

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has approved the Proposed Regularisation Plan (as defined herein). The approval of Bursa Securities shall not be taken to indicate that Bursa Securities recommends the Proposed Regularisation Plan or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Circular (as defined herein). 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.

Shareholders should rely on their own evaluation to assess the merits and risks of the Proposed Regularisation Plan.



ISKANDAR WATERFRONT CITY BERHAD
(Registration No. 196801000661 (8256-A))
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE
PROPOSED REGULARISATION PLAN (AS DEFINED HEREIN)
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Principal Adviser



The resolutions in respect of the Proposed Regularisation Plan, will be tabled at our Company's Extraordinary General Meeting ("**EGM**") to be held at the Meeting Venue below. The notice of the EGM together with the Form of Proxy are enclosed and available to be downloaded from our Company's website at www.iwcity.com.my or Bursa Securities' website at www.bursamalaysia.com.

A member entitled to attend and vote at the EGM or appoint proxy(ies) to attend and vote for and on his/her behalf. In such event, the completed Form of Proxy enclosed should be completed and deposited at our registered office at L2-02, 1 Medini Hub, Persiaran Medini Utara 3, Medini Iskandar, 79000 Nusajaya, Johor Darul Ta'zim or to submit the Form of Proxy electronically via email to ir@iwcity.com.my not less than forty-eight (48) hours before the time set for holding the EGM, as indicated below. The lodging of the Form of Proxy will not preclude you from participating and voting in person at the EGM, should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy	: Monday, 9 February 2026, at 9.30 am
Date and time of the EGM	: Wednesday, 11 February 2026 at 9.30 am, or any adjournment thereof
Meeting Venue of the EGM	: Emerald Level 10, Holiday Inn Johor Bahru City Centre Jalan Tun Abdul Razak, 80888 Ibrahim International Business District, Johor Bahru, Johor Malaysia

This Circular is dated 20 January 2026

DEFINITIONS

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

Act	:	Companies Act 2016
Advances	:	The outstanding advances of RM268.4 million made available by RFSB to our Group as at 28 February 2025
Board	:	Board of Directors of our Company
Botanika Tower B	:	A high-rise residential tower forming part of the Botanika township development, developed and completed by our Group
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
CF / CCC	:	Certificate of fitness for occupation / certificate of completion and compliance
Circular	:	This circular to our shareholders in relation to the Proposed Regularisation Plan dated 20 January 2026
CMSA	:	Capital Markets and Services Act 2007
Credence	:	Credence Resources Sdn Bhd (Registration No. 200001008070 (510676-W))
COVID-19	:	Coronavirus disease 2019
Crowe or Reporting Accountants	:	Crowe Malaysia PLT (Registration No. 201906000005 (LLP0018817-LCA) & AF1018)
Danga Rivera	:	Mixed waterfront development which will be developed in phases by our Group and will feature shop offices, retail spaces, hotels and service suites.
Danga Sutera (Phase 2)	:	Phase 2 of a landed township development, comprising semi-detached residential units and bungalow lots, developed and completed by our Group
Danga Sutera (Phase 3)	:	Phase 3 of a landed township development, comprising semi-detached residential units, developed and completed by our Group
Datuk Lim	:	Datuk Lim Keng Guan
DBSB	:	Danga Bay Sdn Bhd (Registration No. 199701013119 (428615-D))
EGM	:	Extraordinary General Meeting of our Company
EPS	:	Earnings per Share
FYE	:	Financial year(s) ended / ending 31 December
GDV	:	Gross development value
IMR Report	:	The independent market research report on the property development market in Johor and the construction sector in Malaysia, dated 18 September 2025 prepared by PROVIDENCE
Interested Directors	:	Collectively, TSDLKH, Lim Chen Heng, Datuk Lim and Khairudin

DEFINITIONS (Cont'd)

Interested Major Shareholders	:	Collectively, IWH, Credence, KPRJ and TSDLKH
IWCity or Company	:	Iskandar Waterfront City Berhad (Registration No. 196801000661 (8256-A))
IWCity Group or Group	:	Collectively, our Company and our subsidiaries
IWCity Share(s) or Share(s)	:	Ordinary share(s) in our Company
IWH	:	Iskandar Waterfront Holdings Sdn Bhd (Registration No. 200301023850 (626270-U))
Khairudin	:	Khairudin Bin Hasan
KPRJ	:	Kumpulan Prasarana Rakyat Johor Sdn Bhd (Registration No. 199501037034 (366236-T))
LAT	:	Loss after tax
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	31 December 2025, being the latest practicable date prior to the printing of this Circular
LPS	:	Loss per Share
Maybank IB or Principal Adviser	:	Maybank Investment Bank Berhad (Registration No. 197301002412)
NA	:	Net assets
Official List	:	A list specifying all securities which have been admitted for listing on Bursa Securities
Outstanding Sum	:	A sum of RM268.4 million, being the aggregate of the Advances and interest accrued thereon, which remains outstanding and repayable by our Group to RFSB, subject to any prepayment of the Outstanding Sum or any part thereof pursuant to the provisions of the Settlement Agreement as set out in Appendix I of this Circular
PAT	:	Profit after tax
PN17	:	Practice Note 17 of the Listing Requirements
Proposed Asset-Amalgamation	:	A proposal from TSDLKH dated 27 September 2023, to our Board and the board of directors of IWH, for the companies to consider the acquisition by our Company, of the entire issued share capital of all the existing direct subsidiaries of IWH, which was announced by our Company on the same date
Proposed Capital Reduction	:	Proposed reduction of our Company's issued share capital pursuant to Section 117 of the Act via the cancellation of our Company's paid-up share capital which is substantially unrepresented by available assets amounting to RM120.0 million

DEFINITIONS (Cont'd)

Proposed Debt Settlement	:	Proposed settlement of the Outstanding Sum via the allotment and issuance of the Settlement RPS-A by TBSB and TBCSB to RFSB pursuant to the terms of the Settlement Agreement
Proposed Regularisation Plan	:	Collectively, the Proposed Debt Settlement and the Proposed Capital Reduction
PROVIDENCE or Independent Market Researcher	:	Providence Strategic Partners Sdn Bhd (Registration No. 201701024744 (1238910-A))
Resolve IR or Internal Control Consultant	:	Resolve IR Sdn Bhd (Registration No. 201901026803 (1336132-T))
RFSB	:	Rampai Fokus Sdn Bhd (Registration No. 200201003843 (571506-H))
RM and sen	:	Ringgit Malaysia and sen, respectively
RPS-A	:	Redeemable preference shares – class A
Settlement Agreement	:	A conditional settlement agreement dated 20 March 2025 (as amended and supplemented by a supplemental agreement dated 22 September 2025 and a second supplemental agreement dated 19 January 2026) entered into between our Company and RFSB in relation to the Proposed Debt Settlement
Settlement RPS-A	:	Collectively, the TBSB RPS-A and the TBCSB RPS-A
TBCSB	:	Tebrau Bay Constructions Sdn Bhd (Registration No. 197801005845 (42888-D))
TBCSB RPS-A	:	Up to 43,200,000 new RPS-A in TBCSB to be allotted and issued by TBCSB to RFSB, at the issue price of RM1.00 per RPS-A, pursuant to the Proposed Debt Settlement
TBSB	:	Tebrau Bay Sdn Bhd (Registration No. 199601042357 (414710-X))
TBSB RPS-A	:	Up to 225,200,000 new RPS-A in TBSB to be allotted and issued by TBSB to RFSB, at the issue price of RM1.00 per RPS-A, pursuant to the Proposed Debt Settlement
TSDLKH	:	Tan Sri Dato' Lim Kang Hoo

Unless specifically referred to, words denoting the singular shall include the plural and vice versa and words denoting the masculine gender shall include the feminine and neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

References to “our Company” in this Circular are to IWCity and references to “our Group” are to our Company and our subsidiaries. References to “we”, “us”, “our” and “ourselves” in this Circular are to our Company and where the context otherwise requires, shall include our subsidiaries. All references to “you” and “your” in this Circular are to our shareholders.

Any reference in this Circular to any enactment, rules or regulations is a reference to that enactment, rules or regulations as for the time being amended or re-enacted.

Any reference to time of day in this Circular is a reference to Malaysian time, unless otherwise stated.

Certain amounts and percentage figures included in this Circular have been subject to rounding adjustments. Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding.

DEFINITIONS *(Cont'd)*

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

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**LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED
REGULARISATION PLAN**

EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY SETS OUT THE SALIENT INFORMATION ON THE PROPOSED REGULARISATION PLAN. YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR WITHOUT RELYING SOLELY ON THIS EXECUTIVE SUMMARY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED REGULARISATION PLAN, AT OUR FORTHCOMING EGM.

<u>Key information</u>	<u>Description</u>
Details of the Proposed Regularisation Plan	<p>: The Proposed Regularisation Plan comprises the following proposals:</p> <p><u>Proposed Debt Settlement</u> The Proposed Debt Settlement involves the issuance by TBSB of up to 225,200,000 TBSB RPS-A and by TBCSB of up to 43,200,000 TBCSB RPS-A to RFSB for the full settlement of the Outstanding Sum.</p> <p>Please refer to Section 2.1 of this Circular for further information.</p> <p><u>Proposed Capital Reduction</u> The Proposed Capital Reduction entails reduction of the issued share capital of our Company pursuant to Section 117 of the Act via the cancellation of our Company's paid-up share capital which is substantially unrepresented by available assets amounting to RM120.0 million.</p> <p>Please refer to Section 2.2 of this Circular for further information.</p>
Rationale for the Proposed Regularisation Plan	<p>: <u>Proposed Debt Settlement</u> The Proposed Debt Settlement will allow our Company to settle the entire Outstanding Sum without any upfront cash outlay, thus conserving our cash resources to be allocated towards our core businesses of property development and construction which can contribute positively to the financial results of our Group in the future.</p> <p>The settlement and capitalisation of the Outstanding Sum will result in –</p> <p>(a) annual interest savings of approximately RM15.0 million, thereby reducing our Group's financing costs; and</p> <p>(b) a reduction in total liabilities from approximately RM653.2 million as at 31 December 2024 to approximately RM384.8 million, representing an approximate 41% reduction, thereby strengthening our Group's financial position.</p> <p><u>Proposed Capital Reduction</u> The Proposed Capital Reduction is intended to eliminate our Company's accumulated losses, thereby rationalising our balance sheet to reflect more accurately the value of our underlying assets and overall financial position. It is expected to facilitate any future fundraising exercises to be undertaken by our Company.</p> <p>Please refer to Section 3 of this Circular for further information.</p>
Risk factors	<p>The Proposed Regularisation Plan is subject to various risk factors, which include but is not limited to the following:</p> <p>(a) risks associated with delays in the implementation or non-completion of the Proposed Regularisation Plan;</p>

EXECUTIVE SUMMARY (Cont'd)

Key information

Description

- (b) risks associated with our Group's ability to register two consecutive quarters of net profits immediately after the completion of the implementation of the Proposed Regularisation Plan in accordance with Paragraph 5.2, PN17;
- (c) the performance of our Group's property development and construction businesses are dependent on the performance of the property market in Johor which is affected by factors such as supply and demand of properties, interest rates, unforeseen economic disruptions, external shocks such as a global economic slowdown or another financial crisis and foreign investment policies;
- (d) risks associated with government policies, lending regulations and infrastructure developments;
- (e) risks associated with our Group's ability to obtain the requisite permits, licences, approvals and certifications for our property development and construction businesses, which may be delayed or not obtained at all;
- (f) risks associated with prolonged delays or non-completion in relation to our Group's property development and construction projects
- (g) risks associated with our Group's dependency on subcontractors to carry out the constructions works for completion of our projects including subcontractors failing to achieve the work quality requirements, possibilities of subcontractors failing to complete their contracted scope of works or inability to hire suitable subcontractors in a timely manner and at a reasonable cost;
- (h) risks associated with potential future pandemic or other public health crisis;
- (i) liquidity risk and interest rate risk;
- (j) risks related to potential future defect liability claims from customers;
- (k) inherent risks such as the shortage of supply for and/or increase in the cost of building materials, equipment and/or labour; and
- (l) risk associated with the competitive nature of the property development and construction industry.

Please refer to **Section 5** of this Circular for further information.

Approvals required and conditionality

- : The Proposed Regularisation Plan is subject to the following approvals being obtained:
- (a) approval of Bursa Securities subject to the conditions as set out in **Section 8(a)** of this Circular;
 - (b) approval of our shareholders at our forthcoming EGM; and
 - (c) approvals, waivers and/or consents of any other relevant authorities and/or parties, if required.

EXECUTIVE SUMMARY (Cont'd)

Key information	Description
	<p>The Proposed Debt Settlement and the Proposed Capital Reduction are inter-conditional. The Proposed Regularisation Plan is not conditional upon any other corporate exercise / scheme of our Company.</p>
Interests of directors, major shareholders, chief executive and/or persons connected to them	<p>: Save as disclosed in Section 11 of this Circular, none of our directors, major shareholders, chief executive and/or persons connected to them have any interest, direct or indirect, in the Proposed Regularisation Plan.</p> <p>The Interested Directors have abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings in relation to the Proposed Debt Settlement.</p> <p>The Interested Directors and the Interested Major Shareholders will abstain from voting in respect of their direct and/or indirect shareholding in our Company, if any, on the resolution pertaining to the Proposed Debt Settlement to be tabled at our forthcoming EGM. They will also ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholding in our Company, if any, on the resolution pertaining to the Proposed Debt Settlement to be tabled at our forthcoming EGM.</p>
Directors' statement and recommendation	<p>: Our Board, save for the Interested Directors who have and will abstain from voting on the resolution in relation to the Proposed Debt Settlement, after having considered all aspects of the Proposed Regularisation Plan, including but not limited to the rationale, benefits and effects of the Proposed Regularisation Plan, including but not limited to the rationale, benefits and effects of the Proposed Regularisation Plan, and the salient terms of the Settlement Agreement, is of the opinion that the Proposed Regularisation Plan is in the best interest of our Company.</p>



ISKANDAR WATERFRONT CITY BERHAD

Registration No: 196801000661 (8256-A)
(Incorporated in Malaysia)

Registered Office
L2-02, 1 Medini Hub
Persiaran Medini Utara 3
Medini Iskandar
79000 Nusajaya
Johor Darul Ta'zim

20 January 2026

Board of Directors

Dato' Hj. Ayub Bin Mion	<i>(Independent Non-Executive Chairman)</i>
Tan Sri Dato' Lim Kang Hoo	<i>(Executive Vice Chairman)</i>
Lim Chen Heng	<i>(Executive Director)</i>
Datuk Lim Keng Guan	<i>(Non-Independent Non-Executive Director)</i>
Khairudin Bin Hasan	<i>(Non-Independent Non-Executive Director)</i>
Kang Hui Ling (f)	<i>(Independent Non-Executive Director)</i>
Chin Wai Kit	<i>(Independent Non-Executive Director)</i>
Soon Chooi Mee (f)	<i>(Independent Non-Executive Director)</i>

To: Our shareholders

Dear Sir / Madam,

PROPOSED REGULARISATION PLAN

1. INTRODUCTION

On 10 June 2022, our Board announced that our Company is an affected listed issuer pursuant to Paragraph 8.03A(2)(b) of the Listing Requirements, having insignificant business or operations due to our revenue on a consolidated basis representing less than 5% of our share capital.

The reasons which caused our Company to slip into such financial condition are as follows:

- (i) in the FYE 2020 and the FYE 2021, the prolonged COVID-19 pandemic and the nationwide movement control order ("**MCO**") had resulted in numerous disruptions to our Group's operations, including delays in construction and the suspension of property viewings for potential customers. The MCO restricted movements and imposed operational limitations, which exacerbated delays in billings and hindered new sales;
- (ii) as a result, the cash flow of our Group was severely impacted and payments to contractors were put on hold. This halted the construction activities of our Group's development projects for the FYE 2021 (namely, Botanika Tower B and Danga Sutera (Phase 2)) as contractors had stopped work; and

- (iii) during the FYE 2021, our Company delayed new launches, such as Danga Sutera (Phase 3) and Danga Rivera, due to unfavourable property market environment caused by the COVID-19 pandemic. The COVID-19 pandemic adversely affected buyer sentiment as widespread economic disruptions, such as job losses and business suspensions, led to financial constraints among the general public. Consequently, potential buyers were more reserved about high commitment associated with property purchases, further contributing to our Company's decision to delay new project launches.

On 22 August 2024, Maybank IB had, on behalf of our Company, submitted an application to Bursa Securities for a waiver from having to submit and implement a regularisation plan as required under Paragraph 8.04(3)(a) of the Listing Requirements and for the upliftment of our Company from being classified as an affected listed issuer pursuant to Paragraph 8.03A(2)(b) of the Listing Requirements, after considering, among others, the improvement in the financial performance of our Group ("**Proposed Waiver and Upliftment**").

However, Bursa Securities had, vide its letter dated 18 October 2024, rejected our application for the Proposed Waiver and Upliftment, and granted us a further extension of time of 6 months until 23 March 2025 to submit a regularisation plan.

On 20 March 2025, Maybank IB had, on behalf of our Company, announced a proposed regularisation plan to regularise our Group's financial condition in accordance with Paragraph 8.04(3) of the Listing Requirements.

On 21 March 2025, Maybank IB had, on behalf of our Company, submitted an application to Bursa Securities for a further extension of time of 6 months from 24 March 2025 until 23 September 2025 for our Company to finalise and submit the regularisation plan to regularise the financial condition of our Company to the relevant authorities.

On 3 April 2025, Bursa Securities had, vide its letter on even date granted our Company an extension of time of 6 months up to 23 September 2025 to submit its proposed regularisation plan.

Subsequently, after further internal deliberations, our Board has resolved to revise the proposed regularisation plan. In view thereof, on 22 September 2025, Maybank IB had, on behalf of our Board, announced that our Company proposes to undertake the following to regularise our financial condition in accordance with Paragraph 8.04(3) of the Listing Requirements:

- (i) the Proposed Debt Settlement, which entails the proposed allotment and issuance, by TBSB and TBCSB (collectively, the "**Issuers**"), both of which are wholly-owned subsidiaries of our Company, of up to 225,200,000 TBSB RPS-A and up to 43,200,000 TBCSB RPS-A respectively, to RFSB, for the full settlement of the Outstanding Sum, subject to the terms and conditions of the Settlement Agreement; and
- (ii) the Proposed Capital Reduction, which entails the proposed reduction of the issued share capital of our Company pursuant to Section 117 of the Act via the cancellation of our Company's paid-up share capital which is substantially unrepresented by available assets amounting to RM120.0 million.

The Proposed Regularisation Plan, upon completion, will not result in a significant change in the business direction or policy of our Company.

On 23 September 2025, Maybank IB had, on behalf of our Board, announced that the application in relation to the Proposed Regularisation Plan had been submitted to Bursa Securities.

On 6 January 2026, Maybank IB had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 6 January 2026, granted its approval for the Proposed Regularisation Plan, subject to the conditions as set out in **Section 8(a)** of this Circular.

On 19 January 2026, Maybank IB had, on behalf of our Board, announced that our Company had on even date, entered into a second supplemental agreement to the Settlement Agreement to vary the terms of the Settlement RPS-A.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED REGULARISATION PLAN AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS IN RESPECT OF THE PROPOSED REGULARISATION PLAN TO BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE SET OUT IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR, BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED REGULARISATION PLAN TO BE TABLED AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED REGULARISATION PLAN

The Proposed Regularisation Plan comprises the Proposed Debt Settlement and the Proposed Capital Reduction, the details of which are as set out in the following sections.

2.1 Details of the Proposed Debt Settlement

The Proposed Debt Settlement involves the allotment and issuance by TBSB of up to 225,200,000 TBSB RPS-A and by TBCSB of up to 43,200,000 TBCSB RPS-A to RFSB for the full settlement of the Outstanding Sum. No proceeds will be raised from allotment and the issuance of the Settlement RPS-A.

Subject to the prior consent of RFSB, our Company may, at any time prior to the completion of the Proposed Debt Settlement, prepay the Outstanding Sum or any part thereof, in cash, subject to our Company having given at least 7 days' prior written notice (signed by one of our independent directors) to RFSB of such intended prepayment specifying the amount of the prepayment. Following the completion of such prepayment, the Outstanding Sum shall be reduced accordingly by an amount equivalent to the sum prepaid, and consequently the number of the Settlement RPS-A to be allotted and issued by TBSB and TBCSB to RFSB shall be adjusted downward in accordance with the terms of the Settlement Agreement.

For information purposes, a sum of approximately RM400,000 from the Outstanding Sum has been repaid by our Company to RFSB in December 2025, thereby reducing the Outstanding Sum to RM268.0 million as at the LPD.

The Proposed Debt Settlement is subject to the terms and conditions of the Settlement Agreement. The salient terms of the Settlement Agreement are set out in **Appendix I** of this Circular.

2.1.1 Background of the Advances

RFSB has, prior to the execution of the Settlement Agreement, extended the Advances to our Group with no fixed timeline for repayment. The details of the Advances, as at the LPD, are as follows:

Description	Note	RM'million
Reclamation costs incurred on land	(a)	166.7
Land conversion premium	(b)	104.0
Tax expenses	(c)	33.0
Utilisation of the Advances		303.7
Interest accrued on the Advances		72.3
Repayment made by our Group		(107.6)
Total Outstanding Sum	(d)	268.4

Notes:

- (a) *Payment of the reclamation costs incurred by TBSB between 2016 to 2022 for the reclamation works carried out on several parcels of land owned by TBSB, located in Mukim Plentong, Daerah Johor Bahru, Johor Darul Takzim.*
- (b) *Payment made in May 2016, for the requisite land premium to convert the leasehold status to freehold status for several parcels of land owned by TBSB, located in Mukim Plentong, Daerah Johor Bahru, Johor Darul Takzim.*
- (c) *Settlement of the outstanding income tax payable by TBCSB and TBSB, to the tax authorities, for the years of assessment (“YA”) 2010 to 2014 and YA 2007 to 2015, respectively. The settlement was facilitated through the utilisation of income tax credits available to RFSB, which arose from its overpayment of taxes due to revised tax assessments and excess tax instalments paid in YA 2014 and 2015. RFSB had in May 2018 authorised the utilisation of its tax credit to offset the tax liabilities of TBCSB and TBSB accordingly.*
- (d) *For information purposes, a sum of approximately RM400,000 from the Outstanding Sum has been repaid by our Company to RFSB in December 2025, thereby reducing the Outstanding Sum to RM268 million as at the LPD.*

The Advances bear an interest rate of 7.0% per annum. However, RFSB has, prior to the execution of the Settlement Agreement, agreed to waive all interest accrued from the Advances for a three-year period effective from 1 April 2023 or until the Advances are capitalised into preference shares or converted into such other instruments in our Company or any other company within our Group, or subject to further terms as mutually agreed upon by RFSB and our Company (“**Interest Waiver**”).

For context, based on our Group’s existing borrowings as disclosed in the latest audited financial statements for the FYE 2024, the weighted average interest rate is approximately 6.1% per annum. In this regard, the Advances, bearing a fixed interest rate of 7.0% per annum, are more costly than our Group’s existing borrowings.

Pursuant to the terms of the Settlement Agreement, the Outstanding Sum will be fully settled via the issuance of the Settlement RPS-A.

2.1.2 Information on TBSB

TBSB was incorporated in Malaysia on 24 December 1996 under the Companies Act 1965 as a private limited company, and is deemed registered under the Act. As at the LPD, it is principally engaged in property development and construction activities. TBSB is a wholly-owned subsidiary of our Company.

As at the LPD, the total issued share capital of TBSB is RM67,000,000 comprising 3,000,000 ordinary shares and 64,000,000 redeemable preference shares. The entire issued ordinary shares and redeemable preference shares in TBSB are held by our Company.

As at the LPD, the directors of TBSB are TSDLKH, Lim Chen Heng and Dato’ Hj. Ayub Bin Mion.

In 2014, our Group adopted a dividend policy under which TBSB is expected to distribute not less than 10.0% of its annual profits as dividends, subject to its capital expenditure commitments and working capital requirements.

Please refer to **Section 6.3 of Appendix II** of this Circular, for TBSB’s historical financial information for the past 3 financial years.

2.1.3 Information on TBCSB

TBCSB was incorporated in Malaysia on 31 October 1978 under the Companies Act 1965 as a private limited company and is deemed registered under the Act. As at the LPD, it is principally engaged in construction works of roads and drainage, bridges and interchanges, other civil engineering, infrastructure works and housing. TBCSB is a wholly-owned subsidiary of our Company.

As at the LPD, the total issued share capital of TBCSB is RM24,000,000 comprising 19,000,000 ordinary shares and 5,000,000 redeemable preference shares. The entire issued ordinary shares and redeemable preference shares in TBCSB are held by our Company.

As at the LPD, the directors of TBCSB are Dato' Hj. Ayub Bin Mion, Khoo Boon Ho and Dato' Md Zahari Bin Md Zin.

In 2014, our Group adopted a dividend policy under which TBCSB is expected to distribute not less than 10.0% of its annual profits as dividends, subject to its capital expenditure commitments and working capital requirements.

Please refer to **Section 6.4 of Appendix II** of this Circular, for TBCSB's historical financial information for the past 3 financial years.

2.1.4 Information on RFSB

RFSB was incorporated in Malaysia under the Companies Act, 1965 on 14 February 2002 as a private limited company, and is deemed registered under the Act. As at the LPD, RFSB has a total issued share capital of RM696,729,470 comprising 10,000,000 ordinary shares and 432,039,000 redeemable preference shares.

RFSB is a wholly-owned subsidiary of DBSB, which is in turn a wholly-owned subsidiary of IWH. As at the LPD, IWH, being our major shareholder, is primarily involved in investment holding under the Public-Private-Partnership model under which key subsidiaries are Master Developers focusing on urban and economic corridor developments.

As at the LPD, the directors of RFSB are TSDLKH, Dato' Lim Hoe, Lim Chen Heng, Tan Sri Datuk Seri Lim Keng Cheng and Khairudin. Save for TSDLKH, Dato' Lim Hoe and Tan Sri Datuk Seri Lim Keng Cheng who have indirect interest via their shareholdings in Credence, none of the directors of RFSB have any equity interest in RFSB.

2.1.5 Basis and justification for the issue price of the Settlement RPS-A

The issue price of the Settlement RPS-A, as mutually agreed between the Issuers and RFSB is RM1.00 per Settlement RPS-A and was arrived at on the basis that it will constitute the principal amount of the Settlement RPS-A for the purpose of redemption, subject always to any preferential dividends as may be declared by the Issuers, as recommended by the Audit Committee of IWCity.

2.1.6 Basis and justification for the redemption price of the Settlement RPS-A

Subject to the availability of distributable profits and cashflows in TBSB and TBCSB, the Settlement RPS-A, may at the discretion of the respective Issuers, as recommended by our Audit Committee, be redeemed at a redemption price of not less than RM1.00 per Settlement RPS-A.

The redemption price is based on the aggregate of the principal amount of each Settlement RPS-A, being the issue price agreed between the respective Issuers and RFSB, and, if applicable, any preferential dividends as may be declared by the Issuers. Based on the terms of the Settlement RPS-A, the respective Issuers may only declare the dividends if it is recommended by our Audit Committee, and subject to the availability of distributable profits and cashflows of the respective Issuers.

The redemption of the Settlement RPS-A and/or declaration of preferential dividends by the Issuers, will be carried out strictly in accordance with the provisions of the constitutions of the respective Issuers as well as Sections 72, 131 and 132 of the Act. Accordingly, the redemption of the Settlement RPS-A and/or declaration of preferential dividends will be executed only when the Issuer is profitable and, after providing for its working capital requirements, has sufficient remaining profits to cover such redemption or distribution.

In view of the directors of the Issuers being interested by virtue of their common directorships in RFSB, any decision relating to the redemption and/or declaration of dividends will be subject to the following governance process:

- a. the proposal for redemption or declaration of dividends will first be reviewed by the management of the respective Issuers to ensure that all statutory requirements are satisfied, including confirmation of sufficient profits available for distribution and that the respective Issuers will remain solvent after such redemption or declaration;
- b. upon fulfilling the requisite statutory requirements, the proposal will be tabled to the Audit Committee of our Company for deliberation. Our Audit Committee will review the proposal to ensure that the decision is fair, reasonable, and made in the best interest of our Group and its shareholders; and
- c. thereafter, the proposal, together with the formal recommendation from our Audit Committee, will be tabled to our Board for its consideration and deliberation. Following our Board's deliberation, our Board will provide its formal recommendation, which will subsequently be submitted to the board of directors of TBSB and/or TBCSB ("**Issuer's Board**") for approval. The approval to redeem the Settlement RPS-A and/or declare dividends shall be exercised solely by the non-interested directors of the respective Issuers' Board, in accordance with the formal recommendation from our Board and our Audit Committee. Any interested directors, whether at our Board level or at the Issuer's Board level, shall abstain from deliberation and voting on the above matter.

For the avoidance of doubt, the Settlement RPS-A does not confer upon RFSB any entitlement to receive any fixed coupon payment.

2.1.7 Salient terms of the Settlement RPS-A

I. TBSB RPS-A

Issuer	TBSB
Issue price	The issue price of the TBSB RPS-A is RM1.00 per TBSB RPS-A.
Issue size	Up to RM225,200,000 by way of issuance of up to 225,200,000 TBSB RPS-A in a single tranche at the issue price.
Tenure	Perpetuity commencing from and inclusive of the issuance date, unless otherwise redeemed.
Transferability	The TBSB RPS-A shall not be transferable.
Dividend	Subject to the availability of distributable profits and cashflows of TBSB, and as TBSB (as recommended by the Audit Committee of IWCity) deems fit and/or expedient and in the best interest of TBSB and IWCity, each TBSB RPS-A may, at TBSB's discretion, carry a preferential dividend rate.

	<p>The quantum of any preferential dividend, if and when declared, will be computed by reference to a rate of not more than 7.0% per annum as determined by TBSB (as recommended by the Audit Committee of IWCity), based on the issue price of the TBSB RPS-A from the date of issuance until the date of redemption, and such amount shall be determined only upon redemption of the TBSB RPS-A and shall be stipulated in the redemption notice (as hereinafter defined).</p> <p>Unless otherwise declared by TBSB upon redemption, at its own discretion (based on recommendation by the Audit Committee of IWCity), no preferential dividend shall accumulate or be paid on a cumulative basis in any year prior to redemption.</p>								
Liquidation preference/ repayment capital	<p>In the event of the liquidation, dissolution, winding-up or other repayment of capital of TBSB, the assets of TBSB available for distribution shall be applied, in priority to any payment to the holders of such classes of shares in the following order of priority but there shall be no further or other participation in the profits or assets of TBSB.</p> <table border="1"> <thead> <tr> <th>Ranking</th> <th>Class of Shares</th> </tr> </thead> <tbody> <tr> <td>First</td> <td>TBSB RPS-A</td> </tr> <tr> <td>Second</td> <td>Other redeemable preference shares in TBSB</td> </tr> <tr> <td>Third</td> <td>Fully paid ordinary shares in TBSB</td> </tr> </tbody> </table>	Ranking	Class of Shares	First	TBSB RPS-A	Second	Other redeemable preference shares in TBSB	Third	Fully paid ordinary shares in TBSB
Ranking	Class of Shares								
First	TBSB RPS-A								
Second	Other redeemable preference shares in TBSB								
Third	Fully paid ordinary shares in TBSB								
Redemption period	<p>The TBSB RPS-A shall have no maturity date and may at the sole option of TBSB be redeemed, in whole or in part, at any time during the tenure of the TBSB RPS-A.</p>								
Redemption	<p>Subject to the availability of profits and cashflows of TBSB, the TBSB RPS-A may be redeemed at the discretion of TBSB (as recommended by the Audit Committee of IWCity) in accordance with the following provisions:</p> <ul style="list-style-type: none"> (a) TBSB may at any time give prior notice in writing ("redemption notice") to the holders of the TBSB RPS-A of their intention to redeem all or any part of the TBSB RPS-A which are fully paid up on the date specified in the redemption notice, as a form of return of capital; (b) if TBSB decides to redeem only a part of the TBSB RPS-A, those to be redeemed shall be a rateable proportion (as nearly as practicable without involving fractions of shares) of each holding of such TBSB RPS-A on the redemption date; (c) on the redemption date, TBSB shall redeem the TBSB RPS-A specified in the redemption notice at the redemption price against delivery to TBSB of the certificates for the TBSB RPS-A to be redeemed and shall issue free of charge fresh certificates for any unredeemed TBSB RPS-A; (d) no TBSB RPS-A shall be redeemed otherwise than out of distributable profits or the proceeds of a fresh issue of shares made for the purpose of the redemption but the premium payable on redemption shall be paid either out of distributable profits or, to the extent permitted by law, out of the share premium account of TBSB; and (e) TBSB shall comply with all the provisions of the Act relating to the redemption of the TBSB RPS-A and the creation or increase of a capital redemption reserve. 								
Redemption price	<p>Being an amount equivalent to the aggregate of –</p> <ul style="list-style-type: none"> (a) the issue price; and (b) (if applicable) any preferential dividends as may be declared by TBSB (as recommended by the Audit Committee of IWCity). 								

