022

Notes:-

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 22 February 2022 (“**General Meeting Record of Depositors**”) shall be eligible to participate, speak and vote at the Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but does not need to be a member of the Company and notwithstanding this, a member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

As guided by the Securities Commission Malaysia’s Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers as revised, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the EGM via real time submission of typed texts through a text box within Securities Services e-Portal’s platform during the live streaming of the EGM as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies or corporate representatives may email their questions to eservices@sshbs.com.my during the EGM. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be broadcasted and responded by the Chairman, Board of Directors and/or Management during the Meeting.

4. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**omnibus account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. Appointment of proxy and registration for remote participation and voting

The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the Office of the Poll Administrator, SS E Solutions Sdn. Bhd., at Level 7, Menara Milenium, Jalan Damansara, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submitted via fax at 03-2094 9940 and/or 03-2095 0292 or emailed to eservices@sshbs.com.my, not less than forty-eight (48) hours before the time for holding the meeting or adjournment thereof. The proxy appointment may also be lodged electronically via Securities Services e-Portal at <https://www.sshbs.net.my/>. The resolution set out in this notice of meeting is to be voted by poll.

Should you wish to personally participate at the EGM remotely, please register electronically via Securities Services e-Portal at <https://www.sshbs.net.my/> by the registration cut-off date and time.

Please refer to the Administrative Guide on the Conduct of a fully virtual general meeting available for download at <https://milux.com.my/investor-relations/> for further details.

7. Shareholders are advised to check the Company’s website at <https://milux.com.my/> for announcements from time to time for any changes to the administration of this EGM that may be necessitated by the changes to safety protocols and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysia National Security Council, Securities Commission Malaysia and/or other relevant authorities.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, 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.

FORM OF PROXY



QUALITY • SAFETY • RELIABILITY
MILUX CORPORATION BERHAD
 Registration No.: 199401027937 (313619-W)
 (Incorporated in Malaysia)

CDS Account No.

No. of Shares held

I/We _____
(Full Name in Block Letter and NRIC No./ Passport No./ Company No.)

of _____
(Full Address)

and *telephone no./ email address _____

being a member/members of Milux Corporation Berhad (“**the Company**”), hereby appoint the following person(s)

Full Name and Address (in Block Letters) (First Proxy)		NRIC / Passport No.	No. of shares	% of shareholdings
Email:	Contact No.:			

*and/or

Full Name and Address (in Block Letters) (Second Proxy)		NRIC / Passport No.	No. of shares	% of shareholdings
Email:	Contact No.:			

Or failing *him/her, THE CHAIRMAN OF THE MEETING as *my/our *proxy/proxies, to vote for *me/us on *my/our behalf at the Extraordinary General Meeting (“**EGM**”) of the Company, to be conducted fully virtual at the broadcast venue at Meeting Room, Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Monday, 28 February 2022 at 2.30 p.m., or any adjournment thereof.

Please indicate with an “x” in the appropriate space(s) provided below on how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

No.	Ordinary Resolution	For	Against
1.	Proposed Disposal		

* Strike out whichever is not desired.

Signed this day of, 2022.

.....
 Signature of Shareholder (s)/ Common Seal



Notes:-

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Personal Data Privacy:

By submitting the duly executed Form of Proxy, the member and his/her proxy consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the EGM of the Company and any adjournment thereof.

Fold this flap for sealing

Then fold here

Affix
stamp

MILUX CORPORATION BERHAD
(Registration No.: 199401027937 (313619-W))
c/o SS E Solutions Sdn. Bhd.
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur

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