Rights of TBSB RPS-A holders	Subject to lien or charge on relevant lands held by our Group, with a security coverage which is in accordance with the current bank practices and based on the latest market valuation.
Conversion	Nil/not applicable
Voting rights	<p>The TBSB RPS-A shall not confer on the holders thereof the right to vote in either in person or by proxy at any general meeting of TBSB or approve any shareholders' resolution of TBSB, save and except in the following circumstances or in respect of any resolutions made–</p> <p>(a) on any alteration of the terms of the articles of association of TBSB affecting the special rights and privileges attaching to the TBSB RPS-A;</p> <p>(b) on any matters directly affecting the special rights and privileges attaching to the TBSB RPS-A;</p> <p>(c) on a proposal for the disposal of the whole of TBSB's property, business and undertaking;</p> <p>(d) on a proposal for the winding-up of TBSB; or</p> <p>(e) during the winding-up of TBSB.</p> <p>Where the holders of TBSB RPS-A are entitled to vote at any general meeting, every TBSB RPS-A shall on a poll, carry one vote for every RM1.00 paid up on each such share and every ordinary share shall, notwithstanding any other provision of the articles of association of TBSB, carry one vote for every RM1.00 paid up on each such share.</p> <p>However, the holders of the TBSB RPS-A shall be entitled to receive notices, reports and accounts (including balance sheets and profit and loss accounts) and attending meetings to which holders of ordinary shares in the capital of TBSB are entitled.</p>
Ranking	The TBSB RPS-A shall rank on par among themselves in all respects and in priority (including in respect of preferential dividend payable, if applicable) to the ordinary shares of TBSB and any other preference shares issued from time to time subsequent to the allotment and issuance of the TBSB RPS-A but after all secured obligations of TBSB.
Status	The TBSB RPS-A shall not be listed or quoted on any stock exchange.

II. TBCSB RPS-A

Issuer	TBCSB
Issue price	The issue price of the TBCSB RPS-A is RM1.00 per TBCSB RPS-A.
Issue size	Up to RM43,200,000 by way of issuance of up to 43,200,000 TBCSB RPS-A in a single tranche at the issue price.
Tenure	Perpetuity commencing from and inclusive of the issuance date, unless otherwise redeemed.
Transferability	The TBCSB RPS-A shall not be transferable.
Dividend	Subject to the availability of distributable profits and cashflows of TBCSB, and as TBCSB (as recommended by the Audit Committee of IWCity) deems fit and/or expedient and in the best interest of TBCSB and IWCity, each TBCSB RPS-A may, at TBCSB's discretion, carry a preferential dividend rate.

	<p>The quantum of any preferential dividend, if and when declared, will be computed by reference to a rate of not more than 7.0% per annum as determined by TBCSB (as recommended by the Audit Committee of IWCity), based on the issue price of the TBCSB RPS-A from the date of issuance until the date of redemption, and such amount shall be determined only upon redemption of the TBCSB RPS-A and shall be stipulated in the redemption notice (as hereinafter defined).</p> <p>Unless otherwise declared by TBCSB upon redemption, at its own discretion (based on recommendation by the Audit Committee of IWCity), no preferential dividend shall accumulate or be paid on cumulative basis in any year prior to redemption.</p>								
Liquidation preference/ repayment of capital	<p>In the event of the liquidation, dissolution, winding-up or other repayment of capital of TBCSB, the assets of TBCSB available for distribution shall be applied, in priority to any payment to the holders of such classes of shares in the following order of priority but there shall be no further or other participation in the profits or assets of TBCSB.</p> <table border="1"> <thead> <tr> <th>Ranking</th> <th>Class of Shares</th> </tr> </thead> <tbody> <tr> <td>First</td> <td>TBCSB RPS-A</td> </tr> <tr> <td>Second</td> <td>Other redeemable preference shares in TBCSB</td> </tr> <tr> <td>Third</td> <td>Fully paid ordinary shares in TBCSB</td> </tr> </tbody> </table>	Ranking	Class of Shares	First	TBCSB RPS-A	Second	Other redeemable preference shares in TBCSB	Third	Fully paid ordinary shares in TBCSB
Ranking	Class of Shares								
First	TBCSB RPS-A								
Second	Other redeemable preference shares in TBCSB								
Third	Fully paid ordinary shares in TBCSB								
Redemption period	<p>The TBCSB RPS-A shall have no maturity date and may at the sole option of TBCSB be redeemed, in whole or in part, at any time during the tenure of the TBCSB RPS-A.</p>								
Redemption	<p>Subject to the availability of profits and cashflows of TBCSB, the TBCSB RPS-A may be redeemed at the discretion of TBCSB (as recommended by the Audit Committee of IWCity) in accordance with the following provisions:</p> <ol style="list-style-type: none"> TBCSB may at any time give prior notice in writing ("redemption notice") to the holders of the TBCSB RPS-A of its intention to redeem all or any part of the TBCSB RPS-A which are fully paid up on the date specified in the redemption notice, as a form of return of capital; if TBCSB decides to redeem only a part of the TBCSB RPS-A, those to be redeemed shall be a rateable proportion (as nearly as practicable without involving fractions of shares) of each holding of such TBCSB RPS-A on the redemption date; on the redemption date, TBCSB shall redeem the TBCSB RPS-A specified in the redemption notice at the redemption price against delivery to TBCSB of the certificates for the TBCSB RPS-A to be redeemed and shall issue free of charge fresh certificates for any unredeemed TBCSB RPS-A; no TBCSB RPS-A shall be redeemed otherwise than out of distributable profits or the proceeds of a fresh issue of shares made for the purpose of the redemption but the premium payable on redemption shall be paid either out of distributable profits or, to the extent permitted by law, out of the share premium account of TBCSB; and TBCSB shall comply with all the provisions of the Act relating to the redemption of the TBCSB RPS-A and the creation or increase of a capital redemption reserve. 								
Redemption price	<p>Being an amount equivalent to the aggregate of –</p> <ol style="list-style-type: none"> the issue price; and 								

	(b) (if applicable) any preferential dividends as may be declared by TBCSB (as recommended by the Audit Committee of IWCity).
Rights of TBCSB RPS-A holders	Subject to lien or charge on relevant lands held by our Group, with a security coverage which is in accordance with the current bank practices and based on the latest market valuation.
Conversion	Nil/not applicable
Voting rights	<p>The TBCSB RPS-A shall not confer on the holders thereof the right to vote in either in person or by proxy at any general meeting of TBCSB or approve any shareholders' resolution of TBCSB, save and except in the following circumstances or in respect of any resolutions made–</p> <ul style="list-style-type: none"> (a) on any alteration of the terms of the articles of association of TBCSB affecting the special rights and privileges attaching to the TBCSB RPS-A; (b) on any matters directly affecting the special rights and privileges attaching to the TBCSB RPS-A; (c) on a proposal for the disposal of the whole of TBCSB's property, business and undertaking; (d) on a proposal for the winding-up of TBCSB; or (e) during the winding-up of TBCSB. <p>Where the holders of TBCSB RPS-A are entitled to vote at any general meeting, every TBCSB RPS-A shall on a poll, carry one vote for every RM1.00 paid up on each such share and every ordinary share shall, notwithstanding any other provision of the articles of association of TBCSB, carry one vote for every RM1.00 paid up on each such share.</p> <p>However, the holders of the TBCSB RPS-A shall be entitled to receive notices, reports and accounts (including balance sheets and profit and loss accounts) and attending meetings to which holders of ordinary shares in the capital of TBCSB are entitled.</p>
Ranking	The TBCSB RPS-A shall rank on par among themselves in all respects and in priority (including in respect of preferential dividend payable, if applicable) to the ordinary shares of TBCSB and any other preference shares issued from time to time subsequent to the allotment and issuance of the TBCSB RPS-A but after all secured obligations of TBCSB.
Status	The TBCSB RPS-A shall not be listed or quoted on any stock exchange.

2.2 Details of the Proposed Capital Reduction

The Proposed Capital Reduction entails the reduction of the issued share capital of our Company pursuant to Section 117 of the Act via the cancellation of our Company's paid-up share capital which is substantially unrepresented by available assets amounting to RM120.0 million. The corresponding credit of RM120.0 million arising from such cancellation will be used to set-off against the accumulated losses of our Company, while the remaining balance, if any, will be credited to the retained earnings of our Company which shall be used in a manner to be determined by our Board at a later date and in the best interest of our Company as permitted by the relevant authorities and applicable laws as well as the Listing Requirements.

As at the LPD, the total issued share capital of our Company is RM766,883,505 comprising 921,127,742 IWCity Shares.

For illustrative purposes only, the effects of the Proposed Capital Reduction on the accumulated losses of our Company as well as our Group based on the latest audited consolidated statements of financial position of our Company as at 31 December 2024 are as follows:

	(Audited) As at 31 December 2024	
	Company level	Group level
	RM'000	RM'000
Accumulated losses	(100,918)	(47,722)
Add: Credit arising from the Proposed Capital Reduction	120,000	120,000
Less: Estimated expenses for the Proposed Regularisation Plan	(3,000)	(3,000)
Resultant retained profits	16,082	69,278

The audited financial information of our Group for the past 5 FYEs 2020 to 2024 are set out in **Section 6 of Appendix II** of this Circular.

Subject to and subsequent to the approval of our shareholders for the Proposed Capital Reduction at our forthcoming EGM having been obtained, the Proposed Capital Reduction will take effect when the Registrar of Companies has recorded the information lodged with the Registrar of Companies in the appropriate register in accordance with Section 119 of the Act.

For the avoidance of doubt, the Proposed Capital Reduction will not result in –

- (a) any adjustment to the share price of IWCity Shares immediately after the Proposed Capital Reduction;
- (b) any change in the total number of IWCity Shares in issue or the number of IWCity Shares held by our shareholders;
- (c) any payment to our shareholders; and
- (d) any cash outflow or change in the NA of our Group, save for the estimated expenses to be incurred in relation to the Proposed Regularisation Plan.

3. RATIONALE FOR THE PROPOSED REGULARISATION PLAN

The Proposed Regularisation Plan has been formulated to regularise the financial condition of our Company, which is currently classified as an affected listed issuer under Paragraph 8.03A of the Listing Requirements. In evaluating the various ways to regularise our Company's financial condition, our Board has taken into consideration our Group's existing financial constraints and capital requirements for our property development business and construction business.

After due consideration of the available options, our Board has decided to undertake the Proposed Regularisation Plan based on the following considerations:

- (a) The Proposed Debt Settlement will allow our Company to settle the entire Outstanding Sum without any upfront cash outlay, thus conserving our cash resources to be allocated towards our core businesses of property development and construction, which can contribute positively to the financial results of our Group in the future.

The settlement and capitalisation of the Outstanding Sum will result in:

- (i) annual interest savings of approximately RM15.0 million, thereby reducing our Group's financing costs; and
- (ii) a reduction in total liabilities from approximately RM653.2 million as at 31 December 2024 to approximately RM384.8 million, representing an approximate 41.0% reduction, thereby strengthening our Group's financial position.

For the avoidance of doubt, the Interest Waiver will expire on 30 March 2026, after which interest expense on the Outstanding Sum will continue to accrue from 1 April 2026. Assuming the Proposed Debt Settlement is being implemented in first quarter of FYE 2026, the Proposed Debt Settlement will enable our Company to settle the entire Outstanding Sum prior to the expiry of the Interest Waiver, thereby facilitating our Group's return to profitability for the FYE 2026 and FYE 2027.

We are of the view that the settlement of the entire Outstanding Sum via the allotment and issuance of the Settlement RPS-A instead of new IWCity Shares or new ordinary shares of TBSB and TBCSB are more suitable for, among others, the following reasons:

- (i) it will not dilute the shareholdings of our shareholders; and
- (ii) it will not dilute our equity interest in both TBSB and TBCSB.

For clarity, the issuance of the Settlement RPS-A is not expected to have any material impact on our shareholders other than resulting in an increase in our non-controlling interest in TBSB and TBCSB.

The Proposed Debt Settlement will contribute to a more sustainable capital structure by lowering our Group's gearing ratio, reducing our financial risk, and improving cash flow flexibility. This, in turn, enhances our financial position and strengthens our credibility with financial institutions, investors, and business partners.

- (b) The Proposed Capital Reduction is intended to eliminate our Company's accumulated losses, thereby rationalising our balance sheet to reflect more accurately the value of our underlying assets and overall financial position. It is expected to facilitate any future fundraising exercises to be undertaken by our Company.

Additionally, following the implementation of the Proposed Regularisation Plan, our Company is expected to strengthen our financial position and regain profitability. The elimination of accumulated losses will allow our Company to declare dividends in the future when it achieves sustainable profitability. However, our Board will carefully assess our Group's present and future funding requirements before making any decisions on dividend declarations.

Our Board is of the view that the successful implementation of the Proposed Regularisation Plan will enable our Group to regain profitability and strengthen our financial position, thereby comprehensively addressing our affected listed issuer status which in turn is expected to support our Group's long-term growth within the property development industry. Collectively, these measures will strengthen our Group's capital structure, support our core business, and regularise the financial challenges faced by our Group.

4. INDUSTRY OVERVIEW AND PROSPECTS

4.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 5.2% in the third quarter of 2025 (2Q 2025: 4.4%), driven by sustained domestic demand and higher net exports. Household spending was supported by positive labour market conditions, income-related policy measures, and cash assistance programmes. Investment activity was underpinned by continued capital expansion by both private and public sectors. On the external front, net exports registered higher growth as export growth outpaced import growth.

On the supply side, growth was led by the services and manufacturing sectors. Growth in the services sector was mainly contributed by consumer-related sub-sectors, while the manufacturing sector's performance was driven by stronger production in electrical and electronics (E&E) and consumer-related goods. Meanwhile, the mining and quarrying sector rebounded, reflecting a recovery in crude oil and natural gas production post-scheduled maintenance work. On a quarter-on-quarter, seasonally-adjusted basis, growth expanded by 2.4% (2Q 2025: 2.2%).

Headline inflation remained stable at 1.3%, while core inflation increased to 2% (2Q 2025: 1.3% and 1.8%, respectively). While the higher core inflation added impetus to headline inflation during the quarter, this was offset by declines in selected administered prices. In particular, electricity (-4.6%; 2Q 2025: 0%) and diesel (-5%; 2Q 2025: 8%) prices were lower during the quarter, in line with the recent electricity tariff restructuring and moderate global cost conditions. Inflation pervasiveness, measured by the share of CPI items registering monthly price increases, edged higher to 43.8% during the quarter (2Q 2025: 41.8%), while remaining below the historical average of 44.5%.

In the third quarter of 2025, the ringgit's nominal effective exchange rate (NEER) appreciated by 0.8% (YTD as of 12 November 2025: 5.3%) against the currencies of Malaysia's major trading partners. The ringgit also remained broadly stable against the US dollar, with a marginal appreciation of 0.05% (YTD as of 12 November 2025: 8.2%). This movement was driven by both external and domestic factors. On the external front, the US Federal Reserve's easing of monetary policy in September coupled with expectations of further rate cuts amid growing concerns about the US economy's outlook, has supported the ringgit during the quarter. In addition, the announcement of trade agreements between the US and several of its trading partners, including Malaysia, has helped ease tariff-related uncertainties and improve sentiment, further supporting the ringgit's performance.

Domestically, Malaysia's positive economic growth prospects, supported by the Government's commitment to domestic structural reforms and fiscal sustainability, will continue to provide support to the ringgit. BNM remains committed to ensuring the orderly functioning of the domestic foreign exchange market.

Credit to the private non-financial sector grew by 5.9% in the third quarter of 2025 (2Q 2025: 5.2%). Outstanding corporate bonds expanded by 7.3% (2Q 2025: 4.3%) while growth in outstanding loans was sustained at 5.6% (2Q 2025: 5.5%). Business loans grew by 5.4% (2Q 2025: 4.5%) following higher growth in investment-related loans, particularly among non-SMEs. SME loan growth also increased slightly, supported by growth in working capital loans amid sustained level of applications for this purpose. Meanwhile, household loan growth moderated slightly to 5.7% (2Q 2025: 6%) following slower growth for personal use loans. Notwithstanding, household loan demand remained broadly steady across most purposes and was met by sustained approvals.

Despite the challenging external environment, Malaysia's economic outlook remains on track to achieve growth between 4% and 4.8% in 2025, supported by resilient domestic demand. Household spending will be supported by continued employment and wage growth, as well as income-related policy measures. Investment activity will be sustained by progress of infrastructure projects, further realisation of approved private investments, and the implementation of national master plans. On the external front, export growth is expected to be impacted by tariffs and more moderate external demand. However, growth would be supported by continued demand for E&E goods, inbound tourism and the recovery in mining-related exports.

Bank Negara Malaysia Governor Dato' Sri Abdul Rasheed Ghaffour says, 'Malaysia's economy grew by 4.7% in the first nine months of 2025, within the official forecast range of 4% – 4.8%, reflecting our continued resilience in the face of global challenges. Looking ahead, global economic conditions will remain challenging and we need to keep strengthening our economic buffers to weather any headwinds that may come our way.'

Both headline and core inflation are expected to remain moderate for the remainder of the year, supported by steady domestic demand and continued easing in global cost conditions. These factors, together with Government measures to cushion the impact of domestic policy reforms on households, will help sustain a low and stable inflation environment. Heading into 2026, inflation is expected to remain moderate amid steady domestic demand, stable labour market conditions, and favourable supply conditions.

(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2025, Bank Negara Malaysia)

4.2 Overview and outlook of the property development market in Johor

The demand for residential properties in Johor, based on residential property transaction values, rose from RM8.8 billion in 2018 to RM10.1 billion in 2019 at a compound annual growth rate ("CAGR") of 14.8%. During the same period, residential property transactions rose from 26,885 transactions to 28,904 transactions at a CAGR of 7.5%. Comparatively, the demand for commercial properties in Johor, based on commercial property transaction values, was approximately RM3.2 billion in 2018 and 2019 respectively. During the same period, commercial property transactions rose from 3,504 transactions to 3,706 transactions at a CAGR of 5.8%.

In 2020, the demand for residential and commercial properties in Johor was adversely affected by the MCO that was implemented in Malaysia to curb the spread of the COVID-19 virus. Consequently, the transaction values for residential properties in Johor fell from RM10.1 billion in 2019 to RM8.2 billion in 2020 before rising to RM8.5 billion in 2021 and RM10.9 billion in 2022. A corresponding trend was evident based on the number of residential property transactions, which fell from 28,904 transactions in 2019 to 23,150 transactions in 2020 subsequently but began showing signs of recovery and rose to 22,591 transactions in 2021 and 28,087 transactions in 2022. Similarly, the transaction values for commercial properties in Johor fell from RM3.2 billion in 2019 to approximately RM2.9 billion in 2020 before recovering to RM3.7 billion in 2021 and RM4.6 billion in 2022. Correspondingly, the number of commercial property transactions fell from 3,706 transactions in 2019 to 3,025 transactions in 2020 before rising to 3,046 transactions in 2021 and 4,787 transactions in 2022.

Between 2021 and 2022, Johor's residential and commercial property transactions grew by 28.6% and 22.0% respectively. A large proportion of the growth of the residential property market was contributed by vacant lands while commercial property transactions were driven by serviced apartment developments.

In 2023, Johor's residential property transactions further rose to RM18.1 billion (2022: RM10.1 billion) at a year-on-year growth rate of 65.9%. During the same period, commercial property transactions rose to RM6.1 billion (2022: RM4.6 billion) at a year-on-year growth rate of 33.4%. In 2024, demand for residential and commercial properties continued to be positive. Johor's residential property transactions saw a 13.9% increase, rising from RM18.1 billion in 2023 to RM20.6 billion in 2024. Demand for commercial properties increased from RM6.1 billion to RM9.4 billion during the same period at a growth rate of 53.6%. For the period between January and September 2025, demand for residential properties reached RM15.3 billion while demand for commercial properties reached RM8.8 billion.

In Johor's capital city of Johor Bahru, transaction values of vacant land, landed and high-rise developments in the residential property segment grew by 51.5%, 45.3% and 44.7% respectively between 2021 and 2024. In comparison, transaction values of serviced apartments and shops in the commercial property segment grew by 86.1% and 57.2% respectively, between 2021 and 2024. For the period between January and September 2025, demand for residential properties in reached RM10.9 billion while demand for commercial properties reached RM7.6 billion.

The residential and commercial property development market continued to perform relatively better in 2024, largely due to the initiatives and stimulus packages announced by the Government of Malaysia under Budget 2024 which increased confidence in the property market, including the easing of requirements for the Malaysia My Second Home programme to attract more tourists and foreign investors to Malaysia, as well as full stamp duty exemption on the instrument of transfer and loan agreement for the purchase of the first residential home priced up to RM500,000 until 31 December 2025.

The property market is expected to continue its momentum supported by various initiatives outlined by the Government under Budget 2025, among others:

- (i) Forest City has been approved as a duty-free Island to boost tourism and local economic activities. In addition, an incentive package for the Forest City Special Financial Zone was announced in September 2024 to boost financial services activities, such as global business financial services and fintech;
- (ii) Government will provide special incentives under the Johor-Singapore Special Economic Zone to attract high-quality investments and high-value jobs;
- (iii) allocation of RM405.0 million to continue 48 Program Residensi Rakyat, including two new Program Residensi Rakyat in Port Dickson, Negeri Sembilan and Seberang Perai Tengah, Penang. A total of 30 Program Residensi Rakyat projects is expected to be completed by end-2025, will benefit nearly 17,500 new residents;
- (iv) allocation of RM452.0 million to provide 14 Rumah Mesra Rakyat which involves construction of 5,410 unit of new housing units;
- (v) provide Government Guarantees of up to RM10.0 billion under the Housing Credit Guarantee Scheme (SJKP) on housing financing for the benefit of 20,000 home buyers;
- (vi) provide individual income tax relief on housing loan interest payments to encourage home ownership among first-time buyers. Tax relief of up to RM7,000 for residential homes priced up to RM500,000 and tax relief of up to RM5,000 for residential homes priced from RM500,000 to RM750,000;

- (vii) the Step-Up Financing Scheme under Housing Credit Guarantee Scheme (SJKP) was introduced as a Government guarantee of up to RM5.0 billion specifically for youngsters seeking to purchase their first home, with a lower instalment rate for the first five years; and
- (viii) funding RM200.0 million through UDA Holdings Berhad for the development of affordable housing for rakyat on waqf lands.

The Government has further announced several measures under Budget 2026 that aim to support the property market, among which include:

- (i) provision of a RM120.0 million matching grant to the foundation of government linked investment companies (GLICs) and government linked companies (GLCs) to work with the Government in addressing issues faced by the rakyat, such as addressing the plight of the urban poor, overcoming urban homelessness and capacity building;
- (ii) an additional 80,000 first-time homebuyers will be offered Skim Jaminan Kredit Perumahan (“**SJKP**”) guarantees, which will be increased to RM20.0 billion from RM10.0 billion. This increase will enable more gig workers and self-employed individuals to own homes;
- (iii) for first-time homebuyers, the Government proposes a full exemption of stamp duty on the transfer deeds and loan agreements for the purchase of a first home priced up to RM500,000, which will be extended for two years until 31 December 2027;
- (iv) the Government proposes to impose a flat rate stamp duty, increasing from 4.0% to 8.0%, on instruments of transfer for residential properties purchased by non-citizens and foreign companies, except for individuals with permanent resident status in Malaysia. This measure aims to ensure a competitive property market and help control rising house prices for the benefit of the rakyat;
- (v) in line with the aspirations of the Thirteenth Malaysia Plan, the Government encourages financial institutions to support the implementation of the rent-to-own and build-then-sell schemes;
- (vi) the Government proposes expenditure on the renovation and conversion of commercial buildings into residential units be granted a special tax deduction of 10.0% of qualifying expenditure, limited up to RM10.0 million;
- (vii) in addressing the challenge faced by contract civil servants in securing their first housing loan, the SJKP will provide loan guarantees of up to 120.0%, with a total value of RM1.0 billion. Bank Simpanan Nasional has committed RM500.0 million dedicated solely to finance first home loans for this segment. These initiatives will benefit contract staff, including Taman Bimbingan Kanak-kanak (TABIKA) and Taman Asuhan Kanak-kanak Jabatan Kemajuan Masyarakat (TASKA KEMAS) educators; and
- (viii) the Skim Pembiayaan Perumahan Muda under the Public Sector Home Financing Board (“**LPPSA**”) will be extended until 31 December 2026, expected to benefit up to 48,000 civil servants below 30 years old. The maximum eligibility limit for LPPSA financing facilities will be increased to RM1.0 million in line with salary adjustments and increases in property market prices. Following this increase, second financing applications will be facilitated without requiring full settlement of the first loans, subject to remaining financing eligibility limit. This will be introduced as early as the fourth quarter of 2026.

Several initiatives specific to the state of Johor will also support demand for properties in the state, among which include the proposed Johor-Singapore Special Economic Zone and establishment of Forest City as a special financial zone.

Malaysia and Singapore signed a memorandum of understanding on 11 January 2024 to work on a Johor-Singapore Special Economic Zone that would pave the way for increased cross-border trade and investments, as well as stronger economic connectivity between Johor and Singapore. The agreement to finalise the establishment of Johor-Singapore Special Economic Zone was signed on 7 January 2025.

In July 2024, the Dewan Rakyat passed five bills to turn Pulau Satu in Forest City into a duty-free island. Once approved by the Dewan Negara and the relevant laws are amended, Forest City would join the likes of other duty-free islands in Malaysia, namely Labuan, Langkawi, Tioman and Pangkor. Existing laws governing other duty-free islands would also apply to Forest City, including the requirement for visitors to stay on the island for at least two days to qualify for duty-free products. These bills aim to boost trade, attract investments and stimulate economic activity in Johor, as part of the Government's plans to create a special financial zone in Forest City to foster investment and economic growth in Johor. The indirect tax amendment acts relating to the Pulau Satu area of Forest City came into effect commencing 1 December 2024, namely the Customs (Amendment) Act 2024, Excise (Amendment) Act 2024, Free Zones (Amendment) Act 2024, Sales Tax (Amendment) Act 2024 and Service Tax (Amendment) Act 2024).

PROVIDENCE expects the residential and commercial property development market to perform relatively better in 2025 and 2026, premised on the following:

- (a) The real estate and business services subsector is poised to grow by 7.3% in 2025 and 6.7% in 2026 supported by higher demand for professional services, particularly in engineering-related activities as well as increase of sales transactions in the real estate segment. Further, the enhancement of the Malaysia My Second Home visa scheme in June 2024, will help boost sales of the high-end segment of local property.
- (b) The construction sector is forecast to increase by 10.1% in 2025 and subsequently 6.1% in 2026. The acceleration of public infrastructure projects towards the final year of the Twelfth Malaysia Plan, 2021 – 2025 (Twelfth Plan) will further support the civil engineering subsector. In addition, the construction of data centres mainly in Johor and Selangor as well as industrial buildings is anticipated to further strengthen the non-residential buildings subsector. The residential buildings subsector is projected to grow, supported by increasing demand for affordable houses in line with the Government's initiatives under Budget 2025 and Budget 2026 respectively. Further, private sector led projects will continue to provide additional support to the residential buildings subsector.

(Source: IMR Report)

4.3 Overview and outlook of the construction industry in Malaysia

The value of work done in the Construction sector reached RM45.4 billion in the third quarter of 2025, posting a 10.6% increase, following the 12.9% growth recorded in the previous quarter. The solid performance was primarily driven by the expansion of the special trade activities and residential buildings sub-sectors, which grew by 15.3% and 11.6%, respectively. The non-residential buildings sub-sector also increased by 10.0%, while the civil engineering sub-sector sustained positive momentum, expanding at a more moderate pace of 8.9%.

Of RM45.4 billion of work done value recorded in the third quarter of 2025, a total of RM16.5 billion or 36.4% was attributed to the civil engineering sub-sector, primarily in the activity of construction of Utility projects (RM8.9 billion) and roads and railways (RM5.7 billion). Meanwhile, the value of work done for non-residential buildings and residential buildings sub-sectors accounted for RM12.9 billion (28.5%) and RM10.5 billion (23.0%), respectively. The special trade activities contributed RM5.5 billion (12.1%), largely in site preparation (RM1.6 billion); electrical installation (RM1.4 billion); and plumbing, heat and air-conditioning installation (RM1.0 billion) activities.

The private sector remained as the main impetus to the growth in this quarter, contributing RM29.5 billion or 65.0% of the total value. The private sector sustained its double-digit momentum with a 13.1% growth (Q2 2025: 19.3%), propelled by strong performance in the non-residential buildings (14.3%) and the residential buildings (13.4%) sub-sectors. Meanwhile, the value of work done by the public sector, with a 35.0% share valued at RM15.9 billion, recorded a more moderate growth of 6.1% (Q2 2025: 3.1%). The growth was primarily fuelled by the special trade activities sub-sector at 23.9% growth.

Nearly 62.1% of the total work done value was concentrated in Selangor, Johor, Sarawak and Wilayah Persekutuan (Kuala Lumpur, Putrajaya and Labuan). The construction value in Selangor amounted to RM10.5 billion or 23.1%, contributed by the non-residential buildings (RM3.7 billion), followed by residential buildings (RM3.1 billion) and civil engineering (RM2.5 billion) sub-sectors. Meanwhile, Johor ranked second with a value of RM8.2 billion or 18.0%, primarily from the non-residential buildings (RM3.1 billion) sub-sector. In the meantime, the value of work done in Sarawak was RM4.9 billion (10.7%), while Wilayah Persekutuan recorded RM4.7 billion (10.3%).

Summarizing the performance of construction work done for the first three quarters of 2025, the sector registered a total value of RM132.2 billion, reflecting a 13.3% increase compared to the same period in 2024 (Q1 to Q3 2024: 19.1%). This growth was driven by positive performance across all subsectors, particularly in special trade activities (23.5%) and residential buildings (17.0%).

(Source: Quarterly Construction Statistics 3Q 2025, Department of Statistics Malaysia)

Malaysia's construction industry is entering 2025 with strong momentum, highlighting its resilience and importance to national development. Following a significant post-pandemic recovery, the sector is projected to grow by 6.1% in 2025, driven by public infrastructure investments, renewed private sector confidence, and targeted government policies.

In 2024 alone, the value of construction work increased by 20.2%, signalling renewed dynamism across civil engineering, residential, and special trade sectors. MIDF Research further forecasts a 12.0% year-on-year expansion for 2025, bolstered by mega projects and recovery in the property sector.

Government initiatives such as the 12th Malaysia Plan and the Construction 4.0 Strategic Plan are pivotal in steering the industry toward digitalisation, sustainability, and productivity. Emphasis is placed on technologies such as Building Information Modelling (BIM), prefabrication, and green building certification, positioning Malaysia to align with global best practices.

Public infrastructure remains a key driver. The MRT3 Circle Line, Pan Borneo Highway, and flood mitigation projects inject billions into the economy while addressing pressing mobility and climate adaptation needs.

Private investment is also returning, particularly in high-rise residential and mixed-use developments in Greater Kuala Lumpur, Johor Bahru, and Penang. The property sector is cautiously optimistic as urbanisation trends, demographic shifts, and regional migration fuel demand.

However, challenges persist. Rising material costs, skilled labour shortages, and environmental compliance regulations remain pressing concerns for contractors and developers alike. Still, the government's commitment to upskilling programmes, ESG frameworks, and investment incentives offers a path forward.

In essence, 2025 marks a pivotal year for Malaysian construction, a definitive year of building structures and a more digital, resilient, and inclusive industry.

(Source: Malaysia's Construction Sector in 2025 Anticipates Waves of Growth, CIDB Malaysia)

4.4 Prospects and future plans of our Group

4.4.1 Future plans of our Group

We intend to rely on our core businesses of property development and construction services to drive future growth, profitability and sustainability.

In the short term, our Group will depend on construction services as the main contributor to profitability. We have obtained two letters of award in relation to the provision of construction services. These letters of award cover, among others, infrastructure works such as dredging, site clearance and earthworks, with a total contract value of RM139.9 million (“**LOAs**”). Our Group expects that the projects in relation to the LOAs will contribute positively to our Group’s financial performance for the FYE 2026 and FYE 2027.

The contract periods under the LOAs will commence from January 2026 to July 2026 and from January 2026 to January 2028, respectively. Our Group expects to commence revenue recognition from these construction projects in the first quarter of FYE 2026.

Please refer to **Section 10 of Appendix II** of this Circular for more details on our Group’s construction orderbooks and the LOAs.

Our Group completed the construction works for Danga Sutera Phase 3A, as well as Danga Sutera Phase 3B, and obtained the CF / CCC in May 2025 and November 2025 respectively. Vacant possession of the landed units for Danga Sutera Phase 3A have been delivered to the homebuyers. As at the LPD, we are currently in the midst of delivering vacant possession of the landed units to the homebuyers of Danga Sutera Phase 3B. As at the LPD, the unsold units for Danga Sutera (Phase 3) amounted to approximately RM36.8 million, which will continue to contribute positively to our Group’s financial performance.

In the long term, our Group has identified two property development projects, Danga Rivera and Danga Sutera (commercial lot), which are currently at a preliminary stage of planning. Given their preliminary status, Danga Rivera is only expected to contribute to our Group’s financial performance commencing from the fourth quarter of FYE 2026, subject to the receipt of requisite regulatory approvals and prevailing market conditions, whilst Danga Sutera (commercial lot), is not expected to contribute to our Group’s financial performance for FYE 2025 and FYE 2026. Nevertheless, they reflect our Group’s ongoing efforts to broaden our development portfolio with a view of enhancing revenue sustainability and strengthening our financial position over the longer term. The details of Danga Rivera and Danga Sutera (commercial lot) are as follows:

(a) Danga Rivera

Danga Rivera is a mixed waterfront development in Permas Jaya, Johor which will feature shop offices, retail spaces, hotels and service suites. The proposed Danga Rivera comprises 138 retail shop units, a hotel block with 540 rooms and condotel / service apartments comprising 600 units with 20 retail units.

Our Group intends to launch Danga Rivera Phase 1A comprising 42 units of retail shop lots in the fourth quarter of 2026, subject to obtaining the requisite authority approval. As at the LPD, our Group has submitted the Kebenaran Merancang Susunatur / Layout to the Majlis Bandaraya Johor Bahru (“**MBJB**”) for approval in June 2025. We expect to obtain approval for the Kebenaran Merancang Susunatur / Layout between the second and third quarters of 2026.

(b) Danga Sutera (commercial lot)

The Danga Sutera township is strategically located in the matured Skudai Corridor and in close proximity to Taman Sutera Utama, Danga Utama and Taman Ungku Tun Aminah. Danga Sutera township is surrounded by amenities, including educational institutions, leisure and entertainment, commercial amenities and medical facilities to offer convenience to its residents.

Our Group intends to further develop the commercial lot within the Danga Sutera township with a preliminary proposed development of a 46-storey block comprising 540 units of service apartments and 7 units of retail shops.

Our Group intends to launch Danga Sutera (commercial lot) in the second quarter of 2027, subject to, amongst others, the following requisite approvals and licence being obtained, all of which remain outstanding as at the LPD:

- (i) State Planning Committee approval;
- (ii) Kelulusan Merancang Projek;
- (iii) Nama Bangunan approval;
- (iv) Sijil Formula Unit Syer (“**SIFUS**”) approval; and
- (v) Advertising Permit and Developer’s License (“**APDL**”).

Further details of our proposed and future property development projects are set out in **Sections 1.4 and 10 of Appendix II** of this Circular.

4.4.2 Prospects of our Group

I. Construction sector

Malaysia’s construction sector registered a double-digit growth of 17.5% in 2024, driven mainly by multi-year infrastructure projects, particularly in the transportation segment. The residential subsector recorded higher activity, benefiting from new housing projects. This was in line with higher demand for housing as income and employment conditions improved. Additionally, the non-residential subsector rebounded driven by industrial and commercial projects. The construction sector is further forecast to register a growth of 9.4% in 2025, largely driven by the acceleration of strategic infrastructure projects. The sector is expected to benefit particularly from civil engineering activities such as LRT3 Phase 2. Non-residential construction activities are expected to expand in 2025, supported by demand for industrial facilities from the realisation of approved investments, coupled with the development of new industrial areas. Residential construction activities are also projected to grow in 2025 on the back of demand for affordable housing along with new development projects by the private sector.

Johor recorded a gross domestic product (“**GDP**”) of RM158.0 billion, making it one of the main contributors to the national economy. This growth is driven by balanced development across various sectors, including a 42.7% surge in the construction sector, driven by large-scale data centre projects and digital infrastructure such as cooling systems and high-capacity optical fibres. The state government of Johor is also working with the federal government to implement high-impact infrastructure projects such as the widening of the North-South Expressway, the Senai-Desaru Expressway, the autonomous rapid transit (ART) project in Iskandar Malaysia, the RTS Link and the proposed Southern Route Commuter service.

Premised on potential growth in demand for construction services supported by various large-scale infrastructure and data centre projects in Johor, our Board remains positive that the prospects of our construction business are promising, and will contribute to our future profits and further strengthen our financial position in FYE 2026 and FYE 2027 respectively.

II. Property development sector

Malaysia's economy showed resilient growth in 2024, as GDP grew by 5.1% (2023: 3.6%), due to continued expansion in domestic demand and a rebound in exports. Domestically, this growth was mainly driven by stronger household spending reflecting favourable labour market conditions and policy measures to support households.

According to The Economic Outlook 2025 by the Ministry of Finance, Malaysia's GDP is expected to expand between 4.5% and 5.5% in 2025. This economic growth is expected to be driven by the recovery of tourism activities and inbound tourists, as well as domestic private investments.

Our Group is optimistic about the outlook of the property development industry in Johor given the positive outlook of Malaysia's economy. Nonetheless, our Group acknowledges that our business operations are exposed to operational challenges such as rising construction costs, inflationary pressures and subdued demand in the property market.

Premised on our Group's experience in property development and our development pipeline of future projects moving forward as set out above, the future viability and profitability of our Group's businesses are expected to be favourable underpinned by our competitive strengths and advantages (as set out in **Section 1.3** of **Appendix II** of this Circular) to realise our Group's strategies and future plans (as set out in **Section 1.4** of **Appendix II** of this Circular).

5. RISK FACTORS

The Proposed Regularisation Plan may expose our Group to certain risk factors which include the following:

5.1 Delay in the implementation or non-completion of the Proposed Regularisation Plan

The regularisation of our Group is to a large extent, dependent on the effective and timely implementation of the Proposed Regularisation Plan comprising the Proposed Debt Settlement and the Proposed Capital Reduction. In addition, the successful implementation of the Proposed Regularisation Plan is further subject to, inter alia, the approval from our shareholders at our forthcoming EGM for the Proposed Capital Reduction. If these approvals are not obtained, the Proposed Regularisation Plan may be delayed or terminated.

Our management will endeavour to ensure timely implementation of and compliance with all necessary regulatory requirements for the Proposed Regularisation Plan.

5.2 Risk of failing to register two consecutive quarters of net profits

In accordance with Paragraph 5.2 of PN17, the Proposed Regularisation Plan (which will not result in a significant change in the business direction or policy of our Company) must be implemented within 6 months from the date the Proposed Regularisation Plan is approved by Bursa Securities, and our Company must record a net profit in 2 consecutive quarterly results immediately after the completion of the implementation of the Proposed Regularisation Plan.

Notwithstanding the requisite approvals for the Proposed Regularisation Plan, in the event our Company is unable to record a net profit in 2 consecutive quarterly results immediately after the completion of the Proposed Regularisation Plan, there is a risk that our Company will continue to be classified as an affected listed issuer pursuant to Paragraph 8.03A(2)(b) of the Listing Requirements and Bursa Securities may suspend the trading of IWCity Shares and/or remove our Company from the Official List.

Nevertheless, our Group will strive to ensure that our future plans, including the property development activities, are effectively implemented, alongside the successful execution of the Proposed Regularisation Plan. Collectively, these efforts will enable our Group to be in a position to generate the requisite level of profitability immediately after the completion of the Proposed Regularisation Plan, thereby addressing the requirements under Paragraph 5.2 of PN17.

5.3 Dependence on the Johor property market

The property market in Johor has shown signs of recovery from a historical decline in property overhang. Between 2018 and 2024, the state's residential property overhang peaked in 2020, primarily due to an oversupply of properties and the impact of the COVID-19 pandemic, which disrupted economic activities and dampened consumer confidence.

Since 2020, market conditions have gradually improved, with the number of unsold residential properties decreasing. This recovery has been driven by factors such as the reopening of Malaysia's economy and the return of Malaysians working in Singapore, which has contributed to higher property transactions. Additionally, investor interest in Johor has strengthened, supported by ongoing infrastructure developments and economic initiatives aimed at stimulating the property sector.

However, our Company remains highly dependent on Johor's property market conditions, as our future projects and landbanks are located in the state. Any downturn, whether due to oversupply, policy changes, rising interest rates, or unforeseen economic disruptions, could lead to slower property sales, pricing pressures, and potential impairments on unsold inventories. Additionally, external shocks, such as a global economic slowdown or another financial crisis could significantly weaken investor sentiment and reduce demand for properties in Johor.

Furthermore, foreign demand plays a crucial role in Johor's property market, particularly in areas like Iskandar Malaysia, where interest from foreign buyers such as Singapore and China have historically driven property sales. However, changes in foreign investment policies, cooling measures by the Malaysian government such as increased stamp duties or adjustments to the minimum purchase price for foreign buyers, along with broader geopolitical and economic uncertainties, may dampen foreign buyer interest, leading to slower buyer interest and higher holding costs for property developers.

Additionally, the construction industry in Johor is closely linked to the state's economic performance and property market, as a large portion of construction activities comes from residential and commercial developments. While the property market recovery has supported construction activity, the industry is still facing challenges such as rising material costs, labour shortages and regulatory requirements, which may affect profit margins and project timelines. A slowdown in the property market would also reduce new project launches and, in turn, the number of construction contracts available.

The construction sector is also influenced by broader macroeconomic factors, including interest rate movements, foreign exchange fluctuations affecting imported materials, and government spending priorities. In Johor, major infrastructure projects such as the Johor Bahru–Singapore Rapid Transit System, the potential Kuala Lumpur–Singapore High-Speed Rail (HSR) and other state initiatives are expected to support demand for construction services. However, delays, cancellations or changes in these projects could weaken construction activities and market sentiment.

These factors are not within our Group's control and affect all players in the Johor property and construction industries. Nevertheless, while we acknowledge our Group's exposure to the Johor property market, we remain committed to mitigating these location-specific risks through prudent planning and targeted development strategies.

5.4 Government policies and infrastructure development

Government policies, particularly property cooling measures, changes in housing regulations, and lending restrictions, may further affect demand for residential and commercial properties. Any tightening of loan eligibility criteria or higher financing costs could reduce homeownership affordability, leading to a more sluggish market.

Additionally, Malaysia's fiscal constraints may delay or limit key infrastructure projects in Johor, such as transport and connectivity enhancements. These projects play a critical role in increasing property demand, particularly in emerging townships. Any slowdown in infrastructure development may affect our ability to attract buyers and price its developments effectively, ultimately impacting its financial performance and growth prospects.

While we acknowledge that government policies, lending regulations, and infrastructure developments are outside our Group's control, we remain focused on aligning our property offerings with market affordability and prevailing demand trends.

5.5 Expiry, failure to obtain, or material delay in securing the requisite permits, licences, approvals and certifications for our property development and construction businesses

Our Group must comply with various statutory requirements under the applicable laws and regulations, including adherence to policies and procedures prescribed by the authorities for the implementation of such laws and regulations.

In undertaking property development projects, we are required to obtain a range of permits, licences, certificates and approvals, including but not limited to planning permissions, building plan approvals, advertising and sales permits, and certificates or confirmations of completion ("**Development Approvals**"). These Development Approvals must be procured from the respective authorities at the appropriate stages that correspond with the progress of each property development project, and are contingent upon our compliance with the applicable conditions.

While we have successfully obtained the necessary approvals for our completed projects, there is no assurance that we will not face challenges in securing further or subsequent approvals and in satisfying the requisite conditions for such approvals.

There is no certainty that we will be able to obtain or renew the development plans and building plans for our future property development projects within the anticipated timeframe or at all. Any failure or delay in obtaining or renewing the relevant Development Approvals, or in complying with the associated conditions, may result in delays to the commencement of our projects, which could in turn materially and adversely affect our business operations, financial performance, and our future growth and prospects.

TBCSB is registered with the Construction Industry Development Board ("**CIDB**") as a Grade G7 contractor since 1998, and this certificate of registration is key to the continuity of our business operations. Our construction business is also subject to statutory and regulatory requirements, including work permits, occupational safety and health clearances, and environmental and quality certifications. Any delays or failures in obtaining or complying with these approvals may result in project delays, penalties or higher costs. In addition, stricter regulations or policy changes could increase compliance costs and affect the timely execution of our construction projects.

As at the LPD, our Group has not encountered any material delays in obtaining the requisite permits, licences, approvals and certifications for our property development or construction projects, save for a delay in obtaining the Kebenaran Merancang Susunatur (Layout Approval) from MBBJ for Danga Rivera, which was initially expected to be received in the fourth quarter of FYE 2025 and is now anticipated to be obtained by the second and third quarters of FYE 2026. Our Group will continue to engage proactively with MBBJ to ensure timely receipt of the relevant approval.

5.6 Delay or non-completion of projects

Our Group's construction projects and property development projects are subject to specified timelines and budgets. Any prolonged delay may result in project cost overruns or delayed completion of the projects or termination of our Group's construction contracts by our customers, which in turn may adversely impact our Group's financial performance and position due to, among others, delays in recognition of revenue and/or additional costs to be incurred by our Group.

The timely completion of our projects is contingent upon external factors inherent in the construction and property development sectors, including but not limited to the timely receipt of requisite licences, permits or approvals from the relevant regulatory authorities, availability of equipment, building materials, labour and financing, satisfactory performance of appointed contractors, occurrences of natural disasters and adverse weather conditions, as well as unfavourable changes in governmental policies and/or regulatory frameworks (such policies in relation to minimum wage levels and foreign labour requirements).

Any negative developments in respect of these factors may result in interruptions or delays in the timely completion of our property development and construction projects, which could materially and adversely affect our Group's operations, financial performance and financial position. In addition, the occurrence of such delays may adversely affect our Group's reputation and, consequently, its ability to attract prospective buyers and successfully bid for potential construction projects in the future.

As at the LPD, there has been no occurrence of material delays or non-completion in our Group's construction and property development projects, save for the disruptions caused by the COVID-19 pandemic and the resultant MCO, which temporarily halted construction activities for the FYE 2021.

Notwithstanding the above, our Group seeks to mitigate this risk by leveraging on the experience and expertise of our Executive Director and key management personnel.

5.7 Dependency on subcontractors

Our Group relies on subcontractors to carry out construction works for the completion of our property development and construction projects. Such reliance exposes our Group to certain risks, including but not limited to the inability of subcontractors to meet the necessary work quality requirements, failure to complete their contracted scope of work, or challenges in securing suitable subcontractors within the required timeframe and at a reasonable cost. Accordingly, the capability of our subcontractors to perform their duties effectively, efficiently and within schedule may directly impact our Group's ability to meet the expected standards of quality, budget, and project milestones.

Should our subcontractors fail to fulfil project requirements, our Group may encounter delays in project completion or be exposed to the risk of cost overruns due to substandard workmanship and/or non-performance. In such circumstances, our Group may be required to allocate significant time, resources and expenditure for rectification works. This would, in turn, affect our project delivery timelines and entitle our Group to pursue claims against the respective subcontractors for liquidated ascertained damages ("**LAD**"), costs and expenses incurred to complete the works and/or to liquidate the relevant performance bonds.

Pursuant to our property development business, our Group will usually engage an external main contractor to execute the construction works, which generally constitute the majority of the total project cost. As at the LPD, pursuant to our most recently completed property development project, Danga Sutera (Phase 3), the total value of works subcontracted represents approximately 43.0% of the total project cost. For our construction business, based on historical data from all past projects, the total value of works subcontracted has generally accounted for approximately 57.0% to 98.0% of the total project cost.

Nonetheless, our Group adopts a strict selection and monitoring procedure to ensure that all subcontractors engaged are able to meet the requisite standards in terms of quality, timeliness and cost efficiency. Moreover, our Group maintains a comprehensive list of approved subcontractors, thereby mitigating dependency risk and ensuring continuity in project delivery.

5.8 Potential impact of future pandemics or other public health crisis

The COVID-19 pandemic had a material adverse impact on our Group's operations. During the period from March 2020 to 2021, the Malaysian Government imposed a series of Movement Control Orders, including full and partial lockdowns, as well as restrictions under the National Recovery Plan commencing on 1 June 2021. These containment measures resulted in the full or partial suspension of our property development activities, thereby affecting the progress, implementation and billing schedules of our ongoing projects.

While the COVID-19 situation has since been contained, there remains a risk that future outbreaks of contagious or highly transmissible diseases may occur. Should such public health crisis arise, our Group's operational continuity and financial performance could be significantly and adversely affected.

In this regard, our Group will remain committed to enhancing its preparedness for any future outbreaks through the adoption of digital project management systems and development of comprehensive contingency plans to ensure operational continuity.

5.9 Liquidity risk and interest rate risk

Our exposure to liquidity risk arises from the nature of our property development financing structure, whereby construction costs are incurred upfront while cash inflows from purchasers are received progressively. Typically, our purchasers pay a 10.0% deposit upon execution of the sale and purchase agreements, while the remaining purchase consideration is billed progressively in accordance with construction milestones. Accordingly, our developments are supported by a mix of internal funds, derived from progress billings, and external financing, primarily bank facilities. In the event that our internal cash flows are insufficient during the development phase, we may face challenges in fulfilling our financial commitments.

Furthermore, any significant upward movement in interest rates could increase our financing costs during the project development period, which typically spans 2 to 4 years depending on the scale of development. Should we require additional borrowings to support operational working capital due to timing discrepancies in fund receipts, significant increases in interest rates may further strain our cash flows.

Inability or difficulty in meeting our financial obligations as they become due could result in financial distress, thereby adversely impacting our operations and financial health. As at the LPD, our Group has not defaulted on any principal or interest repayments in respect of our borrowings.

While there is no assurance that we will not encounter adverse liquidity conditions in the future, our Group remains committed to prudent liquidity management, including active monitoring of cash flows and maintaining sufficient cash reserves.

5.10 Risk of defect liability claims from customer

Our Group offers a defect liability period of 24 months commencing from the official handover date of completed properties. Should any defects arise during this period, we are obliged to undertake and bear the costs of rectification works. Any substantial rectification expenses or claims may have an adverse impact on our Group's financial performance and position. While we maintain back-to-back contractual arrangements with our subcontractors, who are responsible for such rectification works, our Group may still be exposed to financial risk in situations where, under special corporate social responsibility considerations, the developer elects to provide ex-gratia assistance to rectify defects even after the defect liability period has lapsed. In such cases, the costs incurred are borne by the developer and are not recoverable from the subcontractors. As at the LPD, there were no material outstanding defect liability claims against our Group and our Group has historically and consistently been able to fulfil its obligations pursuant to any defect liability claims in accordance with the relevant sales and purchase agreements.

While we remain committed to maintaining high construction and quality standards across our developments, there is no certainty that future defect claims will not arise. Should any material claims be made, these may negatively affect our Group's financial results.

5.11 Availability and cost of building materials, equipment and labour

Our Group's profitability is exposed to risks associated with fluctuations in the supply and pricing of key construction inputs such as building materials, equipment, and labour. These are inherent risks in the property development and construction industries.

There is no certainty that our Group will consistently secure sufficient quantities of such inputs at favourable prices throughout the project period. An increase in the cost of these resources may squeeze our profit margins, particularly if we are unable to transfer such cost increments to our customers. Moreover, any unexpected shortages or delays in the supply of materials, equipment, or manpower may disrupt project schedules and lead to higher costs.

We will seek to mitigate the above risk by implementing effective project management through continuous monitoring of the progress and costs of the projects, including the supply conditions of the resources required.

5.12 Risk arising from competition in the property development and construction industry

The property development and construction industries are highly competitive, particularly in relation to the acquisition of strategic landbanks, the successful marketing of development projects, the tendering for and securing of construction contracts, the engagement of reliable sub-contractors and the procurement of building materials and equipment at reasonable prices.

Our Group's ability to compete effectively in the property development industry depends on factors such as the quality and location of developments, pricing competitiveness, accessibility, supporting infrastructure, and availability of amenities. In the construction industry, our competitiveness is driven by operational efficiency, project execution capability, timely delivery, cost management, the reliability of sub-contractors, and overall brand reputation.

If we are unable to competitively price our property development offerings or to deliver designs and functionalities that meet market expectations, our ability to generate sales may be impaired. Additionally, there is no assurance that we will be able to secure new construction contracts in a timely manner to replenish the order book, or that competitive pressures will not adversely impact our profit margins, business operations, and financial position.

While competition is expected to persist, our Group continuously evaluates and refines our pricing and marketing strategies to strengthen our competitive position, drive property sales and secure construction contracts.

6. EFFECTS OF THE PROPOSED REGULARISATION PLAN

6.1 Issued share capital

The effect of the Proposed Regularisation Plan on the issued share capital of our Company is as follows:

	No. of IWCity Shares	RM'000
As at the LPD	921,127,742	766,884
To be cancelled pursuant to the Proposed Capital Reduction	-	(120,000)
After the Proposed Capital Reduction	921,127,742	646,884

6.2 Substantial shareholders' shareholdings

The Proposed Regularisation Plan will not have any effects on our substantial shareholders' shareholdings as the Proposed Regularisation Plan does not entail any allotment and issuance of new IWCity Shares.

6.3 NA per IWCity Share and gearing

For illustrative purposes only, based on the audited consolidated statements of financial position of our Company as at 31 December 2024 and assuming that the Proposed Regularisation Plan had been affected on that date, the pro forma effects of the Proposed Regularisation Plan on the NA per IWCity Share and gearing of our Group are as follows:

	Audited as at 31 December 2024 RM'000	(I) After the Proposed Debt Settlement RM'000	(II) After (I) and the Proposed Capital Reduction RM'000
Share capital	766,884	766,884	646,884
(Accumulated losses)/retained earnings	(47,722)	(50,722) ⁽³⁾	69,278 ⁽³⁾
Total equity attributable to owners of our Company	719,162	716,162	716,162
Non-controlling interest	-	268,400 ⁽⁴⁾	268,400 ⁽⁴⁾
Total equity	719,162	984,562	984,562
No. of IWCity Shares in issue	921,127,742	921,127,742	921,127,742
NA per IWCity Share (RM) ⁽¹⁾	0.8	0.8	0.8
Total borrowings	106,290	106,290 ⁽⁵⁾	106,290 ⁽⁵⁾
Gearing (times) ⁽²⁾	0.2	0.2	0.2

Notes:

- (1) Computed based on total equity attributable to owners of our Company divided by the number of IWCity Shares in issue.
- (2) Computed based on total borrowings divided by total equity attributable to owners of our Company.
- (3) After deducting the estimated expenses relating to the Proposed Regularisation Plan of approximately RM3 million.
- (4) After taking into account the Settlement RPS-A to be issued by TBSB and TBCSB. The Settlement RPS-A are classified as non-controlling interests as they are not held, whether directly or indirectly, by our Company.
- (5) The total borrowings remain unchanged, given that the Outstanding Sum is accounted for under other payables.

6.4 LPS

The Proposed Regularisation Plan is not expected to have any material effect on the earnings of our Group for the FYE 2025 as the Proposed Regularisation Plan is only expected to be completed in the first quarter of 2026. Notwithstanding, our Board expects the Proposed Regularisation Plan will allow our Group to register profits immediately after the completion of its implementation.

For illustrative purposes only, based on the audited consolidated statements of comprehensive income of our Group for the FYE 2024, effects of the Proposed Regularisation Plan on the LPS of our Group:

Scenario 1 : Assuming that the Proposed Regularisation Plan is not undertaken and RFSB had not agreed to the Interest Waiver.

Scenario 2 : Assuming the Proposed Regularisation Plan had been effected on 1 January 2024, being the beginning of the FYE 2024.

	Audited for the FYE 2024	Adjusted for the FYE 2024	After the Proposed Regularisation Plan
			Scenario 1
			Scenario 2
Loss attributable to owners of our Company (RM'000)	(19,363)	(34,363) ⁽²⁾	(22,363) ⁽³⁾
Weighted average number of IWCity Shares in issue ('000)	921,128	921,128	921,128
LPS ⁽¹⁾ (sen)	(2.1)	(3.7)	(2.4)

Notes:

- (1) Computed based on loss attributable to owners of our Company divided by the weighted average number of IWCity Shares in issue.
- (2) Computed on the basis that interest expenses in respect of the Advances had accrued from 1 January 2024 up to 31 December 2024.
- (3) After deducting the estimated expenses relating to the Proposed Regularisation Plan of approximately RM3 million.

6.5 Convertible securities

As at the LPD, our Company does not have any other convertible securities in issue.


6.6 Status of prescribed criteria pursuant to Paragraph 2.1 of PN17 (“Prescribed Criteria”)

The status of our Group pursuant to Paragraph 2.1 of PN17 upon completion of the Proposed Regularisation Plan is as follows:

	Prescribed Criteria	Status
a.	The shareholders’ equity of the listed issuer on a consolidated basis is 25% or less of the share capital (excluding treasury shares) of the listed issuer and such shareholders’ equity is less than RM40 million;	Based on the latest available audited financial statements of our Group for the FYE 2024, our shareholders’ equity is RM719.2 million as at 31 December 2024, representing approximately 93.8% of our issued share capital of RM766.9 million.
b.	Receivers or managers, or judicial managers have been appointed over the asset of the listed issuer, its subsidiary or associated company which asset accounts for at least 50% of the total assets employed of the listed issuer on a consolidated basis;	Not applicable as no receivers or managers or judicial managers have been appointed over the assets of our Group as at the LPD.
c.	A winding up of a listed issuer’s subsidiary or associated company which accounts for at least 50% of the total assets employed of the listed issuer on a consolidated basis;	Not applicable as none of our subsidiary or associated company which accounts for at least 50% of our Company’s total assets are a subject of a winding up process.
d.	The auditors have expressed an adverse or disclaimer opinion in the listed issuer’s latest audited financial statements;	Not applicable as our Company’s auditor has not expressed an adverse or disclaimer opinion in our latest audited financial statements for the FYE 2024.
e.	The auditors have highlighted a material uncertainty related to going concern or expressed a qualification on the listed issuer’s ability to continue as a going concern in the listed issuer’s latest audited financial statements and the shareholders’ equity of the listed issuer on a consolidated basis is 50% or less of share capital (excluding treasury shares) of the listed issuer; or	<p>Crowe did not highlight any material uncertainty related to going concern or expressed a qualification on our Company’s ability to continue as a going concern in the FYE 2024.</p> <p>Our Company’s shareholders’ equity is RM719.2 million as at 31 December 2024, representing approximately 93.8% of our issued share capital of RM766.9 million.</p>
f.	A default in payment by a listed issuer, its major subsidiary or major associated company, as the case may be, as announced by a listed issuer pursuant to paragraph 9.19A of the Listing Requirements and the listed issuer is unable to provide a solvency declaration to the Exchange.	Not applicable as there is no default in payment by our Group.
Based on the above, we have not triggered any of the Prescribed Criteria.		

6.7 Status of our Group pursuant to Paragraph 8.03A(2) of the Listing Requirements

The status of our Group pursuant to Paragraph 8.03A(2) of the Listing Requirements upon completion of the Proposed Regularisation Plan is as follows:

	Criteria	Status
a.	<p>The listed issuer has suspended or ceased –</p> <p>(i) all of its business or its major business; or</p> <p>(ii) its entire or major operations,</p> <p>for any reasons whatsoever including, among others, due to or as a result of –</p> <p>(aa) the cancellation, loss or non-renewal of licence, concession or such other rights necessary to conduct its business activities;</p> <p>(bb) the disposal of the listed issuer's business or major business; or</p> <p>(cc) a court order or judgement obtained against the listed issuer prohibiting the listed issuer from conducting its major operations on grounds of infringement of copyright of products etc; or</p>	<p>Not applicable. Our Group has not suspended or ceased any of our business, major business, or our entire or major operations.</p> 
b.	<p>The listed issuer has an insignificant business or operations.</p>	<p>Not applicable. We have an adequate level of operations whereby revenue generated by our Group of approximately RM101.8 million represents 13.3% of our Company's share capital as at 31 December 2024.</p>
<p>Based on the above, we have not triggered any of the criteria under Paragraph 8.03A(2) of the Listing Requirements.</p>		

7. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of IWCity Shares as traded on the Main Market of Bursa Securities for the past 12 months up to and including the LPD are as follows:

	Highest (RM)	Lowest (RM)
2025		
January	0.610	0.505
February	0.525	0.385
March	0.385	0.325
April	0.380	0.270
May	0.410	0.345
June	0.345	0.300
July	0.365	0.325

	Highest (RM)	Lowest (RM)
August	0.355	0.310
September	0.355	0.305
October	0.340	0.295
November	0.305	0.260
December	0.280	0.245
Last transacted market price of IWCity Shares on 19 March 2025 (being the last trading date prior to the date of the requisite announcement dated 20 March 2025)		0.380
Last transacted market price of IWCity Shares as at the LPD		0.250

8. APPROVALS REQUIRED

The Proposed Regularisation Plan is subject to the following being obtained:

- (a) approval of Bursa Securities which was obtained vide its letter dated 6 January 2026 for the Proposed Regularisation Plan, subject to the following conditions:

No.	Conditions	Status of compliance
1.	IWCity and Maybank IB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Regularisation Plan;	Noted
2.	IWCity and Maybank IB to confirm all approvals of relevant authorities have been obtained for the implementation of the Proposed Regularisation Plan and furnish a copy of all approval letters from the relevant authorities;	To be complied.
3.	IWCity and Maybank IB to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders at the general meeting for the Proposed Regularisation Plan; and	To be complied.
4.	IWCity and Maybank IB to inform Bursa Securities upon the completion of the Proposed Regularisation Plan and furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval.	To be complied.

- (b) approval of our shareholders at our forthcoming EGM; and
- (c) approvals, waivers and/or consents of any other relevant authorities and/or parties, if required.

For further clarity, the Proposed Debt Settlement is subject to the following approvals/consents being obtained:

- (a) approvals of the board of directors and shareholders (where required) of the Issuers for the settlement arrangement in respect of the Outstanding Sum, including the allotment and issuance of the Settlement RPS-A in accordance with the terms and conditions of the Settlement Agreement and the amendments of the constitution/articles of association of the Issuers; and

- (b) the Issuers having obtained the approval or consent of their financiers/creditors for, *inter alia*, the settlement arrangement in respect of the Outstanding Sum and/or allotment and issuance of the Settlement RPS-A, upon the terms and subject to the conditions of the Settlement Agreement, where required.

9. CONDITIONALITY

The Proposed Debt Settlement and the Proposed Capital Reduction are inter-conditional.

The Proposed Regularisation Plan is not conditional upon any other corporate exercise / scheme of our Company.

10. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Regularisation Plan, being the subject matter of this Circular and the proposal letter received from TSDLKH, requesting our Company to consider participating in the Proposed Asset-Amalgamation, our Board is not aware of any other outstanding corporate exercises, which have been announced by our Company, but are pending completion as at the LPD.

We have sought the agreement of TSDLKH for a further extension of 6 months commencing from 28 October 2025 to 27 April 2026 to provide us with sufficient time to assess, evaluate and deliberate on the Proposed Asset-Amalgamation. Our Board is currently undertaking further review of this proposal, and intends to provide the necessary update by 27 April 2026.

11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED TO THEM

Save as disclosed below, none of our directors, major shareholders, chief executive and/or persons connected to them have any interest, direct or indirect, in the Proposed Regularisation Plan.

The following parties are deemed interested in the Proposed Debt Settlement:

- (i) IWH is our direct major shareholder, and also the ultimate holding company of RFSB;
- (ii) Credence is our indirect major shareholder, an indirect major shareholder of RFSB and also a direct major shareholder of IWH;
- (iii) KPRJ is our direct shareholder and indirect major shareholder, an indirect major shareholder of RFSB and also a direct major shareholder of IWH;
- (iv) TSDLKH is our direct shareholder and indirect major shareholder, and an indirect major shareholder of IWH. TSDLKH is also our Executive Vice Chairman, and a director of RFSB and IWH;
- (v) Lim Chen Heng is our Executive Director, and a person connected to TSDLKH by virtue of him being the son of TSDLKH. He is also a director of RFSB and IWH;
- (vi) Datuk Lim is our Non-Independent Non-Executive Director, and also a person connected to TSDLKH by virtue of him being the nephew of TSDLKH; and
- (vii) Khairudin, is our Non-Independent Non-Executive Director, and also a director of both RFSB and IWH

The Interested Directors have abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings in relation to the Proposed Debt Settlement.

The Interested Directors and the Interested Major Shareholders will abstain from voting in respect of their direct and/or indirect shareholding in our Company, if any, on the resolution pertaining to the Proposed Debt Settlement to be tabled at our forthcoming EGM. They will also ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholding in our Company, if any, on the resolution pertaining to the Proposed Debt Settlement to be tabled at our forthcoming EGM.

The shareholdings of the Interested Major Shareholders, the Interested Directors and person connected with them in our Company as at the LPD are as follows:

	Direct		Indirect	
	No. of IWCity Shares	% ⁽¹⁾	No. of IWCity Shares	% ⁽¹⁾
Interested Major Shareholders				
IWH	307,846,069	33.4	-	-
KPRJ	27,761,400	3.0	307,846,069 ⁽²⁾	33.4
Credence	-	-	307,846,069 ⁽²⁾	33.4
Interested Major Shareholder and Interested Director				
TSDLKH	5,540,700	0.6	307,846,069 ⁽³⁾	33.4
Interested Directors				
Lim Chen Heng	-	-	-	-
Datuk Lim	-	-	-	-
Khairudin	-	-	-	-

Notes:

(1) Based on the total number of IWCity Shares in issue as at the LPD of 921,127,742.

(2) Deemed interested by virtue of its interest held in IWH pursuant to Section 8 of the Act.

(3) Deemed interested by virtue of his interest held in Credence pursuant to Section 8 of the Act.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, save for the Interested Directors who have and will abstain from voting on the resolution in relation to the Proposed Debt Settlement in view of their interest as set out in **Section 11** of this Circular, after having considered all aspects of the Proposed Regularisation Plan, including but not limited to the rationale, benefits and effects of the Proposed Regularisation Plan, and the salient terms of the Settlement Agreement, is of the opinion that:

- (i) our Group will have sufficient working capital available for a period of 12 months from the date of this Circular;
- (ii) barring unforeseen circumstances, our Group will be able to record a net profit in 2 consecutive quarterly results immediately after the completion of the Proposed Regularisation Plan; and
- (iii) the Proposed Regularisation Plan is in the best interest of our Company.

Accordingly, our Board, save for the Interested Directors, recommends that you vote in favour of the resolutions pertaining to the Proposed Regularisation Plan to be tabled at our forthcoming EGM.

13. TENTATIVE TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to obtaining the necessary approvals and/or consents from the relevant authorities and/or parties as set out in **Section 8** of this Circular, the implementation of the Proposed Regularisation Plan is expected to be completed within 6 months from the date of approval of Bursa Securities for the Proposed Regularisation Plan.

The tentative timeline for implementation and completion of the Proposed Regularisation Plan is as follows:

<u>Date</u>	<u>Events</u>
February 2026	EGM for the Proposed Regularisation Plan
March 2026	Issuance of the Settlement RPS-A
March 2026	Submission and lodgement of documents to the Registrar of Companies for the Proposed Capital Reduction
March 2026	Completion of the Proposed Regularisation Plan

14. EGM

The EGM will be held at Emerald Level 10, Holiday Inn Johor Bahru City Centre, Jalan Tun Abdul Razak, 80888 Ibrahim International Business District, Johor Bahru, Johor Malaysia on Wednesday, 11 February 2026 at 9.30 am or any adjournment thereof for the purpose of, among others, considering and, if thought fit, passing the resolutions, with or without any modifications, to give effect to the Proposed Regularisation Plan.

If you are unable to attend and vote in person at the EGM, you may complete the Form of Proxy enclosed herein in accordance with the instructions printed therein and depositing the same at our registered office at L2-02, 1 Medini Hub, Persiaran Medini Utara 3, Medini Iskandar, 79000 Nusajaya, Johor Darul Ta'zim or submitting it electronically via email to ir@iwcity.com.my, not less than forty-eight (48) hours before the time set for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from participating and voting in person at the EGM, should you subsequently wish to do so.

15. FURTHER INFORMATION

Please refer to the enclosed appendices of this Circular for further information.

Yours faithfully
For and on behalf of our Board
ISKANDAR WATERFRONT CITY BERHAD

Dato' Hj. Ayub Bin Mion
Independent Non-Executive Chairman

APPENDIX I – SALIENT TERMS OF THE SETTLEMENT AGREEMENT

<p>Conditions precedent</p>	<p>The obligations of IWCity and RFSB that are set out in the Settlement Agreement are conditional upon the following conditions precedent being obtained and fulfilled by a business day falling 18 months from the date of the Settlement Agreement, or such other date as the parties may mutually agree upon in writing:</p> <ul style="list-style-type: none"> (a) IWCity having obtained the approval of Bursa Securities for the implementation of the Proposed Regularisation Plan; (b) the approvals of the board of directors and shareholders (where required) of the Issuers for the settlement arrangement in respect of the Outstanding Sum, including the allotment and issuance of the Settlement RPS-A in accordance with the terms and conditions of the Settlement Agreement and the amendments of the constitution/articles of association of the Issuers; (c) the amendments of the constitution/articles of association of the Issuers to incorporate the terms of the Settlement Agreement and the rights, privileges and restrictions of the Settlement RPS-A as set out in Section 2.1.7 of this Circular; (d) the lodgement of relevant forms with the Registrar of Companies in relation to the amendments of the constitution/articles of association of the Issuers, where required; (e) the Issuers having obtained the approval or consent of their financiers/creditors for, inter alia, the settlement arrangement in respect of the Outstanding Sum and/or allotment and issuance of the Settlement RPS-A, upon the terms and subject to the conditions of the Settlement Agreement, where required; (f) any other approvals, waivers, consents of any authorities or parties as may be required by law or regulation or deemed necessary by IWCity and RFSB.
<p>Interest accrued from the Advances</p>	<ul style="list-style-type: none"> (a) IWCity and RFSB agreed and acknowledged that the Advances bear an interest rate of 7% per annum (“Interest Rate”). (b) Notwithstanding the agreed Interest Rate, RFSB has, prior to the execution of the Settlement Agreement, agreed to waive all interest accrued from the Advances for a 3-year period effective from 1 April 2023 or until the Advances is capitalised into preference shares or converted into such other instruments in IWCity or the IWCity Group, or subject to further terms as mutually agreed upon by RFSB and IWCity.
<p>Manner of settlement</p>	<ul style="list-style-type: none"> (a) IWCity agrees and undertakes to procure TBSB and TBCSB to assume all the debt obligations of our Group of the entire Outstanding Sum by capitalising the Outstanding Sum in the respective proportions and amounts set out in the Settlement Agreement into such number of the Settlement RPS-A to be issued by the Issuers, in the respective proportions and amounts set out in the Settlement Agreement, having the terms set out in Section 2.1.7 of this Circular, all credited as fully paid-up, and to be issued at the Issue Price, in favour of RFSB on the completion date of the Settlement Agreement, subject to adjustment in accordance with the provisions of the Settlement Agreement. (b) The Settlement RPS-A shall rank on par among themselves in all respects and in priority (including in respect of preferential dividend payable, if applicable) to the ordinary shares of TBSB and TBCSB and any other preference shares issued from time to time subsequent to the allotment and issuance of the Settlement RPS-A but after all secured obligations of TBSB and TBCSB.
<p>Prepayment and adjustment on Outstanding Sum</p>	<ul style="list-style-type: none"> (a) Notwithstanding any provisions contained in the Settlement Agreement, subject to the prior consent of RFSB, IWCity may, at any time prior to the completion date of the Settlement Agreement, prepay the Outstanding Sum or any part thereof, in cash, subject to IWCity having given at least 7 days prior written notice (signed by an independent director of IWCity) to RFSB of such intended prepayment specifying the amount of the prepayment made or to be made. (b) Any notice of intended prepayment once given to RFSB shall be irrevocable and shall make it obligatory upon IWCity to make the prepayment in accordance with the terms of such notice and on the date specified in such notice.

APPENDIX I – SALIENT TERMS OF THE SETTLEMENT AGREEMENT (Cont'd)

	<p>(c) Following the completion of the prepayment referred to in this clause, the Outstanding Sum shall be reduced accordingly by an amount equivalent to the sum prepaid, and consequently the number of the Settlement RPS-A to be allotted and issued by the Issuers to RFSB shall be adjusted downward in accordance with this clause.</p>
Parties' right to terminate	<p>In the event that:</p> <p>(a) any party commits any material breach of any of its obligations under the Settlement Agreement which –</p> <p style="padding-left: 40px;">(1) is incapable of remedy; or</p> <p style="padding-left: 40px;">(2) if capable of remedy, is not remedied within 14 days of it being given notice to do so;</p> <p>(b) a petition is presented (and such petition is not stayed or struck-out within 30 business days of the petition being served) or an order is made or a resolution is passed for the winding up of a party;</p> <p>(c) an administrator or receiver or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of a party;</p> <p>(d) any party becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as and when they fall due or enter into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors;</p> <p>(e) any party ceases or threaten to cease or carries on the whole or any substantial part of its business (except for the purposes of a bona fide reconstruction or amalgamation which would not result or cause any failure or inability to duly perform or fulfil any obligation under the Settlement Agreement); or</p> <p>(f) any of the warranties given by a party is found at any time to be untrue or inconsistent,</p> <p>then either party may, at any time prior to completion of the Settlement Agreement while any such circumstance subsists, be at liberty to give a notice of termination to the other party for the purpose of terminating the Settlement Agreement.</p>
Consequences of termination	<p>Within 14 days of a notice of termination being duly given pursuant to the provisions of the Settlement Agreement, RFSB shall return to IWCity all documents, if any, delivered to RFSB by or on behalf of IWCity, and whereupon RFSB shall be entitled to exercise all of its rights and remedies to recover the Outstanding Sum, or any part thereof, as at the date of the notice of termination.</p>
Full and final settlement	<p>(a) IWCity and RFSB agree that the Settlement Agreement is in compromise and full and final settlement between the parties of all claims of whatever nature, howsoever arising, for or in connection with any complaint(s), claim(s) and/or proceeding(s) in respect of the Outstanding Sum.</p> <p>(b) Upon completion of the Settlement Agreement having occurred, all claims made or which could be made of whatsoever kind or character which RFSB or its solicitors have or had against IWCity and any companies within the IWCity Group in relation to the Outstanding Sum shall be deemed to have been fully and finally settled.</p> <p>(c) Without limitation to the foregoing, IWCity and RFSB agree, acknowledge and undertake that upon completion of the Settlement Agreement having occurred, RFSB shall have no claim of any nature whatsoever against IWCity and any companies within the IWCity Group in connection with the Outstanding Sum.</p>

Please refer to **Section 2.1.7** of this Circular, for the salient terms of the Settlement RPS-A.

1. BACKGROUND INFORMATION

1.1. Incorporation and history

Our Company was incorporated in Malaysia as a public limited company under the name of Granite Industries Berhad on 31 December 1968.

Our Company, then known as Granite Industries Berhad, was listed on the Main Market of Bursa Malaysia Securities Berhad in March 1985. Through our subsidiaries, we were then involved in investment holding, management of resorts, extraction and sale of timber, timber moulding, extraction and trading, rental of property, managing and marketing of hotels and resorts.

In April 2003, we completed the acquisitions of the entire equity interest in BBDSB, TBSB and TBCSB (formerly known as Pang Hock Constructions Sdn Bhd) respectively.

With the acquisitions of BBDSB and TBSB, our Group effectively acquired the rights and interests to develop a comprehensive township comprising of a mixed residential and commercial development, as envisaged in the Lembangan Tebrau-Plentong Master Plan which was previously approved by the Johor State Planning Committee in February 2000. The Lembangan Tebrau-Plentong Master Plan, encompassing approximately 1,283.45 acres, is situated within the municipality of Johor Bahru, approximately 5km from the Johor Bahru city centre and Causeway.

The acquisitions of BBDSB, TBSB and TBCSB marked our Group's diversification into landbank development, property development and construction activities.

Upon the acquisitions of the abovementioned companies, our Group focused on selling and completing the existing projects under BBDSB and TBSB.

In 2001, our Group launched 2 residential development projects, namely Bayu Puteri 1 (Phase 1) comprising 266 medium cost apartment units with total GDV of RM44.0 million and Bayu Puteri 2 (Phase 2) comprising 664 medium cost apartment units and shops with total GDV of RM61.0 million.

Subsequently in 2002, our Group launched the Bayu Puteri 3 (Phase 3-A1) comprising 385 medium cost apartment units and shops with total GDV of RM53.0 million.

During 2003, Pang Hock Constructions Sdn Bhd adopted the name Tebrau Bay Constructions Sdn Bhd and began managing all of our Group's construction works.

On 10 July 2003, our Company adopted the name Tebrau Teguh Berhad.

In 2005, our Group commenced construction to build 1,500 units of Perumahan Rakyat Di Sewa under a contract awarded by Jabatan Perumahan Negara with total contract value of RM83.7 million.

Further in 2006, our Group launched its first commercial development project, namely Puteri Point Commercial Park (Phase 6A) comprising 23 units of 3-storey shop offices with total GDV of RM40.0 million.

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

In 2007, our Group launched Oasis@Bayu Puteri comprising 180 units of residential properties with total GDV of RM40.0 million. The Oasis@Bayu Puteri marked our Group's intention to move into the premium property market. In line with the population growth at Taman Bayu Puteri and its close proximity to residential estates such as Taman Sentosa, Taman Pelangi and Taman Permas Jaya.

In 2010, our Group was involved in construction works relating to a RM303 million construction contract for the relocation of squatters awarded by the Johor State Secretary Incorporated.

In 2011, our Group was appointed as developer for the relocation of villagers affected by the proposed Petronas Refinery & Petrochemical Integrated Development (RAPID) project at Pengerang, Kota Tinggi, Johor.

In August 2012, our Group successfully completed a corporate exercise which resulted in KPRJ disposing 222,000,000 ordinary shares in our Company at RM0.50 each (33.2%) to IWH. Consequently, IWH was obliged to extend a mandatory take-over offer to acquire all the remaining shares in our Group which are not already owned by them. The public acceptances pursuant to the mandatory take-over offer resulted in IWH becoming the holding company of Tebrau Teguh Berhad. This marked the entry of the present management into our Group as TSDLKH was appointed as the Executive Vice Chairman of our Company.

Following IWH becoming our major shareholder, our Group underwent a renaming and rebranding exercise to streamline our identity. In conjunction with this renaming and rebranding exercise, Tebrau Teguh Berhad adopted its present name, IWCity, on 2 July 2014.

Further in 2014, our Group launched Botanika, a high-rise township development across 12 acres of leasehold land in Mukim Plentong, Johor Bahru, Johor.

In 2015, TBSB entered into a conditional sale and purchase agreement with Greenland Tebrau Sdn Bhd for the disposal of three pieces of land measuring in aggregate 127.92 acres, located in Mukim Plentong, District of Johor Bahru, State of Johor for a cash consideration of RM2.4 billion. Further during the year, Bayou Management Sdn Bhd entered into a conditional sale and purchase agreement with Bahagia Wangsa Sdn Bhd for the acquisition of 67.5 acres comprising 3 adjoining parcels of freehold land within Mukim of Pulau, District of Johor Bahru, Johor for a purchase consideration of approximately RM156.0 million.

In 2015, Southern Crest Development Sdn Bhd, a wholly-owned subsidiary of our Group, entered into a joint venture with Greenland Malaysia Real Estate Operator Sdn Bhd and Greenland Tebrau Sdn Bhd.

At the Malaysian Property Press Awards held in 2015, Botanika Waterfront Villas was named as the "Most Luxurious Residential Project"; Botanika High-rise Condominium as "Best Affordable High-rise development" and The River City @ Tebrau Bay received the "Outstanding Achievement Award in Catalyst Mixed Development Masterplan".

In 2017, our Group completed land acquisitions at Danga Bay and Sutera, as well as entered into the alienation and development agreement with the Johor State Government, all of which resulted in the increased of our landbank by more than 100 acres.

In 2018, our Group launched Danga Sutera which is a landed township development across 67 acres of freehold land in Mukim Pulau, Johor Bahru, Johor

In 2019, our Group completed the construction of Botanika Tower C comprising 264 condominium units. During the year, our Group also secured the Best Southern Development Award for its project in Johor Bahru - Danga Sutera, at the iProperty Development Excellence Awards.

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

In 2020, our Group completed Danga Sutera Phase 1 comprising 525 units of 2-storey super linked residential properties. We also launched Danga Sutera Phase 2, comprising 36 units of 2-storey semi-detached / bungalow lots residential properties.

In 2023, our Group launched Danga Sutera Phase 3 comprising 84 units of 2-storey semi-detached residential properties. In the same year, our Group had completed and handed over Botanika Tower B comprising 264 condominium units and Danga Sutera Phase 2.

In 2025, our Group successfully completed Danga Sutera Phase 3A comprising 42 units of 2-storey semi-detached residential properties and delivered vacant possession to buyers. We further completed Danga Sutera Phase 3B comprising 42 units of 2-storey semi-detached residential properties and are in the midst of delivering vacant possession of the landed units to homebuyers as at the LPD.

1.2. Principal business activities

Our Group is principally involved in landbanking activities, (which form part of our property development segment), property development and the provision of construction services.

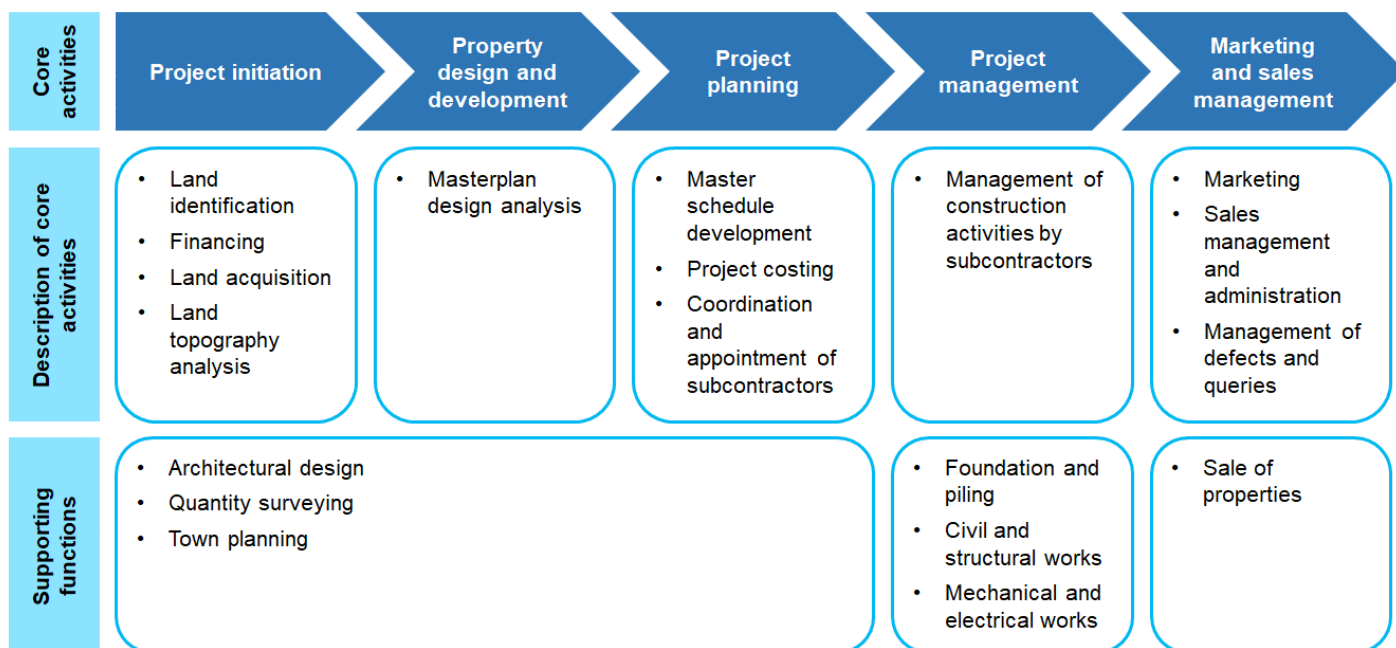
In landbanking, our Group acquires and holds land, with the goal of bringing vacant land into productive use. This may involve some landbank development activities such as land clearing as well as development of basic infrastructure such as access roads. Our Group may also sell such landbank to interested customers, should the opportunities arise.

Property development encompasses land identification and acquisition and land topography analysis (project initiation); property design development, project planning; project management which include management construction activities; and ultimately marketing and sales management.


At present, our Group is involved in all core activities in the property development industry value chain. Our Group engages professional consultants and construction companies for all other supporting functions such as architectural design, quantity surveying, construction works and property sales to consultants and contractors that have the relevant qualifications and experience.

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

Our Group’s position in the value chain of landbanking and property development is illustrated as below:



Legend:

 Principal activities of Iskandar Waterfront City Berhad

We also provide construction services mainly for residential and commercial buildings as well as infrastructure development projects. The construction services that we undertake encompass site clearance works, main building works and infrastructure works. We are generally the main contractor whereby we are awarded projects directly by the project owner. Our scope of construction works encompass the design and build, procurement and supply, monitoring and management of works required for the timely completion of the construction projects that we undertake. To supplement our internal capabilities, we also engage subcontractors to undertake certain works, including the supply and installation of building materials, rental of machinery and equipment as well as specialised trade works such as mechanical and electrical engineering works, plumbing works, external façade works, and landscaping works.

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

1.2.1 Property development

Over the last five years, our Group has completed the following projects:

a) Danga Sutera

Danga Sutera is a landed township development across 67 acres of freehold land in Mukim Pulai, Johor Bahru, Johor. It is a gated and guarded mixed development project that features 645 landed residential units with clubhouse facilities and a commercial plot for future development. This project is located within the Skudai enclave, which is a well-established residential and commercial township with comprehensive neighbourhood amenities.



The overall development of Danga Sutera Phases 1, 2 and 3 is as follows:

The development of Danga Sutera Phase 1, Phase 2 and Phase 3 were completed as at the LPD.

Danga Sutera Phase 1



Development type	2-storey super linked residential units
Total project units	525
Year launched	2018
Year of CF / CCC issuance	2020
Total units sold as at the LPD	Fully sold
Final GDV	RM456.5 million

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

Danga Sutera Phase 2



Development type	Semi-detached residential units	Bungalow lots
Total project units	34	2
Year launched	2020	
Year of CF / CCC issuance	2023	
Total units sold as at the LPD	33	
Estimated GDV	RM62.5 million	

Danga Sutera Phase 3



Development type	Semi-detached residential units
Total project units	84
Year launched	2023
Year of CF / CCC issuance	2025
Total units sold as at the LPD	64
Estimated GDV	RM149.2 million

b) **Botanika**



GROUND LEVEL FACILITIES	PODIUM TOP LEVEL FACILITIES			
1. GRAND ENTRANCE	4. GOURMET KITCHEN	9. SWIMMING POOL	14. ZEN GARDEN	19. COVERED DINING
2. CHILDREN'S PLAYGROUND	5. OPEN DINING	10. JACUZZI	15. OPEN PLAZA	20. TENNIS COURT
3. GREEN LUNG	6. LANDSCAPE	11. GYM	16. WADING POOL	
	7. GAMES ROOM	12. SURAU	17. MULTIPURPOSE HALL	
	8. CHILDREN'S PLAYGROUND	13. CHANGING ROOM & TOILET	18. BBQ AREA	

Botanika is a high-rise township development across 12 acres of leasehold land in Mukim Plentong, Johor Bahru, Johor. The Botanika, comprising three towers, is located in Taman Bayu Puteri which is situated alongside the Tebrau River. At the Malaysian Property Press Awards held in November 2015, Botanika high-rise condominium was named as the “Best Affordable High-rise development”.

The development of Botanika is being carried out in several phase. The completed developments under Botanika are as follows:

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

Botanika Tower C

Development type	High-rise residential tower comprising 23 floors
Total project units	264
Year launched	2014
Year of CF / CCC issuance	2019
Total units sold as at the LPD	251
Estimated GDV	RM192.0 million

Botanika Tower B

Development type	High-rise residential tower comprising 23 floors
Total project units	264
Year launched	2015
Year of CF / CCC issuance	2023
Total units sold as at the LPD	211
Estimated GDV	RM192.0 million

1.2.2 Construction services

Under the provision of construction services, our roles and responsibilities include:

- planning, managing, supervising and monitoring all activities that take place during the construction project;
- coordinating and developing building plans and drawings;
- preparing the main work schedule that indicates that work activities, sequence and milestones based on project requirements and specifications;
- procurement of building materials based on project milestone and requirements;
- ensuring construction machinery and equipment are deployed to the project site;
- identifying, engaging and monitoring subcontractors to undertake their respective portions of subcontracting works;
- implementing quality and safety plan onsite; and
- final inspections, testing and commissioning prior to handover of project and site to our customer.

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

Since IWH becoming our major shareholder in 2012 and up to the LPD, our Group has completed 4 construction projects with a total contract sum of RM477.6 million.

The table below sets forth our Group's completed projects:

No.	Project	Scope of works	Customer	Type of development	Contract period ⁽¹⁾	Contract value ⁽²⁾
						RM'000
1.	Development for the resettlement of Pengerang residents in Lot PTD 43689 and PTD 4590, east coast subdistrict, Pengerang, Johor Darul Takzim	Site clearance and earthworks	Bahagian Perancang Ekonomi Negeri Johor	Residential	March 2012 to December 2012	136,527
2.	Development of the Rimbulan Kasih Project on Government Land, east coast subdistrict, Kota Tinggi District, Johor Darul Takzim	Site clearance, earthwork and infrastructure works	Bahagian Perancang Ekonomi Negeri Johor	Residential	December 2012 to November 2013	20,645
3.	Construction of 2,932 low-cost flat units (affordable housing) for the resettlement of squatters along the Eastern Dispersal Highway (E.D.L) at Lot PTD 148146 and part of Lot PTD 148149, Mukim Plentong, Johor Darul Takzim (Package B)	Design and build	BBDSB / Bahagian Perancang Ekonomi Negeri Johor	Residential	February 2009 to March 2018	315,000

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

No.	Project	Scope of works	Customer	Type of development	Contract period ⁽¹⁾	Contract value ⁽²⁾
						RM'000
4.	Package 2B – Construction and completion of external ramps to Immigration, Custom and Quarantine Complex (ICQ) and others associated works for Rapid Transit System Link (RTS Link) between Johor Bahru and Singapore	Bore piling works	Pembinaan Sahabatjaya Sdn Bhd	Infrastructure	November 2021 to June 2024	5,419

Notes:

(1) Commencement date of each project is based on the respective letters of awards (“LOA”). Completion date of each project is based on the completion date set out in the respective LOAs and includes subsequent extension of time required to deliver variation of work orders from the clients to our Group, if any

(2) Contract value of each project includes original contract value as per LOAs and subsequent variation orders, if any

1.3. Competitive strengths and advantages

(i) Our Group has a track record of successful projects as a result of our experience and understanding of the property development business

Over the last five years, our Group has completed 5 development projects.

Our Group's completed projects are all residential developments comprising landed super linked and 2-storey semi-detached / bungalow lot houses (Danga Sutera Phase 1, Danga Sutera Phase 2 and Danga Sutera Phase 3), as well as a high-rise residential development (Botanika Tower C and Botanika Tower B).

As such, our Group is involved in various development types, namely landed residential developments and high-rise residential developments. All of our Group's development projects are a mix of medium to high-end development projects which were sold at different selling prices, with an average selling price of between RM380 per square feet and RM580 per square feet for landed properties, and between RM350 per square feet and RM650 per square feet for high-rise residential properties.

Our Group's most recently completed project, Danga Sutera Phase 3, is being marketed at an average selling price of RM498 per square feet and average selling price per unit of RM1.6 million. Please refer to the section on Industry Size, Growth Potential and Outlook of the IMR Report for the average selling prices of new landed properties launches in Johor Bahru.

The sales status of our completed projects, as at the LPD is as follow:

PROJECT	Type of development	Total units developed	Total units sold as at the LPD	Percentage of units sold as at the LPD ¹
Completed				
- Danga Sutera Phase 1	Residential / 2-Storey Landed Super Linked	525	525	100.0%
- Danga Sutera Phase 2	Residential / 2-Storey Semi-Detached / Bungalow Lot	36	33	91.7%
- Botanika Tower B	Residential / Apartment	264	211	79.9%
- Botanika Tower C	Residential / Apartment	264	251	95.1%
- Danga Sutera Phase 3	Residential / 2-Storey Semi-Detached	84	64	76.2%

Note:

¹ The percentage of units sold as at the LPD refers to the number of units sold divided by the number of units developed as at the LPD

As illustrated by the percentage of units sold as at the LPD, our Group has good market acceptance of our property development projects. Our Group's track record of selling most, if not all, of the units launched in our development projects are largely attributed to:

- our Group's experience and technical know-how in the development of properties;

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

- our Group conducts market research and analysis internally to assess the potential catchment area and potential market needs and demands. Our Group also relies on property research carried out by independent property valuers that we have engaged as well as official property statistics from the National Property Information Centre (NAPIC). This enables our Group to make informed decision when developing properties that are suitable for the respective locations; and
- our Group's commitment to delivering quality development projects.

This has allowed our Group to:

- identify and engage reliable, experienced and qualified consultants and contractors;
- utilise appropriate marketing strategies that are targeted at our Group's potential buyer market. Digital advertising allows us to increase our reach to a wider target consumer market. Our Group also works with digital marketing consultants to enhance the effectiveness of digital marketing strategies; and
- offer attractive property prices suited to the intended target buyer market. We ensure that we are able to attract the prospective target buyer market with property prices that are attractive and affordable to the said target group, while still maintaining our margins.

In 2019, our Group received the Best Southern Development Award under the iProperty Development Excellence Awards (iDEA) for our Danga Sutera project, which serves as a recognition of our accomplishment.

Our Group's track record of successful developments is a key advantage as it will provide us with the platform to develop and successfully sell future properties and attract potential buyers.

(ii) Our Group specialises in property development and is thus able to scale operations in tandem with our development projects

Our Group focuses efforts and resources primarily towards the business of property development. This model allows our Group to focus on the management and development of the projects without having to incur significant overhead costs to carry out construction and sales activities, which have high manpower requirements. It also allows our Group to scale down our operations during periods when demand for properties is low. This model also allows our Group to leverage on the experience and capabilities of the consultants and contractors that we engaged.

Notwithstanding the above, our Group's construction arm, TBCSB, may still be appointed to carry out certain construction works for our property development projects whenever deemed appropriate. TBCSB has undertaken amongst others, the following construction works for our property development projects:

- a. piling works for the Botanika projects; and
- b. the reclamation works, building works and infrastructure works in relation to the relocation project for the residents of Kampong Senibong.

Nevertheless, the experience garnered since our Group's commencement in property development enables us to source for reliable, experienced and qualified consultants and contractors to allow us to efficiently and effectively deliver and market/sell our property development projects. Our Group has identified consultants and contractor(s) that have consistently been able to deliver over the years. Further, our Group also appoints suitable property agents that have the relevant network and experience in the catchment area and development type to sell our property development projects.

(iii) Our Group has landbank for future expansion

Our Group legally and beneficially holds a landbank of approximately 900 acres in strategic locations within Johor Bahru, comprising both freehold and leasehold titles, of which approximately 525.7 acres are nett land available for development.

We intend to undertake potential development projects on these land parcels as part of our longer-term expansion strategy. We may also sell these lands should the potential opportunities arise.

These continuous development projects are expected to support the long-term sustainability of our business and provide future growth opportunities for our Group.

(iv) We have a track record of undertaking construction projects in Johor

Since the acquisition of TBCSB (then known as Pang Hock Constructions Sdn Bhd) in 2003, our Group has been involved in the provision of construction services.

As at the LPD, we have established ourselves as a construction services firm with technical capabilities and project track record in residential and commercial building as well as infrastructure development projects. Our Group's construction services encompass site clearance works, main building works, infrastructure works. Our scope of construction works encompass the design and build, procurement and supply, monitoring and management of works required for the timely completion of construction projects.

Our subsidiary TBCSB is a G7 contractor registered with the Construction Industry Development Board (CIDB) since 1998, which enables us to carry out construction works with unlimited value.

Since IWH became our major shareholder in 2012, our Group has completed four construction projects with a total contract sum of RM477.6 million, demonstrating our experience in executing construction projects. During the period from FYE 2022 and up to the LPD, our Group completed one construction project with a total revised contract sum of RM5.4 million. This track record is supported by our technically competent engineering and project teams, reflecting our capability to manage and deliver projects successfully.

As at the LPD, our Group Construction and Procurement contract administration departments comprise five in-house personnel, who primarily oversee project management, site supervision, and coordination with subcontractors. Our Group's construction activities are largely executed through external subcontractors, while the in-house team provides technical oversight, quality control, and ensures compliance with project timelines and specifications. This lean structure allows our Group to efficiently manage our construction projects despite a small internal team and provides operational flexibility, enabling our Group to effectively coordinate its resources in line with project requirements and operation demands.

Our Group's experience and expertise and our ability to deliver works on time are contributing factors that have enabled our Group to gain trust from clients and give us a competitive edge when tendering for new projects.

(v) We have established relationships with customers and suppliers

Our track record has allowed us to establish relationships with our customers. Since 2003, our Group has secured a total of 5 contracts from 2 customers, namely Bahagian Perancang Ekonomi Negeri Johor and Pembinaan Sahabatjaya Sdn Bhd. Our good track record has led to Bahagian Perancang Ekonomi Negeri Johor awarding us 4 subsequent projects since we completed the project relating to the proposed development for the resettlement of Pengerang residents in Lot PTD 4589 and PTD 4590, east coast subdistrict, Pengerang, Johor Darul Takzim in 2012.

We are also active in maintaining working relationships with our subcontractors and suppliers to ensure continuous supply of construction materials and skilled labour to undertake our subcontract works.

(vi) Our Group has an experienced senior management team and project team

Our Group's success is supported by an experienced and committed key senior management team, led by the Executive Vice Chairman of our Company, TSDLKH, a prominent businessman and entrepreneur with more than 52 years of experience and interests in a variety of businesses including construction, master development, property development and investment, plantations and trading of building materials. TSDLKH is responsible for overseeing the business growth, strategic business planning and overall operations of our Group.

TSDLKH works alongside:

- the Executive Director of our Company, Lim Chen Herng, who has approximately 15 years of experience and management exposure in the property development, construction, finance, oil and gas and plantation sectors; and
- the Chief Operating Officer of our Company, Lim Fang Ching, who has approximately 12 years of experience in overseeing our Company's engagement with government agencies and regulatory bodies, while also driving strategic initiatives in business and investment development.

Further, our key senior management's acumen and understanding of market trends have enabled them to identify development opportunities in strategic locations within Johor Bahru. Their leadership has been, and will continue to be, instrumental to our Group's growth strategies and success.

Our Group also has a competent project team that is responsible for the identification of suitable plots of land for development, conceptual planning for development projects, submission of applications to the relevant authorities for planning permission / development order, building plans approval and obtaining the relevant permits and licences (such as the APDL from the Ministry of Housing and Local Government), overseeing construction works carried out by the main contractor and ensuring proper quality control is in place. Our Group's project team is led by the Chief Operating Officer, Lim Fang Ching. Our Group's success in launching well received property development projects in Johor Bahru is also attributable to the strength of our project team.

1.4. Business strategies and future plans

Moving forward, our Group will continue to strengthen our property development and construction services business. We intend to continue to increase and strengthen our presence in the property development and construction markets in Johor Bahru through:

- **Landbanking, development of landbanks for future property development projects and sale of land**

Our Group will explore the sale of land to diversify our revenue stream, as and when such opportunities arise.

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

As at the LPD, our Group has landbank in Johor Bahru amounting to approximately 900 acres of which approximately 525.7 acres are nett land available for development. We are constantly seeking suitable land to expand and grow our property developments within Malaysia, with a focus on lands in Johor Bahru, to further enhance and sustain revenue and profits. We will continue to identify strategic and reasonably priced land for future development, by way of acquisition or joint venture. We will source land through internal sources or via property agents or consultants. Specific to internal sources, we leverage on our key senior management's network in Johor to source for suitable landbank.

As with our previous land acquisitions, we will first carry out the necessary surveys and analysis on the land to ensure the authentication of the land, and to assess the feasibility and viability of the land for development.

In identifying the potential site and the proposed type of development, we will carry out:

- title and zoning searches to ascertain the landowner and any land encumbrances as well as to ascertain if the land requires re-categorisation into our preferred development type (such as residential or mixed-use developments);
- consult with valuers to ascertain the land's market price; public authorities to ascertain the availability of basic amenities (i.e. water supply, electricity supply and sewerage plant); end-financiers to ascertain the availability of end-financing to buyers for properties in the area;
- conduct a contour plan study to ensure the suitability of the land's slope profile for development; and
- thorough survey on the available infrastructures and amenities (such as highways and road accessibility, public transportation, healthcare institutions, educational institutions, retail amenities as well as commercial and industrial parks) within the vicinity of the land.

Thereafter, we will develop a conceptual plan for the project, which will allow our Group to forecast the expected returns of the development project.

We will then work with necessary consultants, such as the town planners, engineers, quantity surveyors and architects, to carry out:

- geographical and demographic study by a consultant to identify the potential target market and buyer profile within 15 km radius of the said land;
- market study carried out by a valuer on the marketability and average selling prices of properties in the vicinity;
- development of the project's concept and ensuring it is differentiated by working with architects, town planners and engineers; and
- feasibility study carried out by a quantity surveyor on the conceptual plan, as well as a cash flow study on the working capital and cash flow required for the proposed development project.

Simultaneously, our Group will carry out market surveys and analysis on properties, typically within 15 km radius from the land, to identify the development owners, category of properties, rental rates and secondary market values, take up rates and target buyer market of these properties as well as property agents proficient in the area.

Our Group will also explore opportunities for the sale of our landbanks, as and when such opportunities arise, as this will also contribute positively to our Group's revenue growth.

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

For the avoidance of doubt, the sale of our landbanks will be recognised as revenue as it falls within the ordinary course of our business as a property developer. These landbanks are currently classified as inventory properties, and any disposal thereof would be consistent with our Group's principal activities of acquiring, developing, and selling land and properties.

- **Securing construction services projects**

We will continue to replenish and grow our order book from residential and commercial buildings as well as infrastructure development projects which will enhance our revenue and subsequently increase our market presence.

As at the LPD, we have obtained two letters of award for infrastructure works with a total contract sum of RM139.9 million.

Our previous success in delivering residential and commercial buildings as well as infrastructure development projects are our reference to secure future tenders as we are equipped with the required knowledge and technical skills to manage the construction of these projects. Moving forward, we will participate in more tender exercises for residential and commercial buildings as well as infrastructure development projects where our growth prospects appear promising.

2. SHARE CAPITAL

As at the LPD, the issued share capital of our Company is RM766,883,505 comprising 921,127,742 IWCity Shares.

3. SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of our Company and their respective shareholdings in our Company are as follows:

Name	Date emerged as substantial shareholder	Shareholding	
		Direct (%)	Indirect (%)
IWH	13 February 2012	33.4	-
KPRJ	17 April 2003	3.0	33.4 ^(a)
Credence	N/A	-	33.4 ^(a)
TSDLKH	N/A	0.6	33.4 ^(b)

Notes:

N/A Not applicable

a. Deemed interested by virtue of its interest held in IWH pursuant to Section 8 of the Act.

b. Deemed interested by virtue of his interest held in Credence pursuant to Section 8 of the Act.

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)**4. BOARD OF DIRECTORS**

As at the LPD, the directors of our Company and their respective shareholdings in our Company are as follows:

Name	Designation	Date of appointment	Shareholding	
			Direct %	Indirect %
Dato' Hj. Ayub bin Mion	Independent Non-Executive Chairman	28 January 2014	-	-
TSDLKH	Executive Vice Chairman	3 July 2012	0.6	33.4 ^(b)
Lim Chen Herng	Executive Director	1 July 2022	-	-
Datuk Lim	Non-Independent and Non-Executive Director	8 March 2024	-	-
Khairudin	Non-Independent and Non-Executive Director	9 October 2023	-	-
Kang Hui Ling (f)	Independent Non-Executive Director	1 December 2021	-	-
Chin Wai Kit	Independent Non-Executive Director	1 April 2023	-	-
Soon Chooi Mee (f)	Independent Non-Executive Director	10 October 2025	-	-

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)**5. SUBSIDIARIES**

As at the LPD, the details of our subsidiaries are as follows:

Name of subsidiaries	Date/Place of incorporation	Effective interest (%)	Principal activities
BBDSB	24 June 1996 / Malaysia	100	Property development
TBSB	24 December 1996 / Malaysia	100	Property development and construction activities
TBCSB	31 October 1978 / Malaysia	100	Construction works of roads and drainage, bridges and interchanges, other civil engineering / infrastructure works and housing
Southern Crest Development Sdn Bhd	29 April 2003 / Malaysia	100	Investment holding
Success Straits Sdn Bhd	14 September 2015 / Malaysia	100	Property development
Trillion Greencity Sdn Bhd	10 September 2015 / Malaysia	100	Dormant
<i>Held by BBDSB:</i> Bayou Management Sdn Bhd (" BMSB ")	23 March 2004 / Malaysia	100	Property holding and development

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

6. HISTORICAL FINANCIAL INFORMATION

6.1. Commentaries on our Group's revenue, net profit/(loss) and gross profit/(loss)

<i>(All figures in RM'000 unless stated otherwise)</i>	Audited						Unaudited	
	FYE						For the period ended 9-months ("9-month FPE")	
	2019	2020	2021	2022	2023	2024	30 September 2024	30 September 2025
Revenue, net	219,048	108,247	18,001	92,358	104,721	101,751	94,630	19,237
Gross profit/(loss)	29,822	43,398	(4,174)	10,121	13,948	531	14,646	(7)
(LAT)/PAT	(4,052)	(1,677)	(27,929)	(32,205)	(6,303)	(19,363)	(329)	(10,860)
No. of IWCity Shares in issue ('000)	837,389	837,389	921,128	921,128	921,128	921,128	921,128	921,128
Gross profit/(loss) margin (%)	13.6	40.1	(23.2)	11.0	13.3	0.5	15.5	^
Net loss margin (%)	(1.8)	(1.5)	(155.2)	(34.9)	(6.0)	(19.0)	(0.3)	(56.5)
Net loss per IWCity Share (sen)	(0.5)	(0.2)	(3.0)	(3.5)	(0.7)	(2.1)	^	(1.2)
Shareholders' funds – net assets ⁽¹⁾	766,701	765,024	777,033	744,828	738,525	719,162	738,196	708,302
Net assets per IWCity Share (RM) ⁽²⁾	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8
Total borrowings	251,447	187,149	169,351	123,948	109,610	106,290	106,294	106,736
Gearing (times) ⁽³⁾	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.2
Net current assets	778,834	949,127	997,981	538,126	555,551	233,252	524,952	219,270
Current ratio (times) ⁽⁴⁾	1.8	3.0	3.5	2.9	3.2	1.5	3.5	1.5
Net cash (used in)/generated from operations	(9,634)	61,353	(22,528)	(285)	19,863	43,460	38,916	1,260

^ Negligible

Notes:

(1) Being equity attributable to owners of our Company.

(2) Computed based on equity attributable to owners of our Company over the number of IWCity Shares.

(3) Computed based on total borrowings divided by equity attributable to owners of our Company.

(4) Computed based on current assets divided by current liabilities

9-month FPE 2025 compared to 9-month FPE 2024

Revenue has decreased by 79.7% from RM94.6 million for the 9-month FPE 2024 to RM19.2 million for the 9-month FPE 2025. The revenue for the 9-month FPE 2025 was mainly driven by our property development segment, which continued to benefit from progress on the ongoing Danga Sutera (Phase 3). The sharp drop in overall revenue was largely attributable to lower sales from completed projects. The performance from each business segment is set out below:

- revenue for our property development business declined by RM75.7 million to RM19.0 million, compared to RM94.7 million for the 9-month FPE 2024. This sharp decrease was mainly attributable to the absence of new project launches in the 9-month FPE 2025. The majority of revenue from the completed projects, namely Botanika Tower B, Botanika Tower C and Danga Sutera (Phase 2), had already been recognised in the preceding quarters, with our revenue now primarily derived from the ongoing Danga Sutera (Phase 3); and
- revenue of RM246,000 was recognised in the construction sector for the 9-month FPE 2025, compared to a negative revenue of RM56,000 recognised in the preceding year corresponding period. The revenue recognised in the current period was mainly derived from the finalisation of accounts for a construction project. The negative revenue of RM56,000 recognised for the 9-month FPE 30 June 2024 arose from the finalisation of accounts for the RTS Link project. This negative revenue reflects the adjustments to align the previously recognised revenue with the final agreed contract value of the project. During the course of the project, revenue had been recognised based on percentage of completion and estimated contract values. Upon conclusion of final negotiations and confirmation of the final contract sum, certain amounts previously recognised as revenue were reversed, resulting in a net negative revenue adjustment for the period.

Gross profit has decreased by 100.0% from RM14.6 million for the 9-month FPE 2024 to a gross loss of RM7,000 for the 9-month FPE 2025. Correspondingly, the gross profit margin decreased from 15.5% to a negligible amount over the same period. This significant decline was primarily attributable to higher cost of sales recorded in 9-month FPE 2025, mainly arising from the rectification works undertaken for Botanika Tower C as well as road access works. Consequently, as a result of these same cost pressures, our Group recorded a LAT attributable to the owners of our Company of RM10.9 million for the 9-month FPE 2025, compared to a LAT of RM0.3 million in the corresponding preceding period.

FYE 2024 compared to FYE 2023

Revenue has decreased by 2.8% from RM104.7 million for the FYE 2023 to RM101.8 million for the FYE 2024. The revenue for the FYE 2024 was mainly driven by our property development segment, benefiting from increased work progress on the ongoing Danga Sutera (Phase 3) project. The slight decline in revenue was mainly due to the recognition of LAD arising from delays in legacy construction projects, as well as the omission of variation works within construction segment.

Gross profit has decreased by 96.4% from RM13.9 million for the FYE 2023 to RM0.5 million for the FYE 2024. Correspondingly, the gross profit margin dropped from 13.3% to 0.5% over the same period. This significant reduction was primarily attributable to the recognition of LAD mentioned above, and the omission of variation works in our construction business, which negatively impacted overall margins.

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

For the FYE 2024, our Group recorded a LAT attributable to the owners of our Company of RM19.4 million, as compared to a LAT of RM6.3 million in the FYE 2023. The higher LAT was mainly driven by the construction segment, which recorded a negative revenue of RM12.8 million. This is a result of the finalisation of previous construction projects due to the omission of variation in works and the recognition of LAD imposed for project delays. The LAD arose from delays in completing the Pengerang building, which remains ongoing as at the LPD, as well as Package B and Rimbunan Kasih, both of which have been completed as at the LPD.

In addition, the omission of variation works further contributed to the negative revenue. For the Pengerang building, there was a net omission of RM9.1 million (of which RM9.0 million impacted FYE 2024) arising from water reticulation excavation works. For Package B, the net omission of RM2.19 million resulted from the cost incurred for relocation and rental for squatters, as well as variation orders including engagement of government technical consultant, contribution to local authorities, variation of materials, and the construction of a surau.

Additionally, the recognition of a leasehold extension premium of RM2.3 million and additional cost claims of RM1.8 million which were charged by the main contractor further contributed to our Group's LAT of RM19.4 million for the FYE 2024. The said additional cost claims was in relation to Botanika Tower B.

For information, under the terms of the contract, the main contractor is entitled to claim for loss and expenses arising from delays attributable to the developer. The delays, primarily due to cash flow interruptions, resulted in an extension of the contract period and increased the contractor's costs for maintaining site operations. Accordingly, the contractor has sought reimbursement for these additional costs in accordance with the contractual provisions.

FYE 2023 compared to FYE 2022

Revenue increased by 13.4% from RM92.4 million for the FYE 2022 to RM104.7 million for the FYE 2023 which was mainly contributed by the following:

- higher revenue registered amounting to RM44.3 million from the sale of units in Botanika Tower B and Botanika Tower C for the FYE 2023 as compared to RM9.9 million for the FYE 2022 due to an additional 73 units sold during the FYE 2023 and the increase in the percentage of completion of construction of Botanika Tower B to 100% in the FYE 2023 as compared to 92.7% in the FYE 2022;
- higher revenue registered amounting to RM33.4 million from Danga Sutera (Phase 2), representing an increase of RM34.3 million from the revenue registered for the FYE 2022, with a total of 27 units sold and 100.0% work done during the FYE 2023 as compared to a total of 7 units sold and approximately 53.0% work done during the FYE 2022; and
- revenue increased by RM7.6 million or more than 100% from our construction segment to RM5.5 million in FYE 2023 as compared to a negative revenue registered by the IWCity Group of RM2.1 million in the FYE 2022 primarily due to construction activity for piling works related to Package 2B for Rapid Transit System which was newly commenced in the FYE 2023.

Our Group's revenue from its property development division was approximately RM99.3 million in the FYE 2023, representing approximately 12.9% of our Company's issued share capital.

Gross profit has increased by 37.6%, from RM10.1 million for the FYE 2022 to RM13.9 million for the FYE 2023. Gross profit margin improved from 11.0% in FYE 2022 to 13.3% in FYE 2023. The improvement in gross profit margin was primarily driven by the construction activities relating to piling works for Package 2B of the RTS project. Effective cost management contributed to higher profitability from these construction activities.

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

Our Group incurred LAT of RM6.3 million for the FYE 2023 as compared to a LAT of RM32.2 million for the FYE 2022 mainly contributed by the following:

- higher revenue recorded for the FYE 2023 as compared to FYE 2022 as detailed above; and
- lower finance costs incurred of RM6.4 million in the FYE 2023 as compared to RM22.5 million in the FYE 2022 due to the Interest Waiver.

FYE 2022 compared to FYE 2021

Revenue increased by more than 100.0% from RM18.0 million for the FYE 2021 to RM92.4 million for the FYE 2022 which was mainly contributed by the improvement in sales arising from Danga Sutera (Phase 1), and also the sale of a parcel of freehold vacant land amounting to RM53.2 million (“**Land Disposal**”). Excluding the revenue from the Land Disposal, revenue from our property development and construction business was approximately RM39.2 million, representing approximately 5.1% of our Company’s issued share capital.

Gross profit improved significantly, from a gross loss of RM4.2 million for the FYE 2021 to a gross profit of RM10.1 million for the FYE 2022. Correspondingly, the gross loss margin of 23.2% in FYE 2021 turned into a gross profit margin of 11.0% in FYE 2022. The gross loss margin in FYE 2021 was primarily due to the following factors:

- the provision for LAD recognised for Botanika Tower B; and
- the revision of budgeted costs and additional provision for LAD recognised for projects pursuant to our construction business.

The LAD recognised for Botanika Tower B arises from the purchasers’ entitlement under the Housing Development (Control and Licensing) Act 1966, which mandates the payment of LAD when a project is not completed within the stipulated period, after considering any extension of time granted by the Ministry of Housing and Local Government (KPKT). Accordingly, the LAD recognised represents compensation payable to the purchasers for delays in delivering vacant possession beyond the handover dates stipulated in the respective sale and purchase agreements. The delays in completion were primarily due to work suspensions during the MCO period and subsequent cash flow constraints, both of which affected the progress of construction works and contributed to the late delivery of the project.

For the FYE 2022, our Group recorded a LAT attributable to the owners of our Company of RM32.2 million as compared to a LAT of RM27.9 million in the FYE 2021 due to higher finance costs and also late payment interest charged by contractors. For the avoidance of doubt, the higher finance cost, despite the reduction in borrowings, is due to the inclusion of interest expenses charged by RFSB. Although our Group's total borrowings, consisting of revolving credit, bridging loans, overdrafts, and hire purchase from financial institutions, have decreased, finance costs remain relatively high due to interest expenses on the Advances being charged to the profit and loss statement during the FYE 2022. Additionally, the Advances which are classified as other payables under non-current liabilities had increased from RM251.7 million in FYE 2021 to RM293.5 million in FYE 2022. This resulted in finance costs not decreasing in proportion to the reduction in borrowings. Furthermore, the late payment interest charged by contractors is due to our Company’s inability to make timely payments to our contractors due to cash flow constraints arising from the impact of the MCO.

FYE 2021 compared to FYE 2020

Revenue decreased by 83.4% from RM108.2 million for the FYE 2020 to RM18.0 million for the FYE 2021 mainly due to the following:

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

- delay in billings and lack of new sales during the prolonged COVID-19 pandemic and the nationwide MCO which had significantly impacted our Group's day-to-day operations such as difficulty in continuing with the construction of properties and potential customers conducting property viewings as well as title searches;
- as a result, our Group's cash flow was severely impacted and payments to contractors were put on hold. This halted the construction activities of our Group's development projects for the FYE 2021 (namely, Botanika Tower B and Danga Sutera (Phase 2)) as contractors had stopped work; and
- during the FYE 2021, our Company delayed new launches, such as Danga Sutera (Phase 3) and Danga Rivera, due to unfavourable property market environment caused by the COVID-19 pandemic.

Gross profit has decreased by more than 100%, from a gross profit of RM43.4 million for the FYE 2020 to a gross loss of RM4.2 million for the FYE 2021. Correspondingly, the gross profit margin dropped from 40.1% in FYE 2020 to a gross loss margin of 23.2% in FYE 2021. The significant decline was primarily due to the following factors:

- the provision for LAD recognised for Botanika Tower B; and
- the revision of budgeted costs and additional provision for LAD recognised for projects pursuant to our construction business.

Consequently, our Group incurred a LAT of RM27.9 million for the FYE 2021 which is significantly higher than the LAT recorded for the FYE 2020 of RM1.7 million due to the above reasons. Furthermore, there was also higher share of loss of associate recognised in the FYE 2021 as compared to the FYE 2020.

FYE 2020 compared to FYE 2019

Revenue decreased by 50.5% from RM219.0 million for the FYE 2019 to RM108.3 million for the FYE 2020 mainly due to the effects of the COVID-19 pandemic. Revenue for the FYE 2020 had declined mainly due to a lower number of properties that were sold, together with lower contributions from work done on the properties under development and construction as construction activities were halted during the MCO. The completion of the double storey terrace landed houses component under Danga Sutera during the year also resulted in lower contributions to the revenue for the FYE 2020.

Gross profit has increased by 45.6% from RM29.8 million for the FYE 2019 to RM43.4 million for the FYE 2020. Despite the fall in revenue, our Group has recorded an improvement in gross profit margin from 13.6% in the FYE 2019 to 40.1% in the FYE 2020. The overall increase in gross profit margin was mainly due to the revision of budgeted cost upon completion of the Danga Sutera terrace houses component.

Despite the lower revenue recorded, our Group incurred a lower LAT of RM1.7 million for the FYE 2020 compared to the LAT of RM4.1 million in FYE 2019. The lower LAT for the FYE 2020 mainly due to the following:

- increase in the gross profit margins achieved by our Group of 40.1% as compared to 13.6% for the FYE 2019 due to the higher progress billings and construction cost savings for the ongoing Danga Sutera project and the revision of the budgeted costs for construction project;
- decrease of 5.5% in selling and marketing expenses from RM1.4 million for the FYE 2019 to

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

- decrease of 5.5% in selling and marketing expenses from RM1.4 million for the FYE 2019 to RM1.3 million for the FYE 2020; and
- decrease of 4.6% in finance costs from RM23.6 million for the FYE 2019 to RM22.5 million for the FYE 2020 as a result of the repayment of borrowings and the reductions in the interest rates.

6.2. Commentaries on the net cash generated from/ (used in) operations by our Group

Cash Flow from Operating Activities								
	Audited						Unaudited	
	FYE						9-month FPE	
	2019	2020	2021	2022	2023	2024	30 September 2024	30 September 2025
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit/(loss) before tax	(2,496)	1,518	(31,197)	(23,617)	(5,263)	(17,162)	1,581	(11,154)
Operating profit/(loss) before working capital changes	24,582	24,843	(9,489)	1,541	11,125	(7,159)	2,395	(9,735)
Cash from/(for) operations	19,508	86,058	(20,407)	498	19,768	44,811	39,586	1,592
Tax paid	(13,330)	(12,570)	(2,121)	(783)	(556)	(1,587)	(698)	(673)
Tax refund	234	-	-	-	651	236	28	341
Interest paid	(16,046)	(12,135)	-(1)	-(1)	-(1)	-	-	-
Net cash flows generated from/(used in) operating activities	(9,634)	61,353	(22,528)	(285)	19,863	43,460	38,916	1,260

Note:

1. For the FYE 2021 onwards, interest paid had been reclassified to financing activities.

9-months FPE 30 September 2025

The net cash generated from operating activities amounted to approximately RM1.26 million after accounting for income tax payment of RM0.67 million and a tax refund of RM0.34 million for the 9-months FPE 30 September 2025.

The loss before taxation was RM11.15 million, which after adjusting for non-cash and other items of RM1.42 million, resulted in an operating loss of RM9.73 million. This was further adjusted upwards for a decrease in working capital of RM11.32 million which primarily comprised a decrease in trade and other receivables of RM29.21 million, arising from higher collections received from purchasers and end financiers. In addition, inventories increased by RM12.26 million, primarily due to the reclassification of property development costs to inventories upon the completion of Danga Sutera (Phase 3A).

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

9-months FPE 30 June 2024

The net cash generated from operating activities amounted to approximately RM38.91 million after accounting for income tax payment of RM0.70 million and a tax refund of RM0.03 million for the 9-months FPE 30 September 2024.

The profit before taxation was RM1.58 million, which after adjusting for non-cash and other items of RM0.81 million, resulted in an operating profit of RM2.39 million. This was further adjusted upwards for a decrease in working capital of RM37.19 million, which primarily comprised a decrease in trade and other receivables of RM45.42 million, due to higher cash inflow from receivables' collections.

FYE 2024

The net cash generated from operating activities amounted to approximately RM43.46 million after accounting for income tax payments of RM1.59 million and a tax refund of RM0.24 million for the FYE 2024.

The loss before taxation was RM17.16 million, which after adjusting for non-cash and other items of RM10.0 million, resulted in an operating loss of RM7.16 million. This was further adjusted upwards for decrease in working capital of RM51.97 million which primarily comprised a decrease in trade and other receivables of RM52.83 million due to higher cash inflow from receivables' collections.

FYE 2023

The net cash generated from operating activities amounted to approximately RM19.86 million, after accounting for income tax payments of RM0.56 million and a tax refund of RM0.65 million for the FYE 2023.

The loss before taxation was RM5.26 million, which after adjusting for non-cash and other items of RM16.39 million, resulted in an operating profit of RM11.13 million. This was further adjusted upwards for decrease in working capital of RM8.64 million which primarily comprised a decrease in inventory properties of RM85.43 million, driven by increased sales of completed properties in FYE 2023.

FYE 2022

The net cash used in operating activities amounted to approximately RM0.28 million, after accounting for income tax payments of RM0.78 million for the FYE 2022.

The loss before taxation was RM23.62 million, which after adjusting for non-cash and other items of RM25.16 million, resulted in an operating profit of RM1.54 million. This was further adjusted downwards for an increase in working capital of RM1.04 million which primarily comprised of a decrease in trade and other payables of RM60.60 million which is mainly due to the settlement of the debt owing to Knusford Berhad (“KB”) through the disposal of a freehold vacant land to Knusford Resources Sdn Bhd, a wholly-owned subsidiary of KB, which is partially offset by a decrease in inventory properties of RM49.35 million.

FYE 2021

The net cash used in operating activities amounted to approximately RM22.53 million after accounting for income tax payments of RM2.12 million for the FYE 2021.

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

The loss before taxation was RM31.20 million, which after adjusting for non-cash and other items of RM21.71 million, resulted in an operating loss of RM9.49 million. This was further adjusted downwards for an increase in working capital of RM10.92 million which primarily comprised an increase in inventory properties of RM22.29 million, due to construction cost incurred for the development of existing projects, and decrease in trade and other payables of RM23.34 million, mainly due to payment to the contractors and consultants pursuant to the release of retention sums.

FYE 2020

The net cash generated from operating activities amounted to approximately RM61.35 million after accounting for income tax payment of RM12.57 million and interest expense payments of RM12.13 million for the FYE 2020.

The profit before taxation was RM1.52 million, which after adjusting for non-cash and other items of RM23.32 million, resulted in an operating profit of RM24.84 million. This was further adjusted upwards for a decrease in working capital of RM61.21 million which primarily comprised a decrease in trade and other receivables of RM76.82 million, due to higher collection received from purchasers and end financiers.

FYE 2019

The net cash used in operating activities amounted to approximately RM9.63 million after accounting for income tax payments of RM13.33 million, interest expense payments of RM16.04 million, and an income tax refund of RM0.23 million for the FYE 2019.

The loss before taxation was RM2.50 million which after adjusting for non-cash and other items of RM27.08 million, resulted in an operating profit of RM24.58 million. This was further adjusted downwards for an increase in working capital of RM5.07 million which primarily comprised an increase in trade and other receivables of RM97.23 million, due to higher progress billings from the completion of Botanika Tower C and the increasing construction progress for Danga Sutera (Phase 1).

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)**6.3. TBSB's historical financial information for the past 3 financial years**

<i>(All figures in RM'000 unless stated otherwise)</i>	Audited		
	FYE		
	2022	2023	2024
Revenue, net	436	-	-
Gross profit/(loss)	12	(1,362)	-
(LAT)	(38,082)	(32,380)	(3,621)
No. of TBSB Shares in issue ('000)	3,000	3,000	3,000
Gross profit/(loss) margin (%)	2.8	NA	NA
Net loss margin (%)	(8,734)	NA	NA
Shareholders' funds – net assets	258,771	226,391	222,769
Net assets per TBSB Share (RM)*	64.9	54.1	52.9
Total borrowings	-	-	-
Gearing (times)	-	-	-
Net current assets/(liabilities)	198,088	186,241	(71,163)
Current ratio (times)	1.9	1.8	0.8
Net cash (used in)/generated from operations	(5,539)	(18,440)	(9,801)

Note:

* The net assets per TBSB Share is computed based on the shareholders' funds after deducting the value of the redeemable preference shares issued by TBSB, divided by the total number of TBSB Shares.

FYE 2024 compared to FYE 2023

There was no revenue generated in both the FYE 2024 and FYE 2023 as TBSB did not undertake any construction or development activities during these periods. Despite the absence of revenue, LAT decreased from RM32.4 million in FYE 2023 to RM3.6 million in FYE 2024. The significant reduction in losses for the FYE 2024 was primarily attributable to the absence of allowance for impairment losses on other receivables during the year, as compared to the recognition of RM23.2 million in allowance for impairment losses on other receivables in the FYE 2023. In addition, no interest expense was charged by RFSB in FYE 2024, as compared to RM3.3 million charged in FYE 2023.

Additionally, the net cash used in operations has decreased from RM18.4 million in FYE 2023 to RM9.8 million for the FYE 2024, mainly due to lower payments made to its suppliers during FYE 2024.

FYE 2023 compared to FYE 2022

Revenue decreased by 100.0%, from RM436,000 in FYE 2022 to no revenue recognised in FYE 2023, as no construction or development activities were undertaken in FYE 2023. The revenue recorded in FYE 2022 was primarily driven by increased work progress on an existing project, which also contributed to a gross profit margin of 2.8% for FYE 2022.

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

TBSB recorded a LAT of RM32.4 million in FYE 2023, compared to a LAT of RM38.1 million in FYE 2022. The higher losses recorded in FYE 2022 were mainly due to higher tax expenses of RM8.5 million, which is a result of the reversal of deferred tax assets during the year.

However, the net cash used in operations has increased significantly from RM5.5 million for the FYE 2022 to RM18.4 million for the FYE 2023, primarily due to the payment of quit rent and higher payments made to its suppliers during FYE 2023.

6.4. TBCSB's historical financial information for the past 3 financial years

<i>(All figures in RM'000 unless stated otherwise)</i>	Audited		
	FYE		
	2022	2023	2024
Revenue, net	(2,236)	5,475	(12,797)
Gross profit/(loss)	2,549 ⁽¹⁾	973	(11,327)
(LAT)	(430)	(1,328)	(12,542)
No. of TBCSB Shares in issue ('000)	19,000	19,000	19,000
Gross profit/(loss) margin (%) ⁽²⁾	NA ⁽²⁾	17.8	NA ⁽²⁾
Net loss margin (%)	19.20	(24.3)	98.0
Shareholders' funds – net assets/(liabilities)	(36,763)	(38,091)	(50,634)
Net assets/(liabilities) per TBCSB Share (RM) ⁽³⁾	(2.2)	(2.3)	(2.9)
Total borrowings	3,905	5,833	5,713
Gearing (times)	(0.1)	(0.2)	(0.1)
Net current assets/(liabilities)	11,816	11,034	(44,540)
Current ratio (times)	1.2	1.1	0.6
Net cash (used in)/generated from operations	(8,505)	(2,066)	(1,472)

Note:

1. The gross profit, despite the negative revenue position, was primarily attributable to the reversal of costs from completed projects where costs had previously been overestimated and recognised in prior periods.
2. The gross profit and gross profit margin for the period are not meaningful indicators of TBCSB's operational performance due to the impact of revenue reversal. The reversal resulted in a negative revenue position, which consequently affected the computation of gross profit and gross profit margin. This does not indicate a decline in operational efficiency but is mainly due to timing mismatches between revenue and cost recognition. In particular, certain omissions of work and LAD were identified and recognised as revenue reversals upon the completion and finalisation of projects with customers, while certain project costs accrued in prior periods were reversed following project completion. Consequently, revenue and corresponding costs were recognised in different financial years, thereby rendering the resulting gross profit and gross profit margin unreliable for assessing TBCSB's underlying performance.
3. The net liabilities per TBCSB Share is computed based on the shareholders' funds after deducting the value of the redeemable preference shares issued by TBCSB, divided by the total number of TBCSB Shares.

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

FYE 2024 compared to FYE 2023

Revenue has decreased by 333.7% from RM5.5 million in FYE 2023 to a negative revenue of RM12.8 million in FYE 2024. The negative revenue was mainly driven by the omission of variation in works and the recognition of LAD imposed for project delays. As a result, TBCSB recorded a LAT of RM12.5 million in FYE 2024 as compared to a LAT of RM1.3 million in FYE 2023.

Net cash used in operations has decreased from RM2.1 million in FYE 2023 to RM1.5 million in FYE 2024, mainly due to a reduction in trade and other payables, following the settlement of outstanding liabilities to suppliers.

FYE 2023 compared to FYE 2022

Revenue increased from a negative revenue of RM2.2 million in FYE 2022 to a revenue of RM5.5 million in FYE 2023. The revenue in FYE 2023 was largely contributed by RTS project while the negative revenue in FYE 2022 was due to a revision in the budgeted cost arising from the finalisation of sub-contractors' work as well as downward adjustments to revenue from legacy construction projects.

Despite higher revenue recognised in FYE 2023, TBCSB recorded a LAT of RM1.3 million as compared to a LAT of RM0.4 million in the FYE 2022. The lower LAT incurred in FYE 2022 was mainly due to the reversal of costs from completed projects where costs had previously been overestimated and recognised in prior periods.

Net cash used in operations has decreased from RM8.5 million in FYE 2022 to RM2.1 million in FYE 2023 mainly due to lower payments made to its suppliers during the year.

7. EMPLOYEE SEGMENTATION

Our Group's employees, categorised by department as at 31 December 2024 and the LPD are as follows:

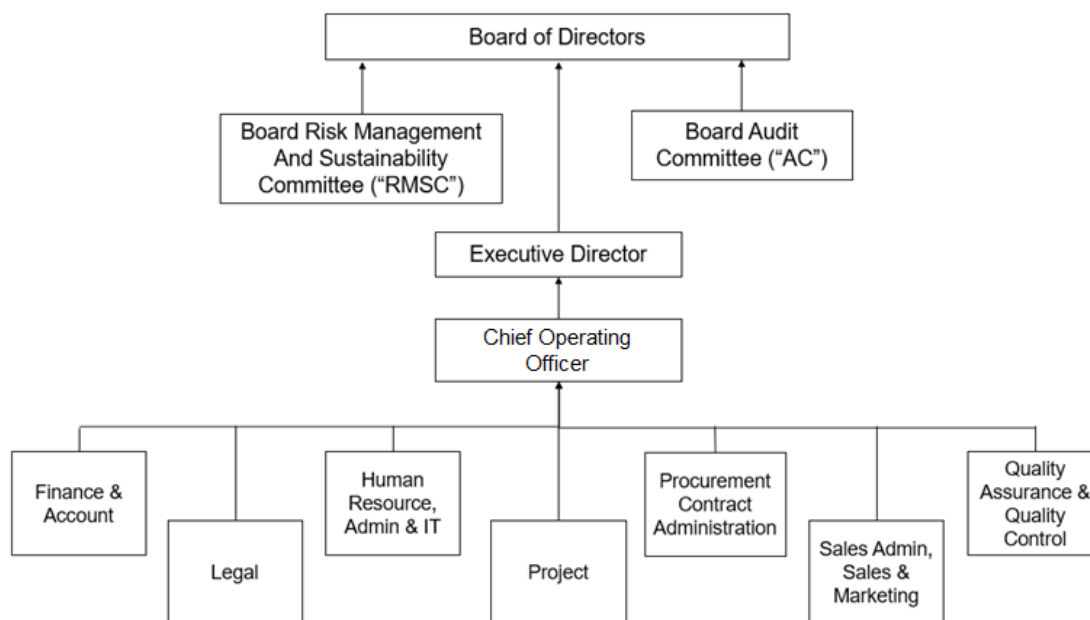
Department	As at 31 December 2024	As at the LPD
Directors	10*	10*
Corporate and legal	2	2
Finance	5	5
Human resources, administration and information technology	8	8
Sales and marketing	5	4
Procurement contract and administration	2	2
Property development	9	10
Construction	4	3
Total	45	44

Note:

*There are currently 8 directors who serve on our Board, with additional 2 directors who serve exclusively at the subsidiary level.

8. KEY MANAGEMENT

Our Group's organisational chart is as depicted below:



TSDLKH, Executive Vice Chairman

TSDLKH was appointed to our Board on 3 July 2012. He was then appointed as our Company's Executive Vice Chairman on 14 August 2012.

TSDLKH is a businessman and entrepreneur with more than 52 years of experience and has interests in various businesses including construction, master development, property development and investment, plantations and trading of building materials. He began his involvement in the construction industry soon after only a few years in secondary school, assisting in the operations of his family's construction business.

TSDLKH provides strategic advice to steer the overall business directions of our Group. Over the years, he has been instrumental in the growth of the various companies under his leadership.

Presently, he is also the Group Executive Chairman of Ekovest Berhad, and an Executive Vice Chairman of PLS Plantations Berhad, all of which are listed on the Main Market of Bursa Securities. Additionally, he serves as a director of several other private limited companies. His experience in the construction industry had been instrumental to the growth and development of our Group over the years.

TSDLKH is the father of Lim Chen Heng.

Lim Chen Heng, Executive Director

Lim Chen Heng was appointed to our Board as alternate director to TSDLKH on 8 July 2015. He was then appointed as our Company's Executive Director on 1 July 2022.

He graduated with a Bachelor of Science (Honours) in Business Management from Royal Holloway and Bedford New College, University of London, United Kingdom in 2008. Since his graduation, he has been involved in the family business, gaining management exposure in the property development, construction, finance, oil and gas and plantation sectors.

He also sits on the board of several private limited companies, namely IWH, which is one of the substantial shareholders of our Company. Presently, he is the Group Executive Director of IWH, where he oversees the business development, financial performance, investments, divestments and other business ventures of IWH and its group of companies. He is also an Executive Director of Knusford Berhad and alternate director to TSDLKH in PLS Plantations Berhad, both of which are public companies listed on the Main Market of Bursa Securities.

He is a son of TSDLKH.

Chief Operating Officer, Lim Fang Ching

Lim Fang Ching was appointed as our Chief Operating Officer on 1 July 2025.

He graduated with a Master of Arts in Finance and Investment from University of Nottingham.

He began his career as a Finance Lecturer at UCSI University (“UCSI”) in Kuala Lumpur following his graduation. Between June 2010 and November 2013, he progressed to hold several leadership roles within UCSI, heading various divisions.

In December 2013, he joined IWH as a Senior Associate in the Corporate Finance Department. He was promoted to Manager, Corporate Finance in January 2015, and subsequently appointed as Special Officer to the Managing Director in June 2015. In February 2020, he assumed an additional role as Special Project Director, further expanding his portfolio and responsibilities within our Group. He plays a key leadership role in overseeing our Company’s engagement with government agencies and regulatory bodies, while also driving strategic initiatives in business and investment development. In addition to public sector engagement, he leads efforts to identify, evaluate, and develop new business and investment opportunities for our Group.

Head of Procurement, Contract and Administration, Shum Li Yi

Shum Li Yi was appointed as our Head of Procurement, Contract and Administration on 1 March 2024.

He graduated with a Bachelor Degree in Quantity Surveying from Birmingham City University (previously known as University of Central England), United Kingdom. He possesses 24 years of working experience in the field of quantity surveying majoring in procurement, contract management and administration. He has been actively involved in the pre-planning work, from design development stage up to pre and post construction phases of property development.

He began his career path at Pembinaan Sahabatjaya Sdn Bhd in 1999 as an Assistant Quantity Surveyor. Over time, he was progressively promoted to Assistant Contract Manager. During his tenure, he played a key role in the development of Universiti Malaysia Sabah - Phase 1B, 2A and 2B in Kota Kinabalu. His responsibilities included procurement and contract administration for both main and subcontract packages, as well as providing assistance in managing and supervising work on-site for the design and construction of an information technology and data centre as well as 3 biosafety level 3 laboratory research facilities.

Prior to joining our Company, he held the position of Contract Manager at Ekovest Construction Sdn Bhd in 2009. He was subsequently promoted to Assistant General Manager (Contracts), where he was involved in pre-planning and project development, collaborating with the project team to ensure project viability. One of his most significant involvements during his tenure with the company was handling both the main contract and over 100 subcontract packages for the mixed development project 'Ekocheras'. This development comprised a shopping mall and five tower blocks consisting of service apartments, offices, and a hotel under the Ekovest Berhad Group.

He has experience in the property construction and development sector, which will enable him to contribute to project budget matters including providing recommendation for cost saving and conducting value engineering together with the project team.

9. MARKETING STRATEGIES

Property development

Pre-sales activities

Our Group manages leads generated from our consumer database. Our Group also monitors and manages the booking process. We are responsible for assisting potential buyers to secure loans from financial institutions and liaising with lawyers to prepare the necessary loan documentations.

Sales activities

Our Group embraces the following marketing strategies in a continuous effort to sustain and expand our business:

- positioning ourselves as an established and reliable property developer in Johor Bahru that is capable of developing quality development properties to meet the requirements of the market;
- implementing various differing concepts in our marketing approaches to attract buyers;
- keeping abreast of new market developments, trends and preferences in order to better meet the needs and requirements of prospective buyers; and
- ensuring a wide range of properties that address the market across the board.

Our Group also focuses on strategising marketing activities, as well as working with consultants such as external creative agencies to provide inputs for our marketing tools (e.g. brochures, kits and videos) based on their experience of market trends and demands.

In terms of marketing activities, our Group employs the following strategies:

a) Digital media advertising

Our Group undertakes various digital media advertising as this form of advertising allows us to have relatively more targeted reach at the potential buyer market as compared to other forms of media. This will enable our Group to increase its reach to the intended potential buyer market. The digital media advertising activities employed by our Group include:

- Search engine optimisation, where our Group increases traffic flow to websites by increasing the visibility of its websites on search engines for relevant searches;

- Content marketing, where our Group creates awareness of its development projects through articles and blogs;
- Email marketing, where our Group updates existing and past buyers to keep them informed on new projects and news updates; and
- Leverage on channels such as vlogs and influencer collaborations to create authentic and engaging content in order to reach a larger and more targeted audiences and drive more traffic to our website, increase brand visibility and ultimately drive sales.

b) Websites and virtual tours

We have our own corporate website at <http://www.iwcity.com.my/> which provides searchable information on our Group, our principal activities and details of ongoing and future projects.

In addition, our Group also sets up a specific website for each development project. Presently, our Group has 2 such websites, namely <https://www.botanika.com.my/> and <http://www.dangasutera.com.my/>. This enables our Group to provide potential buyers with some details of the project and also generate leads as potential buyers can register to make an appointment. As at the LPD, our Group provides virtual tour which includes live chat function, allowing potential buyers to have live conversation with sales personnel and experience a tour of the showroom without physically visiting the showroom. The live chat function also allows buyers to make appointments with the appointed property agents.

c) Exhibitions and roadshows

Our Group participates in various trade exhibitions and roadshows across Johor. These events are usually held in locations such as shopping malls, event halls and convention centres. Our Group has also organised special events and previews that are by-invitation only for our existing database of buyers.

Our Group's participation in these trade exhibitions and roadshows enhances our brand visibility as it enables us to showcase ongoing and future projects. Additionally, such participation also provides our Group with opportunities to meet interested buyers as well as to stay updated on market demand and competitors' pricing.

d) Promotional activities

Our Group also undertakes promotional activities to attract potential buyers as well as to create awareness for the properties that we have developed. These promotional activities include introducing easy entry packages, easy-payment schemes, easy-payment schemes, loyalty and referral schemes as well as the absorption of legal fees and stamping costs.

e) Print media

Our Group's projects have been featured in various newspapers including The Edge Malaysia Weekly.

During the MCOs that were implemented throughout 2020 and 2021 to curb the spreading of the COVID-19 pandemic in Malaysia, our Group's property agents could not operate in our sales gallery. Nevertheless, our Group introduced the virtual tour and live chat platform to conduct sales activities virtually. This managed to create interest among potential buyers. However, buyers generally only make firm decisions to purchase our Group's properties upon visiting the physical show units and sales office.

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

Between 2020 and 2021, our Group undertook more digital media advertising as a means to reach out to potential buyers. Our Group further allowed our property agents to carry out sales activities through virtual tour and live chat platform in an effort to continue promoting its projects.

Construction services

Our track record as a reliable construction company in delivering quality projects is expected to bring in new businesses either through repeat business or by referrals from past customers and consultants to other prospective customers. We also identify potential customers and their upcoming projects through tender notices.

10. STEPS UNDERTAKEN OR TO BE UNDERTAKEN TO IMPROVE THE FINANCIAL CONDITION OF OUR GROUP

Our Group intends to undertake the following measures/steps to improve our financial condition and generate higher revenue by launching new property development projects.

Based on these objectives, our Group has planned future development projects to turnaround our operations, details of which are as follows:

Planned and prospective future property development projects

Our Group has identified two additional property development projects, *Danga Rivera* and *Danga Sutera (commercial lot)*, which are currently at a preliminary stage of planning. These projects form part of our Group's longer-term property development pipeline and are currently targeted for potential launch from 2026 onwards, subject to the receipt of requisite regulatory approvals, and the prevailing market conditions. Given their preliminary status, these projects are not expected to contribute to our Group's financial performance in the near term. Nevertheless, they reflect our Group's ongoing efforts to broaden our development portfolio with a view of enhancing revenue sustainability and strengthening its financial position over the longer term. The details of Danga Rivera and Danga Sutera are as follows:

➤ **Danga Rivera**

Danga Rivera is a mixed waterfront development in Permas Jaya, Johor which will be developed in phases and feature shop offices, retail spaces, hotels and service suites. The proposed Danga Rivera comprises 138 retail shop units, a hotel block with 540 rooms and condotel / service apartments comprising 600 units with 20 retail units.

Project name / location	Type of development	Expected year launch	Estimated year of completion	Total units	Land area (acres)	Estimated GDV (RM million)
Danga Rivera Phase 1A / Johor Bahru, Johor	Commercial / Retail shop lots	Quarter 4, 2026	2029	42 units retail shop lots	16.4	68.3

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

Our Group intends to launch Danga Rivera Phase 1A comprising 42 units of retail shop lots in the fourth quarter of 2026, subject to obtaining the requisite authority approval. As at the LPD, our Group has submitted the Kebenaran Merancang Susunatur / Layout to the Majlis Bandaraya Johor Bahru (“**MBJB**”) for approval in June 2025. We expect to obtain approval for the Kebenaran Merancang Susunatur / Layout between the second (2) and third (3) quarter of 2026.

➤ **Danga Sutera (commercial lot)**

The Danga Sutera township is strategically located in the matured Skudai Corridor and in close proximity to Taman Sutera Utama, Danga Utama and Taman Ungku Tun Aminah. Danga Sutera township is surrounded by amenities, including educational institutions, leisure and entertainment, commercial amenities and medical facilities to offer convenience to its residents.

Our Group intends to initially develop the commercial lot within the Danga Sutera township with a preliminary proposed development of a 46-storey block comprising 540 units of service apartments and 7 units of retail shops.

Project name / location	Type of development	Expected year launch	Estimated year of completion	Total units (units)	Land area (acres)	Estimated GDV (RM million)
Danga Sutera (commercial lot) / Johor Bahru, Johor	Commercial / Service apartments and retail shops	Quarter 2, 2027	2029	1 block with 46 storeys comprising 540 units of service apartments and 7 units of retail shops	2.6	272.4

As at the LPD, our Group is in the midst of the initial planning stages. Our Group intends to launch Danga Sutera (commercial lot) in the second quarter of 2027, subject to, amongst others, the following requisite approvals and licence being obtained, all of which remain outstanding as at the LPD:

- i. State Planning Committee approval;
- ii. Kelulusan Merancang Projek;
- iii. Nama Bangunan approval;
- iv. SiFUS approval; and
- v. APDL.

We expect the abovementioned proposed property development projects to be well-received after taking into consideration, among others, the long term outlook of the property development industry in Johor following the easing of the containment measures since August 2021 and the reopening of the economy, as well as recovery in demand for residential and commercial properties in Johor Bahru, Johor.

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

Ongoing and secured construction projects

Based on the LOAs received as at LPD, our Group has one ongoing construction project and has been further awarded two additional construction projects, with a total contract value of RM475.37 million, details of which are as follows:

No.	Project	Scope of works	Customer	Type of development	Contract period ⁽¹⁾	Contract value ⁽²⁾ RM'000	
1.	Proposed development for the resettlement of Pengerang residents on Lots PTD 4589 and PTD 4590, Pengerang Johor (Plot A – Building and infrastructure works)	<p>Package A</p> <ul style="list-style-type: none"> • Main building works for 646 units of single storey bungalows • Related Infrastructure works <p>Package B</p> <ul style="list-style-type: none"> • Main building works for 391 units of single storey bungalows • Main building works for 64 units of shoplots • Related infrastructure works 	Unit Ekonomi Johor	Perancang Negeri	Residential and commercial	November 2012 to March 2026	335,420 ⁽³⁾
2.	Proposed residential development “Platinum Cove” at Mukim Plentong, Johor Bahru	Design and build of master infrastructure works	Pembinaan Abd. Rahman Sdn Bhd	Hamid	Residential	January 2026 to January 2028	119,985
3.	Proposed residential development “A3 Danga Island” at Danga Bay, Johor Bahru	Infrastructure works, Phase 1 dredging works	DBSB		Residential	January 2026 to July 2026	19,969

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

Notes:

- (1) Commencement date of each project is based on the LOAs. Completion date of each project is based on the completion date set out in the respective LOAs and includes subsequent extension of time required to deliver variation of work orders from the clients to our Group, if any.
- (2) Contract value of each project includes original contract value as per LOAs and subsequent variation orders, if any.
- (3) The entire sum has been billed and recognised as revenue in prior years, and no further material revenue is expected to be earned from this contract, other than any additional amounts that may arise from the approval of variation orders by the customer. The project is currently pending finalisation of accounts and is awaiting further instructions and an extension of time in relation to the remaining road widening works within the contract boundary. The remaining unbilled value amounts to RM3.89 million.

The revenues that are expected to be recognised in the respective years are as follows:

Project	FYE 2026 (RM'000)	FYE 2027 (RM'000)	Total LOA (RM'000)
Danga Island	19,969	-	19,969
Platinum Cove	72,829	47,156	119,985

Our Board is of the view that viability and success of our future property development and construction services projects will be largely attributable to:

- (i) our familiarity with the local socio-economic and geographical landscape in Johor Bahru, as this allows our Group to identify areas with growth potential for property development activities based on, among others:
 - (a) existing and planned development in the area;
 - (b) emerging economic sectors in the area;
 - (c) profile of population in the area;
 - (d) needs and demands of population in the area; and
 - (e) existing and planned development in the surrounding catchment area;
- (ii) our experience and technical know-how in the development of residential properties. Leveraging on our experience and technical know-how, our Group will be better positioned to undertake property development projects in terms of having the right employees leading and managing project planning and delivery;
- (iii) our market research framework, where we conduct market research and analysis to assess the potential catchment area and potential market needs and demands. This will enable our Group to make an informed decision when developing properties that are suitable for the respective locations;
- (iv) our secured construction order book with a total contract value of RM139.9 million with contract periods commencing from January 2026 to July 2026 and from January 2026 to January 2028, respectively; and

- (v) our commitment to deliver quality property development and construction projects.

Our Group intends to undertake the abovementioned future property development project by:

- (i) identifying and engaging reliable, experienced and qualified consultants and contractors;
- (ii) utilising appropriate marketing strategies that are targeted at our potential buyer market; and
- (iii) offering attractive property prices suited to our Group's intended target buyer market while maintaining profit margins.

Concurrently, we will continue to grow our construction services business by:

- (i) continuing to replenish and grow our order book from residential and commercial buildings as well as infrastructure development projects; and
- (ii) leveraging on our past track record as reference to secure future tenders.

11. IMPACT OF THE PROPOSED REGULARISATION PLAN AND VALUE CREATION TO OUR GROUP AND THE SHAREHOLDERS OF OUR COMPANY

Subject to all the approvals required for the Proposed Regularisation Plan as set out in **Section 8** of this Circular being obtained, the Proposed Regularisation Plan is being undertaken to address and uplift the current status of our Company.

Upon deliberating the various options to develop a robust regularisation plan for our Group, our Board is of the view that the best option to regularise our Group's financial condition is by undertaking the steps as set out in **Section 10** of this Appendix coupled with our Group's strategies as set out in **Section 1.4** of this Appendix in respect of our existing core businesses in landbanking, property development and construction services. Our Group will continue to leverage on our internal strength, specifically the expertise and experience of our existing management team, to continue building our property development business.

In addition, the Proposed Regularisation Plan is intended to provide additional support to the core businesses of our Company by enabling the settlement of the Outstanding Sum without any upfront cash outlay, thereby conserving our cash resources to be allocated towards our property development and construction businesses, which are anticipated to contribute positively to the financial results of our Group in the future. The Proposed Regularisation Plan is also expected to strengthen our Company's position to undertake future fundraising exercises.

12. ADEQUACY OF THE PROPOSED REGULARISATION PLAN IN ADDRESSING OUR COMPANY'S FINANCIAL REQUIREMENTS

This Proposed Regularisation Plan is a self-regularisation plan with the objective of rationalising the business and strengthening the finances of our Group. Upon successful implementation of the Proposed Regularisation Plan, our Group is expected to be able to meet the criteria under the Listing Requirements, including recording two consecutive quarters of net profits, to allow us to be uplifted from the affected listed issuer status.

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

The Proposed Regularisation Plan allows our Group to conserve cash resources while generating annual interest savings of approximately RM15 million. Thereafter, these resources can be allocated towards meeting our immediate cashflow requirements, primarily in respect to our existing and/or future construction and property development projects, as well as for working capital purposes. Moving forward, we intend to exercise prudent planning, cost management and optimisation to support the turnaround of our financial performance and facilitate a return to profitability.

The future profitability and the financial position of our Group are anticipated to be further strengthened post implementation of the Proposed Regularisation Plan based on the following factors:

(i) Implementation of our future plans and strategies

Based on the future plans and strategies of our Group as set out in **Section 1.4** above, the future improvement in the profitability of our Group in the near term will be derived mainly from the construction services projects.

The property market in Johor has been recovering and demonstrated healthy growth post COVID-19 pandemic, evidenced by the increase in residential and commercial property transactions.

Data from the IMR Report, which is enclosed as **Appendix IV** of this Circular indicates that Johor's residential property transactions further rose to RM18.1 billion (2022: RM10.1 billion) at a year-on-year growth rate of 65.9%. During the same period, commercial property transactions rose to RM6.1 billion (2022: RM4.6 billion) at a year-on-year growth rate of 33.4%. In 2024, demand for residential and commercial properties continued to be positive. Johor's residential property transactions saw a 13.9% increase, rising from RM18.1 billion in 2023 to RM20.6 billion in 2024. Demand for commercial properties increased from RM6.1 billion to RM9.4 billion during the same period at a growth rate of 53.6%.

Specifically, in Johor's capital city of Johor Bahru, transaction values of landed and high-rise developments in the residential property segment grew by 92.6% and 93.9% respectively between 2022 and 2023. In comparison, transaction values of shops and serviced apartments in the commercial property segment grew by 66.0% and 59.7% respectively during the same period. In 2024, transaction values of vacant land, high rise developments and landed developments in the residential property segment grew by 145.0%, 21.7% and 12.3% respectively compared to 2023. In the commercial property segment, transaction values of offices, vacant land, serviced apartments and shops grew year-on-year by 516.8%, 201.3%, 66.6% and 32.0% respectively.

We had previously launched Danga Sutera Phase 3A in February 2023 and Danga Sutera Phase 3B in November 2023. Construction activities for Danga Sutera Phase 3A have been completed and the CCC has been obtained in May 2025, which enabled us to deliver vacant possession of the landed units to homebuyers. We further completed construction activities and received the CCC for Danga Sutera Phase 3B in November 2025.

In the pipeline, our Group intends to launch Danga Rivera 1A comprising 42 units of retail shop lots in the fourth quarter of 2026. To date, we have submitted the Kebenaran Merancang Susunatur / Layout to the MBBJ for approval. We also intend to develop the commercial lot within the Danga Sutera township with a preliminary proposed development of a 46-storey block comprising 540 units of service apartments and 7 units of retail shops. We aim to launch Danga Sutera (commercial lot) in the second quarter of 2027.

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

Premised on the above, we are optimistic that the future profits to be expected from the sale of properties from Danga Rivera will further strengthen our financial position in FYE 2026 and FYE 2027 respectively.

Malaysia's construction sector registered a double-digit growth of 17.5% in 2024, driven mainly by multi-year infrastructure projects, particularly in the transportation segment. The residential subsector recorded higher activity, benefiting from new housing projects. This was in line with higher demand for housing as income and employment conditions improved. Additionally, the non-residential subsector rebounded driven by industrial and commercial projects. The construction sector is further forecast to register a growth of 9.4% in 2025, largely driven by the acceleration of strategic infrastructure projects. The sector is expected to benefit particularly from civil engineering activities such as LRT3 Phase 2. Non-residential construction activities are expected to expand in 2025, supported by demand for industrial facilities from the realisation of approved investments, coupled with the development of new industrial areas. Residential construction activities are also projected to grow in 2025 on the back of demand for affordable housing along with new development projects by the private sector.

Johor recorded a GDP of RM158.0 billion, making it one of the main contributors to the national economy. This growth is driven by balanced development across various sectors, including a 42.7% surge in the construction sector, driven by large-scale data centre projects and digital infrastructure such as cooling systems and high-capacity optical fibres. The state government of Johor is also working with the federal government to implement high-impact infrastructure projects such as the widening of the North-South Expressway, the Senai-Desaru Expressway, the autonomous rapid transit (ART) project in Iskandar Malaysia, the RTS Link and the proposed Southern Route Commuter service.

Premised on the potential growth in demand for construction services supported by various large-scale infrastructure and data centre projects in Johor and our ongoing and secured construction order book as at the date of the Circular, our Board remains positive that the prospects of our construction business are promising, and will contribute to our future profits and further strengthen our financial position in FYE 2026 and FYE 2027 respectively.

(ii) Future profitability

Our management is optimistic the Proposed Regularisation Plan will enable our Group to become more financially resilient and sustainable with an increase in profitability as we continue to focus on our core business activities.

In addition, as disclosed in **Section 2** of this Circular, we also intend to undertake the Proposed Debt Settlement which enables our Group to fully settle the Outstanding Sum without any cash outlay. Thus, we will be in a better position to conserve our cash resources which can be channelled to our core business of property development and construction. Further, the Proposed Debt Settlement is expected to result in an annual interest savings of approximately RM15.0 million, thereby reducing our Group's financing costs and a reduction in total liabilities from approximately RM653.37 million as at 31 December 2024 to approximately RM384.97 million, representing an approximate 41% reduction.

Based on the foregoing and the direction outlined in our business plan, we are of the view that these measures, conditions and initiatives will strengthen our profitability in the future.

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

Our Board, upon taking into consideration the above and subject to the following:

- (i) our planned property development projects with cumulative GDV of RM340.7 million as at the LPD;
- (ii) our secured construction order book with a total contract value of RM139.9 million as at the LPD; and
- (iii) the annual interest saving of approximately RM15.0 million arising from the Proposed Debt Settlement,

is of the opinion that, barring any unforeseen circumstances, our Group will:

- (i) have sufficient working capital for a period of 12 months from the date of this Circular;
- (ii) not have an insignificant business or operations in accordance with Paragraph 8.03A(2) of the Listing Requirements;
- (iii) be able to record a net profit in 2 consecutive quarterly results immediately after the completion of the implementation of the Proposed Regularisation Plan.

Further, our Board is optimistic that our Group will be able to leverage its competitive strengths and technical expertise to implement the future plans and initiatives as set out in **Sections 1.4** and **10** of this Appendix.

APPENDIX II - INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

13. CERTIFICATES, LICENCES AND PERMITS

As at the LPD, our Group has obtained all material licences / permits which are required for our operations. The following material licences / permits are required for the operations of our Group:

No.	Licence /certificate / permit holder	Issuing authority	Description of licence / certification / permit	Licence/ certificate / permit no.	Issuance date / validity period	Major conditions imposed	Status of compliance
1.	BMSB	Ministry of Housing and Local Government	Housing developer's licence granted to BMSB to engage in or carry on or undertake or cause to be undertaken a housing development in relation to the housing development project named as "Danga Sutera".	Licence no.: 19277/11- 2027/0033(R)	21 December 2022 / 22 November 2022 to 21 November 2027	(a) BMSB is required to apply for renewal of the licence within 60 days before the expiry date of the licence. (b) BMSB is required to submit an amendment application to update any changes to the information previously provided to the Housing Controller during the licence application within 4 weeks from the date of any changes made.	Noted

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

No.	Licence /certificate / permit holder	Issuing authority	Description of licence / certification / permit	Licence/ certificate / permit no.	Issuance date / validity period	Major conditions imposed	Status of compliance
2.	BBDSB	Ministry of Housing and Local Government	Housing developer's licence granted to BBDSB to engage in or carry on or undertake or cause to be undertaken a housing development in relation to the housing development project named as "Botanika".	Licence no.: 7536/04-2027/0496(R)	18 January 2023 / 15 April 2022 to 14 April 2027	<p>(a) BBDSB is required to apply for renewal of the licence within 60 days before the expiry date of the licence.</p> <p>(b) BBDSB is required to submit an amendment application to update any changes to the information previously provided to the Housing Controller during the licence application within 4 weeks from the date of any changes made.</p>	Noted

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

No.	Licence /certificate / permit holder	Issuing authority	Description of licence / certification / permit	Licence/ certificate / permit no.	Issuance date / validity period	Major conditions imposed	Status of compliance
3.	IWCity	Johor Bahru City Council	Business and advertisement licence granted to IWCity for a business office at G-08, Blok 8 Danga Bay, Jalan Skudai, 80200 Johor Bahru, Johor Darul Takzim.	Account no.: L2020L103133	30 October 2025 / Valid until 31 December 2026	<p>(a) The licence is not transferable without the Mayor's consent.</p> <p>(b) The licence may be revoked if it is found to be in breach of any of the licence conditions.</p> <p>(c) IWCity is required to notify the Johor Bahru City Council in writing should the business be terminated in the future.</p> <p>(d) Trade, business and industrial licences shall be renewed not later than 30 days before the expiry date of the licence. No application for renewal shall be permitted after the licence has expired.</p> <p>(e) The licence is subject to the by-laws currently in force.</p>	Noted

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

No.	Licence /certificate / permit holder	Issuing authority	Description of licence / certification / permit	Licence/ certificate / permit no.	Issuance date / validity period	Major conditions imposed	Status of compliance												
4.	TBCSB	CIDB	<p>Certificate of registration certifies that TBCSB is registered with CIDB as a contractor under the following categories pursuant to Part VI of the Construction Industry Development Board Act 1994:</p> <table border="1"> <thead> <tr> <th>Grade</th> <th>Category</th> <th>Specialty</th> </tr> </thead> <tbody> <tr> <td>G7</td> <td>B ("Pembinaan Bangunan")</td> <td>B04 B13</td> </tr> <tr> <td>G7</td> <td>CE ("Pembinaan Kejuruteraan Awam")</td> <td>CE01 CE02 CE03 CE10 CE13 CE21 CE25 CE34 CE36</td> </tr> <tr> <td>G7</td> <td>ME ("Mekanikal dan Elektrikal")</td> <td>M01 M05</td> </tr> </tbody> </table>	Grade	Category	Specialty	G7	B ("Pembinaan Bangunan")	B04 B13	G7	CE ("Pembinaan Kejuruteraan Awam")	CE01 CE02 CE03 CE10 CE13 CE21 CE25 CE34 CE36	G7	ME ("Mekanikal dan Elektrikal")	M01 M05	<p>Registration no.: 1960419- JH001131</p>	<p>5 April 2023 / 5 April 2023 to 28 March 2026</p>	<p>(a) The certificate is not transferable. (b) TBCSB is required to comply with the provisions of the Construction Industry Development Board Act 1994, the regulations made thereunder, and any terms, conditions, or restrictions imposed by CIDB from time to time. (c) TBCSB shall not participate in any tender or undertake any construction work after the expiry of the certificate and until it is renewed. (d) TBCSB shall not undertake to construct any construction project exceeding the contract value specified under its registration grade and shall not carry out any construction project outside its registered category. (e) TBCSB shall submit information relating to any construction</p>	Complied
Grade	Category	Specialty																	
G7	B ("Pembinaan Bangunan")	B04 B13																	
G7	CE ("Pembinaan Kejuruteraan Awam")	CE01 CE02 CE03 CE10 CE13 CE21 CE25 CE34 CE36																	
G7	ME ("Mekanikal dan Elektrikal")	M01 M05																	

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

No.	Licence /certificate / permit holder	Issuing authority	Description of licence / certification / permit	Licence/ certificate / permit no.	Issuance date / validity period	Major conditions imposed	Status of compliance
						<p>work or contract within 14 days after being awarded or before commencement of the work, whichever is earlier.</p> <p>(f) TBCSB shall submit any information as required by CIDB from time to time.</p> <p>(g) TBCSB shall display the certificate of registration issued by CIDB, or a copy of the certificate of registration certified by CIDB, at its place of business.</p> <p>(h) TBCSB shall display the registration number on the signboard at each of its construction sites.</p> <p>(i) TBCSB shall apply to renew its registration within 60 days before the expiry date stated in the certificate.</p> <p>(j) TBCSB shall comply with all requirements and stipulations in the Code of Ethics for Contractors.</p> <p>(k) TBCSB shall appoint</p>	

APPENDIX II – INFORMATION AND BUSINESS OVERVIEW OF OUR GROUP (Cont'd)

No.	Licence /certificate / permit holder	Issuing authority	Description of licence / certification / permit	Licence/ certificate / permit no.	Issuance date / validity period	Major conditions imposed	Status of compliance
						skilled construction workers and site supervisors accredited and certified by CIDB. (I) All workers at the construction site shall possess a valid Construction Personnel Card.	

APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2024 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON



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14 JAN 2026

The Board of Directors
Iskandar Waterfront City Berhad
#G08, Block 8, Danga Bay,
Jalan Skudai,
80200 Johor Bahru,
Johor.

Dear Sirs

**ISKANDAR WATERFRONT CITY BERHAD (“IWCITY” OR “THE COMPANY”)
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION AS AT 31 DECEMBER 2024**

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position of the Company and its subsidiaries (collectively referred to as the “Group”) as at 31 December 2024 and the related notes (as set out in Appendix A, which we have stamped for the purpose of identification) prepared by the Board of Directors of the Company in relation to the circular for the proposed debt settlement and proposed capital reduction (collectively, referred to as the “Proposed Regularisation Plan”) (“Circular”).

The applicable criteria on the basis of which the Board of Directors of the Company have compiled the pro forma consolidated statements of financial position are described in the notes thereon to the pro forma statements of financial position. The pro forma consolidated statement of financial position is prepared in accordance with the requirements of the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants (“Guidance Note”).

The pro forma consolidated statements of financial position have been compiled by the Board of Directors of the Company to illustrate the impact of the events or transactions as set out in the notes thereon to the pro forma consolidated statements of financial position as if the events have occurred or the transactions have been undertaken on 31 December 2024. As part of this process, information about the Group’s financial position has been extracted by the Board of Directors of the Company from the Group’s audited consolidated statements of financial position as at 31 December 2024.

THE BOARD OF DIRECTORS’ RESPONSIBILITIES

The Board of Directors of the Company is responsible for compiling the pro forma consolidated statements of financial position on the basis as set out in the notes thereon to the pro forma consolidated statements of financial position and in accordance with the requirements of the Guidance Note.

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APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2024 TOGETHER WITH THE REPORTING ACCOUNTANTS’ LETTER THEREON (Cont’d)



REPORTING ACCOUNTANTS’ INDEPENDENCE AND QUALITY CONTROL

We are independent of the Company in accordance with the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”) and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our firm applies International Standard on Quality Management 1 (ISQM 1), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements* issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

REPORTING ACCOUNTANTS’ RESPONSIBILITIES

Our responsibility is to express an opinion about whether the pro forma consolidated statements of financial position have been compiled, in all material respects, by the Board of Directors of the Company on the basis as set out in the notes thereon to the pro forma consolidated statements of financial position and in accordance with the requirements of the Guidance Note.

We conducted our engagement in accordance with the International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement to Report on the Compilation of Pro Forma Financial Information*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors of the Company has compiled, in all material respects, the pro forma consolidated statements of financial position on the basis set out in the notes thereon to the pro forma consolidated statements of financial position and in accordance with the requirements of the Guidance Note.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinion on any historical financial information used in compiling the pro forma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position.

The purpose of the pro forma consolidated statements of financial position is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2024 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



REPORTING ACCOUNTANTS' RESPONSIBILITIES (CONT'D)

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position have been compiled, in all material respects, on the basis set out in notes thereon to the pro forma consolidated statements of financial position and in accordance with the requirements of the Guidance Note, involves performing procedures to assess whether the applicable criteria used by the Board of Directors of the Company in the compilation of the pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated statements of financial position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the pro forma consolidated statements of financial position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the pro forma consolidated statements of financial position has been compiled, in all material respects, on the basis set out in the notes thereon to the pro forma consolidated statements of financial position and in accordance with the requirements of the Guidance Note.

OTHER MATTER

This letter has been prepared solely in connection with the Circular. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Johor Bahru

14 JAN 2026

Tan Lin Chun
02839/10/2027 J
Chartered Accountant

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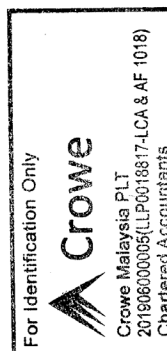
APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2024 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

Appendix A

ISKANDAR WATERFRONT CITY BERHAD
Registration No: 196801000661 (8256-A)

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

	Audited As At 31.12.2024 RM'000	Adjustment for the Proposed Debt Settlement RM'000	Pro Forma I After the Proposed Debt Settlement RM'000	Adjustment for the Proposed Capital Reduction RM'000	Pro Forma II After Pro Forma I and the Proposed Capital Reduction RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	3,964	-	3,964	-	3,964
Investment properties	95	-	95	-	95
Other investments	90	-	90	-	90
Deferred tax assets	10,957	-	10,957	-	10,957
Inventory properties-land held for property development	638,039	-	638,039	-	638,039
	<u>653,145</u>		<u>653,145</u>		<u>653,145</u>
CURRENT ASSETS					
Inventories	34,222	-	34,222	-	34,222
Inventory properties – property development costs	481,161	-	481,161	-	481,161
Trade receivables	120,986	-	120,986	-	120,986
Other receivables, deposits and prepayments	7,123	-	7,123	-	7,123
Contract assets	25,673	-	25,673	-	25,673
Short-term investments	509	-	509	-	509
Current tax assets	6,223	-	6,223	-	6,223
Fixed deposits with a licensed bank	16,669	-	16,669	-	16,669
Cash and bank balances	26,633	(3,000)	23,633	-	23,633
	<u>719,199</u>		<u>716,199</u>		<u>716,199</u>
	<u>1,372,344</u>		<u>1,369,344</u>		<u>1,369,344</u>
TOTAL ASSETS					



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APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2024 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

Appendix A

ISKANDAR WATERFRONT CITY BERHAD
Registration No: 196801000661 (8256-A)

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Audited As At 31.12.2024 RM'000	Adjustment for the Proposed Debt Settlement RM'000	Pro Forma I After the Proposed Debt Settlement RM'000	Adjustment for the Proposed Capital Reduction RM'000	Pro Forma II After Pro Forma I and the Proposed Capital Reduction RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	766,884		766,884	(120,000)	646,884
(Accumulated losses) / Retained profits	(47,722)	(3,000)	(50,722)	120,000	69,278
	719,162		716,162		716,162
Non-controlling interest	-	268,400	268,400		268,400
TOTAL EQUITY	719,162		984,562		984,562
NON-CURRENT LIABILITIES					
Trade payables	26,008	-	26,008	-	26,008
Other payables	9,503	-	9,503	-	9,503
Deferred tax liabilities	96,420	-	96,420	-	96,420
Provisions	34,916	-	34,916	-	34,916
Loan and borrowings	388	-	388	-	388
	167,235		167,235		167,235

For Identification Only



Crowe Malaysia PLT
20190600005(LLP0018817-LCA & AF 1018)
Chartered Accountants

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APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2024 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

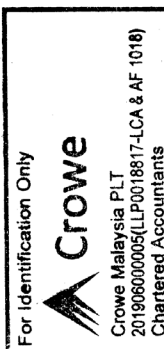
Appendix A

ISKANDAR WATERFRONT CITY BERHAD

Registration No: 196801000661 (8256-A)

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

	Audited As At 31.12.2024	Adjustment for the Proposed Debt Settlement	Pro Forma I After the Proposed Debt Settlement	Adjustment for the Proposed Capital Reduction	Pro Forma II After Pro Forma I and the Proposed Capital Reduction
	RM'000	RM'000	RM'000	RM'000	RM'000
CURRENT LIABILITIES					
Trade payables	46,038	-	46,038	-	46,038
Other payables and accruals	308,102	(268,400)	39,702	-	39,702
Contract liabilities	4,993	-	4,993	-	4,993
Loans and borrowings	105,902	-	105,902	-	105,902
Provisions	9,962	-	9,962	-	9,962
Current tax liabilities	10,950	-	10,950	-	10,950
	<u>485,947</u>		<u>217,547</u>		<u>217,547</u>
TOTAL LIABILITIES	653,182		384,782		384,782
TOTAL EQUITY AND LIABILITIES	1,372,344		1,369,344		1,369,344
<i>Number of ordinary shares ('000)</i>	921,128		921,128		921,128
<i>Net assets ("NA") attributable to owners of the Company (RM'000)</i>	719,162		716,162		716,162
<i>NA per ordinary share (sen)</i>	0.78		0.78		0.78



APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2024 TOGETHER WITH THE REPORTING ACCOUNTANTS’ LETTER THEREON (Cont’d)

Appendix A

ISKANDAR WATERFRONT CITY BERHAD

Registration No: 196801000661 (8256-A)

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

1. INTRODUCTION

The pro forma consolidated statements of financial position (“SOFP”) as at 31 December 2024 together with the notes thereon, for which the Board of Directors of Iskandar Waterfront City Berhad (“IWCity” or “Company”) are solely responsible, have been prepared for illustrative purposes only for the purpose of the circular in relation to the proposed debt settlement and proposed capital reduction (collectively, referred to as the “Proposed Regularisation Plan”) and should not be relied upon for any other purposes.

2. BASIS OF PREPARATION

The pro forma consolidated SOFP of the Group as at 31 December 2024 is prepared based on the audited consolidated financial statements of the Group as at 31 December 2024, which was prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, and in a manner consistent with the format of the audited consolidated financial statements and accounting policies of the Group.

The consolidated financial statements used in the preparation of these pro forma consolidated SOFP were not subject to any audit qualification, modification or disclaimer.

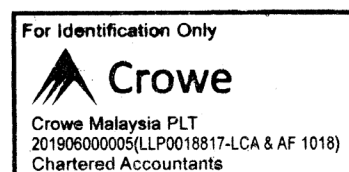
The pro forma consolidated SOFP together with the related notes thereon, have been prepared solely to illustrate the impact of events and transactions set out in Notes 3 and 4 to the pro forma consolidated SOFP had the events occurred or transactions been undertaken on 31 December 2024. The pro forma consolidated SOFP are not necessarily indicative of the financial positions that would have been attained had the proposed plan actually occurred at the respective dates.

3. PROPOSED REGULARISATION PLAN

In conjunction with, and as an integral part of the proposed regularisation plan, IWCity proposes to undertake the followings to regularise its financial condition in accordance with Paragraph 8.04(3) of the Listing Requirements:-

3.1 Proposed Debt Settlement

IWCity had on 20 March 2025 and 22 September 2025 entered into a conditional settlement agreement and a supplementary agreement with Rampai Fokus Sdn. Bhd. (“RFSB”), a wholly-owned subsidiary of Danga Bay Sdn. Bhd, which in turn is wholly-owned by Iskandar Waterfront Holdings Sdn. Bhd., a major shareholder of the Company for the proposed issuance by Tebrau Bay Sdn Bhd (“TBSB”) of up to 225,200,000 TBSB redeemable preference shares (“RPS”) – class A and by TBCSB of up to 43,200,000 Tebrau Bay Constructions Sdn Bhd (“TBCSB”) RPS – class A to RFSB for the full settlement of the outstanding sum which entitles RFSB to a total redemption sum of up to RM268.4 million.



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APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2024 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

Appendix A

ISKANDAR WATERFRONT CITY BERHAD
Registration No: 196801000661 (8256-A)

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

3. PROPOSED REGULARISATION PLAN SCHEME (CONT'D)

3.2 Proposed Capital Reduction

IWCity proposes a capital reduction involving the reduction of the issued share capital of IWCity pursuant to Section 117 of the Companies Act 2016 via the cancellation of the Company's paid-up share capital which is substantially unrepresented by available assets amounting to RM120 million. The corresponding credit of RM120 million arising from such cancellation will be used to set-off against the accumulated losses of the Company while the remaining balance, if any, will be credited to the retained earnings of the Company which shall be used in a manner to be determined by the Board at a later date and in the best interest of the Company as permitted by the relevant and applicable laws as well as the Listing Requirements.

4. PRO FORMA ADJUSTMENTS TO THE PRO FORMA CONSOLIDATED SOFP

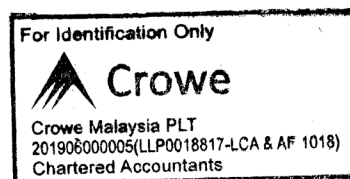
4.1 Pro Forma I

Pro Forma I incorporates the effects of Proposed Debt Settlement as set out in Note 3.1 and estimated expenses in relation to the proposed regularisation plan.

4.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and the Proposed Capital Reduction as set out in Note 3.2.

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APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2024 TOGETHER WITH THE REPORTING ACCOUNTANTS’ LETTER THEREON (Cont’d)

Appendix A

ISKANDAR WATERFRONT CITY BERHAD
Registration No: 196801000661 (8256-A)

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

5. EFFECTS ON THE PRO FORMA CONSOLIDATED SOFP

5.1 Cash and bank balances

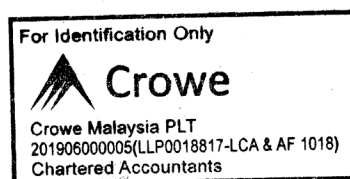
	RM'000
As at 31 December 2024	26,633
Less: Estimated expenses in relation to the proposed regularisation plan	(3,000)
As per Pro Forma I and II	<u>23,633</u>

5.2 Share Capital

	Number of Ordinary Shares '000	Amount of Share Capital RM'000
As at 31 December 2024 / Pro Forma I	921,128	766,884
Less: Proposed Capital Reduction	-	(120,000)
As per Pro Forma II	<u>921,128</u>	<u>646,884</u>

5.3 (Accumulated Losses) / Retained Profits

	RM'000
As at 31 December 2024	(47,722)
Less: Estimated expenses in relation to the proposed regularisation plan	(3,000)
As at Pro Forma I	<u>(50,722)</u>
Add: Proposed Capital Reduction	120,000
As per Pro Forma II	<u>69,278</u>



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APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2024 TOGETHER WITH THE REPORTING ACCOUNTANTS’ LETTER THEREON (Cont’d)

Appendix A

ISKANDAR WATERFRONT CITY BERHAD
Registration No: 196801000661 (8256-A)

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

5. EFFECTS ON THE PRO FORMA CONSOLIDATED SOFP (CONT’D)

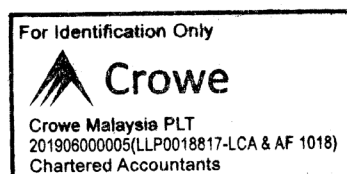
5.4 Non-controlling Interest

	RM’000
As at 31 December 2024	-
Add : Proposed Debt Settlement by issuing RPS by TBSB and TBCSB	268,400
As at Pro Forma I and II	<u>268,400</u>

5.5 Other Payables and Accruals (Current)

	RM’000
As at 31 December 2024	308,102
Less : Proposed Debt Settlement	(268,400)
As at Pro Forma I and II	<u>39,702</u>

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APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2024 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

Appendix A

ISKANDAR WATERFRONT CITY BERHAD
Registration No: 196801000661 (8256-A)


APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated **14 JAN 2026**

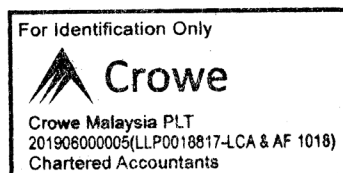
On behalf of the Board of Directors,



Dato' Hj. Ayub Bin Mion



Lim Chen Heng



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13 January 2026

The Board of Directors
ISKANDAR WATERFRONT CITY BERHAD
#G 08 Block 8
Danga Bay
Jalan Skudai
80200 Johor Bahru
Johor
Malaysia.

Dear Sirs,

Industry Outlook on the Property Development Market in Johor, with a Focus on Johor Bahru and the Construction Sector in Malaysia, with a Focus on Johor for ISKANDAR WATERFRONT CITY BERHAD

PROVIDENCE STRATEGIC PARTNERS SDN BHD (“**PROVIDENCE**”) has prepared this Industry Outlook on the Property Development Market in Johor, with a Focus on Johor Bahru and the Construction Sector in Malaysia, with a Focus on Johor for ISKANDAR WATERFRONT CITY BERHAD.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of these industries within the confines of secondary statistics, primary research and evolving industry dynamics.

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For and on behalf of PROVIDENCE:



ELIZABETH DHOOS
EXECUTIVE DIRECTOR

About PROVIDENCE STRATEGIC PARTNERS SDN BHD:

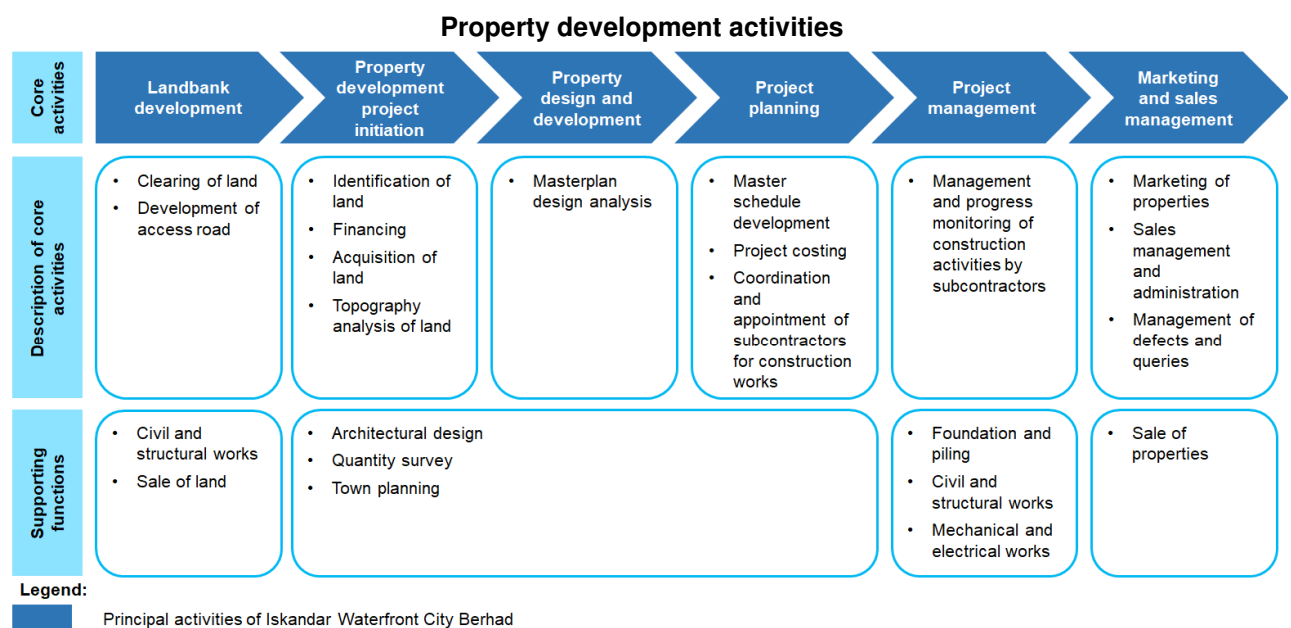
PROVIDENCE is an independent research and consulting firm based in Petaling Jaya, Selangor, Malaysia. Since our inception in 2017, PROVIDENCE has been involved in the preparation of independent market research reports for capital market exercises. Our reports aim to provide an independent assessment of industry dynamics, encompassing aspects such as industry performance, demand and supply conditions, competitive landscape and government regulations.

About ELIZABETH DHOOS:

Elizabeth Dhoos is the Executive Director of PROVIDENCE. She has more than 15 years of experience in market research for capital market exercises. Elizabeth Dhoos holds a Bachelor of Business Administration from the University of Malaya, Malaysia.

1 PROPERTY DEVELOPMENT MARKET IN JOHOR

Property development encompasses project initiation, which includes land identification, financing, land acquisition and land topography analysis; property design and development which refers to masterplan design; project planning which includes master schedule development, project costing, coordination and the appointment of parties such as architects, quantity surveyors, town planners and construction companies; project management of construction activities; and ultimately, marketing and management of property sales. Property developers, undertaking these property development activities, will typically oversee the entire project until the properties are sold to buyers. This includes project management of construction activities, which may be undertaken in-house or by an appointed third-party construction company(ies), as well as the management of sales activities, which can be carried out in-house or via appointed property sales agencies.



Property development refers to the development of residential, commercial and industrial properties, whereby:

- residential properties are intended for dwelling purposes, and include terraced houses, semi-detached houses, apartments, town houses and high-rise condominiums;
- commercial properties are used for business purposes such as office buildings, hotels, retail shops, and include institutional or purpose-built buildings such as convention centres, resorts (including theme parks), and educational and medical institutions. Some of these commercial properties can be used for dual purposes (such as an office or for residential purposes) and are thus referred to as mixed-use properties; and
- industrial properties refer to buildings or structures where industrial or manufacturing activities are carried out, such as factories and production plants.

Iskandar Waterfront City Berhad is principally involved in the development of townships comprising residential and mixed development properties in Johor. As such, this report will focus on the residential and commercial property development markets in Johor.

INDUSTRY SIZE, GROWTH POTENTIAL AND OUTLOOK

Johor is located in the southernmost tip of Peninsular Malaysia and borders Singapore. The capital city of Johor is Johor Bahru. Johor's economy mainly revolves around services and manufacturing. Tourism is also a key sector in Johor's economy. Johor's gross domestic product ("GDP") was RM158.0 billion while its population stood at 4.2 million persons in 2024.

The property market is integral to economic development as properties are necessary in supporting the growth in population and economic activities. As such, the growth of the property market typically correlates to economic development. The performance of the residential and commercial property market is

represented by the supply and demand of residential and commercial properties.

Supply of Residential and Commercial Properties in Johor and Johor Bahru

Between 2018 and 2024, the existing stock of residential properties in Johor grew from 811,350 units to 928,421 units at a compound annual growth rate (“**CAGR**”) of 2.3%. The highest growth rates were witnessed in the townhouse and cluster types of residential property, which recorded CAGRs of 30.1% and 10.7% during this period. In 2024, more than half of the existing stock of residential properties in Johor was from Johor Bahru which comprised 53.8% of total existing stock of residential properties in the state.

Between 2018 and 2024, the existing stock of residential properties in Johor Bahru grew from 429,798 units to 499,136 units at a CAGR of 2.5%. Similarly, the highest growth rate was witnessed in the townhouse type of residential property, which increased from 1,028 units to 3,935 units at a CAGR of 25.1%.

The existing stock of residential properties in Johor further increased to 942,042 units as of September 2025, whereby 507,339 units (53.9%) were from Johor Bahru.

Existing supply of residential property units in Johor

Residential property type	2018			2024			CAGR (%)		
	Johor Bahru	Others ^a	Total	Johor Bahru	Others ^a	Total	Johor Bahru	Others ^a	Total
Single storey terraced	80,530	112,963	193,493	82,496	126,297	208,793	0.4	1.9	1.3
2 – 3 storey terraced	141,935	71,768	213,703	176,615	92,363	268,978	3.7	4.3	3.9
Single storey semi-detached	5,139	18,795	23,934	5,285	21,782	27,067	0.5	2.5	2.1
2 – 3 storey semi-detached	12,232	9,644	21,876	14,141	12,803	26,944	2.4	4.8	3.5
Detached	11,208	52,721	63,929	11,686	54,811	66,497	0.7	0.7	0.7
Townhouse	1,028	365	1,393	3,935	2,805	6,740	25.1	40.5	30.1
Cluster	8,619	1,624	10,243	15,383	3,513	18,896	10.1	13.7	10.7
Low cost house	49,392	102,612	152,004	49,392	103,486	152,878	-	0.1	0.1
Low cost flat	46,163	4,037	50,200	47,174	4,213	51,387	0.4	0.7	0.4
Flat	21,631	3,148	24,779	25,652	3,187	28,839	2.9	0.2	2.6
Condominium / apartment	51,921	3,875	55,796	67,377	4,025	71,402	4.4	0.6	4.2
Total	429,798	381,552	811,350	499,136	429,285	928,421	2.5	2.0	2.3

January – September 2025			
Residential property type	Johor Bahru	Others ^a	Total
Single storey terraced	82,751	127,184	209,935
2 – 3 storey terraced	181,325	94,875	276,200
Single storey semi-detached	5,284	22,040	27,324
2 – 3 storey semi-detached	14,516	12,981	27,497
Detached	11,706	55,050	66,756
Townhouse	3,935	2,835	6,770
Cluster	16,002	4,253	20,255
Low cost house	49,392	103,750	153,142
Low cost flat	47,743	4,259	52,002
Flat	26,578	3,201	29,779
Condominium / apartment	68,107	4,325	72,432
Total	507,339	434,753	942,092

Note:

^a Collectively comprises the districts of Batu Pahat, Kluang, Kota Tinggi, Kulai, Mersing, Muar, Pontian, Segamat and Tangkak

Source: National Property Information Centre (“**NAPIC**”), PROVIDENCE analysis

The incoming supply of residential property units in Johor totalled 36,121 units in 2024 of which 17,773 units are located in Johor Bahru while the remaining 18,348 units are located in other districts in Johor. The incoming supply of residential properties in Johor further increased to 40,213 units as of September 2025, whereby 22,730 units (56.5%) were from Johor Bahru.

Incoming supply of residential property units in Johor

Residential property type	2024			January – September 2025		
	Johor Bahru	Others ^a	Total	Johor Bahru	Others ^a	Total
Single storey terraced	436	4,880	5,316	1,623	5,629	7,252
2 – 3 storey terraced	9,504	7,422	16,926	12,294	6,929	19,223
Single storey semi-detached	0	1,063	1,063	38	1,027	1,065
2 – 3 storey semi-detached	628	869	1,497	733	831	1,564
Detached	107	644	751	191	549	740
Townhouse	669	428	1,097	1,200	122	1,322
Cluster	2,466	1,721	4,187	3,049	1,496	4,545
Low cost house	0	441	441	0	352	352
Low cost flat	369	392	761	947	362	1,309
Flat	1,280	188	1,468	1,104	158	1,262
Condominium / apartment	2,314	300	2,614	1,551	28	1,579
Total	17,773	18,348	36,121	22,730	17,483	40,213

Note:

^a Collectively comprises the districts of Batu Pahat, Kluang, Kota Tinggi, Kulai, Mersing, Muar, Pontian, Segamat and Tangkak

Source: NAPIC, PROVIDENCE analysis

Terraced houses continue to dominate the landed residential market in Johor in terms of new property launches. Nonetheless, developers are diversifying and offering more affordable units in less popular locations such as Pasir Gudang and Pulau for first-time buyers and medium-income earners. In contrast, hotspots like Iskandar Puteri and Tebrau see larger units launched at higher prices to attract high-income buyers.

The high-rise sector was more active in 2023 and 2024 with several new projects launched for landed and high rise residential property developments. Approximately 15,807 high-rise residential units from these projects are scheduled to enter the market between 2027 and 2028. Tebrau is emerging as a hotspot, several new launches located in this locality. In Johor Bahru city centre and fringe areas, the newly launched high-rise properties are popular among Malaysians working in Singapore.

Although landed properties are a popular choice among homebuyers, the lower quantum price of condominium units (in comparison to the quantum price of 2-storey terraced houses), coupled with the facilities, safety and lifestyle offered at condominium developments have supported demand for condominium units in larger townships such as Johor Bahru. As the tourism sector continues to grow, a trend is seen whereby serviced apartment units are being used as short-term rental units for tourists.

Affordability remains as a concern or barrier for property buyers in the Iskandar Malaysia region. In response, developers have downsized newly launched high-rise units to achieve more affordable selling prices. Property developers such as Scientex Berhad and Lagenda Properties Berhad acquired development lands in Tebrau and Kulai to expand their presence in affordable housing townships in the Iskandar Malaysia region.

New landed residential property launches in Johor Bahru

Projects	Location	Developer	Type	Unit size (square feet)	Total units	Price RM per unit	Price RM per square foot
Ponderosa Vista (Phase 2i)	Masai – Plentong	Pandan Baru Sdn Bhd	2 storey terraced	1,920 – 4,320	57	1.09 – 1.55 million	359 – 568
St Marco Park (Phase 3B)	Kulai	Casa Bayu Idaman Sdn Bhd	2 storey terraced	1,650 – 4,750	82	779,000 – 1.39 million	293 – 472
M Tiara (Phase 1)	Skudai	Venice View Sdn Bhd	2 storey terraced	1,400 – 3,894	223	920,000 – 1.45 million	352 – 657

Projects	Location	Developer	Type	Unit size (square feet)	Total units	Price RM per unit	Price RM per square feet
Sunway Aviana Phase 3)	Sunway City Iskandar Puteri	Sunway Property	2 storey terraced	1,400 – 2,798	90	1.03 – 1.36 million	486 – 736
Pearl 6A @ Austin Crest	Crest @ Austin	Austin Senibong Development Sdn Bhd	2 storey terraced	1,170 – 2,571	220	773,000 – 1.13 million	440 – 661
Pearl 6B @ Austin Crest	Crest @ Austin	Austin Senibong Development Sdn Bhd	2 storey terraced	1,170 – 3,198	165	817,000 – 1.31 million	353 – 698
Sunway Maple Residence	Sunway City Iskandar Puteri	Sunway Property	2 storey terraced	1,800 – 6,242	156	1.46 – 2.47 million	396 – 811
Kaza Hill (Phase 2)	Ulu Tiram	Far East (Ulu Tiram) Sdn Bhd	2 storey cluster	2,100 – 3,862	217	1.13 – 1.78 million	461 – 538
			2 storey semi-detached		279	1.63 – 2.18 million	564 – 776
Aurinia @ Setia Tropicana	Setia Tropicana, Kempas	Setia Indah Sdn Bhd	2 storey semi-detached	3,200 – 5,680	40	1.96 – 2.49 million	438 – 613
Valeria 2	Taman Kempas Utama	Wealthy Growth Sdn Bhd	2 storey semi-detached	3,003 – 8,267	28	1.54 – 2.28 million	276 – 513

Source: PROVIDENCE analysis

New high rise residential property launches in Johor Bahru

Projects	Location	Developer	Type	Unit size (square feet)	Total units	Price (RM per square feet)
Pinegate (Tower A)	Residency Masai	Kim Lun	Service apartment	685 – 885	448	486 – 521
Parkland Permas	Residence Masai	Parkland Southern Sdn Bhd	Service apartment	562 – 1,020	1,078	562 – 1,020
Austin (Tower D)	Regency Tebrau	Scudai Development Sdn Bhd	Service apartment	490 – 1,317	279	584 – 688
Waterbay (Tower 1) @ Cove	Peaks Senibong	Masai	Service apartment	930 – 1,378	205	600 – 638
M Minori (Tower C)	Tebrau	Mah Sing	Service apartment	570 – 800	468	605 – 706
Zenit Pangsapuri Indah (Tower A)	Molek / Saujana Masai	Multi Court Developers Sdn Bhd	Service apartment	590 – 863	393	618 – 648
Nadi Residence	Southkey, City Fringe	Southkey Sdn Bhd	Service apartment	649 – 1,050	395	633 – 640
Avenue (Phase 2)	Residences Johor Bahru City Fringe	MBW City Sdn Bhd	Service apartment	435 – 1,001	1,796	797 – 1,025
Florian (Tower 7 and 8)	Residences City Fringe	MBW City Sdn Bhd	Service apartment	488 – 1,687	388	800 – 869

Source: PROVIDENCE analysis

The existing stock of commercial properties in Johor rose from 85,704 units in 2018 to 99,646 units in 2024 at a CAGR of 2.5%. In 2024, approximately 45.8% of existing stock of commercial properties in Johor was located in Johor Bahru being the capital city and centre of commercial activities for the state of Johor.

In Johor Bahru, the existing stock of shop lots rose from 37,212 units to 45,669 units in 2024 at a CAGR of 3.5%. Shop lots are a popular choice for business activities aimed at providing services and displaying local goods to attract tourists. Demand for shop lots in Johor has been largely supported by local small and medium enterprises (“**SMEs**”) as well as selected larger corporations including offshore businesses. Shop office home office (“**SOHO**”) units and serviced apartments witnessed CAGRs of 31.0% and 12.7% in Johor Bahru between 2018 and 2024 in line with the city centre’s prominent positioning as a commercial and tourism centre in the state.

The existing stock of commercial properties in Johor was 98,613 units as of September 2025, whereby 46,722 units (47.4%) were from Johor Bahru.

Existing supply of commercial property units in Johor

Commercial property type	2018			2024			CAGR (%)		
	Johor Bahru	Others ^a	Total	Johor Bahru	Others ^a	Total	Johor Bahru	Others ^a	Total
Shops:									
▪ Prewar	261	2,533	2,794	268	2,618	2,886	0.4	0.6	0.5
▪ 1 – 1 ½ storey	3,885	8,017	11,902	4,035	8,576	12,720	0.6	1.1	1.1
▪ 2 – 2 ½ storey	18,205	25,096	43,301	21,345	27,918	49,263	2.7	1.8	2.2
▪ 3 – 3 ½ storey	8,860	7,260	16,120	11,723	8,541	20,264	4.8	2.7	3.9
▪ 4 – 4 ½ storey	2,275	3,282	5,557	3,116	3,315	6,431	5.4	0.2	2.5
▪ 5 – 5 ½ storey	66	103	169	126	111	237	11.4	1.3	5.8
▪ 6 – 6 ½ storey	10	7	17	10	7	17	0.0	0.0	0.0
▪ > 6 ½ storey	133	141	274	214	140	354	8.2	-0.1	4.4
▪ Detached	356	320	676	386	327	713	1.4	0.4	0.9
▪ Semi-detached	62	136	198	98	282	380	7.9	12.9	11.5
▪ Cluster	0	0	0	0	0	0	0.0	0.0	0.0
▪ Stratified	3,099	1,597	4,696	4,348	2,033	6,381	5.8	4.1	5.2
Total	37,212	48,492	85,704	45,669	53,997	99,646	3.5	1.8	2.5
SOHO	646	0	646	3,269	0	3,269	31.0	0.0	31.0
Serviced apartments	51,525	1,313	52,838	106,662	1,787	108,449	12.9	5.3	12.7

Commercial property type	January – September 2025		
	Johor Bahru	Others ^a	Total
Shops:			
▪ Prewar	268	2,553	2,821
▪ 1 – 1 ½ storey	3,975	7,848	11,823
▪ 2 – 2 ½ storey	21,761	28,180	49,941
▪ 3 – 3 ½ storey	12,008	8,485	20,493
▪ 4 – 4 ½ storey	3,266	2,937	6,203
▪ 5 – 5 ½ storey	126	98	224
▪ 6 – 6 ½ storey	10	2	12
▪ > 6 ½ storey	214	130	344
▪ Detached	401	361	762
▪ Semi-detached	96	180	276
▪ Cluster	0	0	0
▪ Stratified	4,597	1,117	5,714
Total	46,722	51,891	98,613
SOHO	3,567	0	3,567
Serviced apartments	108,607	1,225	109,832

Note:

^a Collectively comprises the districts of Batu Pahat, Kluang, Kota Tinggi, Kulai, Mersing, Muar, Pontian, Segamat and Tangkak

Source: NAPIC, PROVIDENCE analysis

The incoming supply of commercial property units in Johor totalled 4,802 units in 2024 of which 2,018 units are located in Johor Bahru while the remaining 2,784 units are located in other districts in Johor. A total of 644 units of serviced apartments were incoming in Johor Bahru in 2024. The incoming supply of commercial properties in Johor further increased to 5,517 units as of September 2025, whereby 2,925 units (53.0%) were from Johor Bahru.

Incoming supply of commercial property units in Johor

Commercial property type	2024			January – September 2025		
	Johor Bahru	Others ^a	Total	Johor Bahru	Others ^a	Total
Shops:						
▪ Prewar	0	0	0	0	0	0
▪ 1 – 1 ½ storey	15	538	553	150	621	771
▪ 2 – 2 ½ storey	1,061	1,692	2,753	1,063	1,517	2,580
▪ 3 – 3 ½ storey	583	512	1,095	910	347	1,257
▪ 4 – 4 ½ storey	354	34	388	99	18	117
▪ 5 – 5 ½ storey	0	3	3	0	3	3
▪ 6 – 6 ½ storey	0	0	0	0	0	0
▪ > 6 ½ storey	0	0	0	0	0	0
▪ Detached	1	1	2	4	0	4
▪ Semi-detached	0	4	4	182	70	252
▪ Cluster	0	0	0	0	16	16
▪ Stratified	4	0	4	517	0	517
Total	2,018	2,784	4,802	2,925	2,592	5,517
SOHO	1,486	0	1,486	1,114	0	1,114
Serviced apartments	23,115	644	23,759	34,520	644	35,164

Note:

^a Collectively comprises the districts of Batu Pahat, Kluang, Kota Tinggi, Kulai, Mersing, Muar, Pontian, Segamat and Tangkak

Source: NAPIC, PROVIDENCE analysis

Coinciding with lower market activity due to the COVID-19 pandemic, the supply of housing and shop lots witnessed a smaller year-on-year growth from 2020 to 2022 respectively. Nonetheless, the supply of these properties was not significantly impacted by the COVID-19 pandemic and implementation of the MCO, though some developments may have been delayed due to restrictions imposed by the various phases of the movement control order (“MCO”) implemented by the Government of Malaysia.

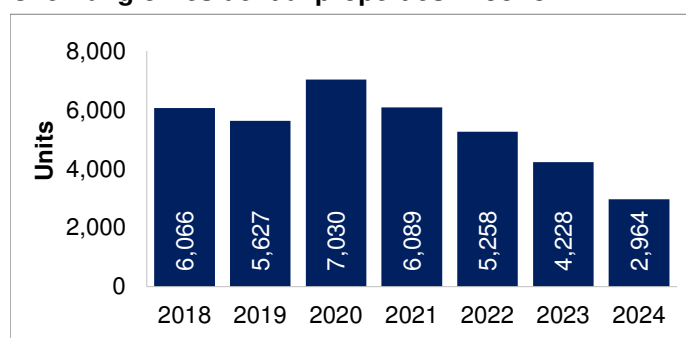
Residential Property Overhang in Johor

The residential unsold or property overhang situation in Johor has been gradually improving between 2018 and 2024. In 2024, 2,964 units of residential properties were unsold in comparison to the 6,066 units in 2018.

Between 2018 and 2024, Johor’s residential property overhang peaked at 7,030 units in 2020, attributable to property oversupply and the COVID-19 pandemic which disrupted economic activities and affected consumer confidence.

Post 2020, there has been an improvement with the volume of unsold properties gradually decreasing to 2,964 units in 2024 due to, among others, the reopening of Malaysia’s economy post COVID-19 pandemic and the return of Malaysians working in Singapore which led to increased property transactions. Further, several initiatives undertaken by the state, including the development of the Rapid Transit System (“RTS”) Link, the establishment of Forest City as a special financial zone and the Johor-Singapore Special Economic Zone. These initiatives have boosted property demand in Johor. The decrease in residential overhang in Johor is also due to fewer residential property launches, as property developers have focused more on clearing their unsold inventory by offering attractive rebates.

Overhang of residential properties in Johor



Source: NAPIC, PROVIDENCE analysis

Demand for Residential and Commercial Properties in Johor and Johor Bahru

The demand for residential properties in Johor, based on residential property transaction values, rose from RM8.8 billion in 2018 to RM10.1 billion in 2019 at a CAGR of 14.8%. During the same period, residential

property transactions rose from 26,885 transactions to 28,904 transactions at a CAGR of 7.5%. Comparatively, the demand for commercial properties in Johor, based on commercial property transaction values, was approximately RM3.2 billion in 2018 and 2019 respectively. During the same period, commercial property transactions rose from 3,504 transactions to 3,706 transactions at a CAGR of 5.8%.

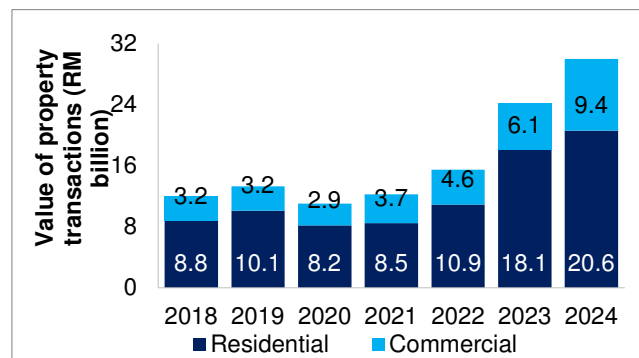
In 2020, the demand for residential and commercial properties in Johor was adversely affected by the MCO that was implemented in Malaysia to curb the spread of the COVID-19 virus. During the first MCO that was implemented on 18 March 2020, many businesses were not allowed to operate, and this led to a slowdown in economic activity. As businesses were restricted from returning to their business premises, occupancy rates of commercial properties were lower during this period of time and this resulted in lower demand for such properties. Meanwhile, the restriction in business operations also led to higher unemployment rates and pay cuts which reduced disposable income and lowered consumer sentiments on the property market due to economic uncertainty. This resulted in lower purchases of residential properties during the year.

In 2020, residential property developers and buyers found themselves in a new environment where virtual galleries and online communication were adopted amidst a pandemic-ridden market as physical expositions and campaign runs were discouraged to avoid public crowding. New launches were postponed as developers experienced delays in construction progress due to the MCO halting construction activities.

Consequently, the transaction values for residential properties in Johor fell from RM10.1 billion in 2019 to RM8.2 billion in 2020 before rising to RM8.5 billion in 2021 and RM10.9 billion in 2022. A corresponding trend was evident based on the number of residential property transactions, which fell from 28,904 transactions in 2019 to 23,150 transactions in 2020 subsequently but began showing signs of recovery and rose to 22,591 transactions in 2021 and 28,087 transactions in 2022. Similarly, the transaction values for commercial properties in Johor fell from RM3.2 billion in 2019 to approximately RM2.9 billion in 2020 before recovering to RM3.7 billion in 2021 and RM4.6 billion in 2022. Correspondingly, the number of commercial property transactions fell from 3,706 transactions in 2019 to 3,025 transactions in 2020 before rising to 3,046 transactions in 2021 and 4,787 transactions in 2022.

Post MCO 1.0, several phases of the MCO were subsequently implemented in various states due to a resurgence in the number of new COVID-19 cases. Despite this, most businesses were still allowed to operate as usual, subject to observation of standard operating procedures imposed by the Government of Malaysia. However, due to the high number of COVID-19 cases, the Government implemented a total lockdown and Phase 1 of the National Recovery Plan (“NRP”) on 1 June 2021 that restricted most businesses from operating, including property development and construction activities (save for critical construction activities). According to the 4-phase NRP which was announced on 15 June 2021, 3 specific metrics will be used to assess a state’s readiness to ease restrictions, namely the number of daily new cases, the utilisation of intensive care units and the percentage of the eligible population fully vaccinated. As at the LPD, Malaysia has transitioned to the endemic phase of COVID-19.

Demand for residential and commercial properties in Johor



Note:
Commercial properties include office buildings, hotels, retail outlets, purpose-built buildings, small office home offices (SOHOs), serviced apartments, flexi-suites, small office flexible offices (SOFOs) and small office virtual offices (SOVOs)

Source: NAPIC, PROVIDENCE analysis

In 2022, Johor’s residential and commercial property transactions grew by 28.6% and 22.0% respectively. A large proportion of the growth of the residential property market was contributed by vacant lands while commercial property transactions were driven by serviced apartment developments.

In 2023, Johor’s residential property transactions further rose to RM18.1 billion (2022: RM10.1 billion) at a year-on-year growth rate of 65.9%. During the same period, commercial property transactions rose to RM6.1 billion (2022: RM4.6 billion) at a year-on-year growth rate of 33.4%.

In 2024, demand for residential and commercial properties continued to be positive. Johor’s residential property transactions saw a 13.9% increase, rising from RM18.1 billion in 2023 to RM20.6 billion in 2024. Demand for commercial properties increased from RM6.1 billion to RM9.4 billion during the same period at a growth rate of 53.6%.

For the period between January and September 2025, demand for residential properties reached RM15.3 billion while demand for commercial properties reached RM8.8 billion.

In Johor's capital city of Johor Bahru, transaction values of vacant land, landed and high-rise developments in the residential property segment grew by 51.5%, 45.3% and 44.7% respectively between 2021 and 2024. In comparison, transaction values of serviced apartments and shops in the commercial property segment grew by 86.1% and 57.2% respectively, between 2021 and 2024. For the period between January and September 2025, demand for residential properties reached RM10.9 billion while demand for commercial properties reached RM7.6 billion.

Residential and commercial property transaction growth in Johor Bahru

Residential property type	Property transactions (RM million)				CAGR (%)
	2021	2022	2023	2024	
Vacant land	174.1	345.9	247.0	605.1	51.5
Landed	3,820.2	5,414.4	10,430.1	11,709.8	45.3
High-rise developments (condominiums and flats)	493.1	633.2	1,228.0	1,494.6	44.7
Low-cost housing	356.4	419.1	557.5	598.7	18.9
Total	4,843.8	6,812.6	12,462.7	14,408.1	43.8

Residential property type	Property transactions (RM million) January – September 2025
Vacant land	445.9
Landed	8,898.1
High-rise developments (condominiums and flats)	1,114.0
Low-cost housing	491.1
Total	10,949.1

Commercial property type	Property transactions (RM million)				CAGR (%)
	2021	2022	2023	2024	
Vacant land	418.2	768.3	389.2	1,172.5	41.0
Shops (shop lots, shop units and retail units)	836.5	1,482.6	2,461.2	3,247.8	57.2
Offices	129.1	17.4	19.7	121.5	-2.0
Serviced apartments	480.4	1,163.9	1,858.5	3,096.9	86.1
Hotel / leisure	749.8	0	0	0	-100.0
Shopping complex	221.1	25.0	0	47.2	-40.2
Total	2,835.1	3,457.2	4,728.6	7,685.9	39.4

Commercial property type	Property transactions (RM million) January – September 2025
Vacant land	2,042.7
Shops (shop lots, shop units and retail units)	2,483.9
Offices	211.1
Serviced apartments	1,660.9
Hotel / leisure	0
Shopping complex	1,211.2
Total	7,609.8

Source: NAPIC, PROVIDENCE analysis

The top 5 residential and commercial property sales, based on number of units sold by price range, in Johor Bahru in 2024 are as follows:

Residential property	Price range (RM)	Units sold	Commercial property	Price range (RM)	Units sold
2 – 3 storey shops	500,001 - 600,000	2,600	3 – 3 ½ storey shops	1,000,001 and above	774
2 – 3 storey shops	400,001 - 500,000	1,664	2 – 2 ½ storey shops	1,000,001 and above	391
2 – 3 storey shops	600,001 - 700,000	1,528	2 – 2 ½ storey shops	700,001 - 800,000	158
2 – 3 storey shops	700,001 - 800,000	1,337	2 – 2 ½ storey shops	800,001 - 900,000	121

Residential property	Price range (RM)	Units sold	Commercial property	Price range (RM)	Units sold
Single storey shops	400,001 - 500,000	1,281	2 – 2 ½ storey shops	500,001 - 600,000	109

Source: NAPIC, PROVIDENCE analysis

Please refer to Appendix A for further details on the sales transactions for selected types of residential and commercial properties in Johor Bahru by price range.

The residential and commercial property development market continued to perform relatively better in 2024, largely due to the initiatives and stimulus packages announced by the Government of Malaysia under Budget 2024 which increased confidence in the property market, including the easing of requirements for the Malaysia My Second Home programme to attract more tourists and foreign investors to Malaysia, as well as full stamp duty exemption on the instrument of transfer and loan agreement for the purchase of the first residential home priced up to RM500,000 until 31 December 2025.

DEMAND CONDITIONS: KEY GROWTH DRIVERS

Long term economic growth signifies growth opportunities for the residential and commercial property markets

Economic growth is a catalyst for development and growth in construction activities and demand for construction services. From an overall perspective, Johor's real GDP increased from RM130.6 billion in 2018 to RM158.0 billion in 2024 at a CAGR of 3.2%. During this period, total property transaction value increased from RM12.0 billion to RM30.0 billion at a CAGR of 16.5%. Between 2018 and 2024, commercial property transactions increased from RM3.2 billion to RM9.4 billion at a CAGR of 19.5% while residential property transactions increased from RM8.8 billion to RM20.6 billion at a CAGR Of 15.3%.

The phases of development of the property market in Johor can be characterised by pre-COVID-19 pandemic, COVID-19 pandemic and post COVID-19 pandemic whereby:

a) Pre-COVID-19 pandemic phase

Between 2018 and 2019, Johor's wealth, as depicted by its real GDP, increased from RMRM130.6 billion to RM134.2 billion at a CAGR of 2.8%. Total property transaction value increased from RM12.0 billion to RM13.3 billion during the same period at a CAGR of 10.8%. From this, residential property transactions increased from RM8.8 billion to RM10.1 billion at a CAGR of 14.8%, and commercial property transactions hovered at RM3.2 billion in 2018 and 2019 respectively.

b) COVID-19 pandemic phase

In 2020, all economic sectors in Malaysia registered a contraction in growth. While the COVID-19 pandemic containment measures aided Malaysia's efforts to rein in the outbreak, the tighter operating procedures (such as operating hours, capacity limit on premise, activity restrictions), mobility restrictions and supply-chain disruptions affected economic activity, particularly in the second quarter of 2020 when the measures were at their strictest. Industries that faced difficulties in adapting to remote working arrangements were disproportionately affected, while outbreaks in crowded and confined accommodation of foreign workers led to pockets of labour shortages in certain industries. Additionally, most industries also faced weaker demand conditions both domestically and externally, which further weighed on production and business activities. As a result, Malaysia's GDP contracted by 5.6% in 2020. Correspondingly, Johor's real GDP dipped to RM128.1 billion in 2020, from RM134.2 billion in 2019. Total property transaction value in 2020 was RM11.1 billion, a 16.5% drop from RM13.3 billion recorded in 2019. Correspondingly in the same year, residential property transactions dropped to RM8.2 billion (from RM10.1 billion in 2019) while commercial property transactions dropped to RM2.9 billion (from RM3.2 billion in 2019).

With the resumption of economic activities since early May 2020, property market activities recorded in the months of May and June 2020 saw a gradual recovery. Recovery in the domestic economy, which began in the second half of 2020, continued in 2021. The recovery, nevertheless, was uneven and influenced by several factors, including the course of the COVID-19 pandemic and vaccine rollout, sector-specific developments and the degree of improvement in labour market conditions.

c) Post COVID-19 pandemic phase

Malaysia's economy registered a positive growth of 3.6% in the fourth quarter of 2021 (3Q, 2021: -4.5%). Growth was supported mainly by an improvement in domestic demand as economic activity normalised following the easing of containment measures under the NRP. The improvement also reflected recovery in the labour market as well as continued policy support. In addition, strong external demand amid the continued upcycle in global technology provided a further lift to growth. On the supply side, all economic

sectors recorded improvements in growth, led by the services and manufacturing sectors. On the demand side, growth was driven by higher consumption and trade activity. On a quarter-on-quarter seasonally-adjusted basis, the economy registered an increase of 6.6% (3Q, 2021: -3.6%).¹

Residential property sales in Johor gradually recovered in 2021 to reach RM12.2 billion (2020: RM11.1 billion) and subsequently RM14.7 billion in 2022. In particular, residential property developers began adapting with the containment measures and social distancing restrictions by diversifying to electronic marketing (e-marketing) platforms to reach potential target market while offering more attractive incentives and deals to boost sales. The improving demand for residential properties is anticipated to bode well for property developers. The recovery of Johor's property market in 2021 was mainly supported by the implementation of various stimulus under Short-Term Economic Recovery Plan ("PENJANA") and Prihatin Rakyat Economic Stimulus Package (PRIHATIN), as well as measures under Budget 2021 which sustained consumer confidence and spending.

Malaysia's economy registered a growth of 7.0% in the fourth quarter of 2022 compared to 14.2% in the third quarter, as support from the stimulus measures and low base effect waned. At 7.0%, the fourth quarter growth was still above the long-term average of 5.1%.² On a quarter-to-quarter seasonally adjusted basis, the economy registered a decline of 2.6% (3Q 2022: 1.9%). For 2022 as a whole, the economy expanded by 8.7% (2021: 3.1%).² The Malaysian economy further grew by 3.7% in 2023 where growth was mainly supported by resilient domestic demand and recovery in tourism activities. Additionally, improving labour market conditions coupled with supportive policy measures helped household spending, especially among the vulnerable households affected by higher cost of living. Supported by the positive economic outlook in 2023, residential and commercial property transactions increased from RMRM14.7 billion in 2022 to RM24.2 billion in 2023.

Similarly, Johor also witnessed economic recovery and growth post COVID-19 pandemic phase. Johor's GDP rose to RM142.1 billion in 2022, compared to RM131.3 billion in 2021. In 2023, Johor's GDP further rose to RM148.2 billion.

In 2024, Malaysia's economy grew by 5.1% attributable to continued expansion in domestic demand and a rebound in exports. Strong investment approvals and further progress of multi-year projects by the private and public sectors, which includes catalytic initiatives under national master plans, namely the New Industrial Master Plan, National Energy Transition Roadmap and National Semiconductor Strategy, provided further impetus to investment growth. Malaysia's exports also recovered amid steady global growth, continued technology upcycle as well as higher tourist arrivals and spending.

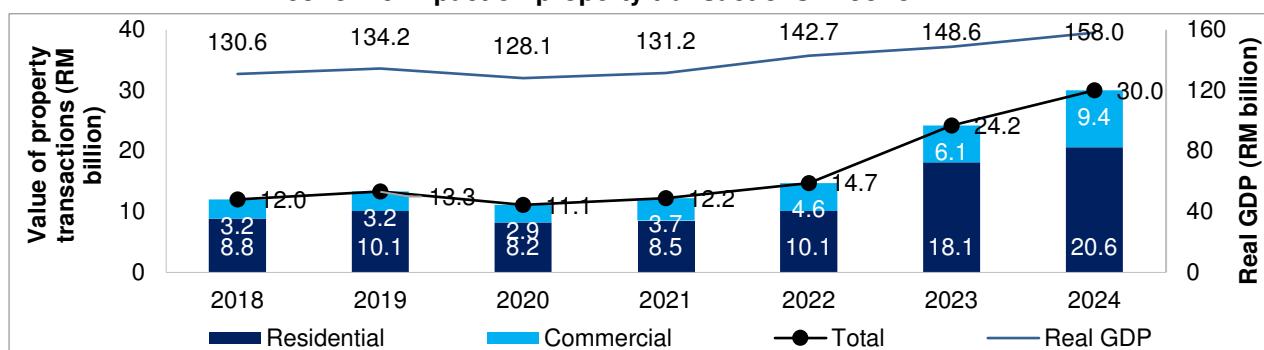
The Economic Outlook 2026 by the Ministry of Finance Malaysia further projects economic growth between 4.0% and 4.8% in 2025 and between 4.0% and 4.5% in 2026, supported by a resilient external sector, benefitting from improved global trade and stronger demand for electrical and electronic goods, leveraging the country's strategic position within the semiconductor supply chain. Additionally, robust domestic demand, fuelled by strong private sector expenditure, will support the expansion, through continued implementation of key national master plans and ongoing initiatives. The real estate and business services subsector is forecast to increase by 7.3% in 2025 and 6.7% in 2026, driven by sustained demand for professional services, particularly engineering-related services in construction activities, including new data centre facilities and the construction sector is forecast to increase by 10.1% in 2025 and 6.1% in 2026, supported by the improvement in the sales of residential properties, continued rollout of large-scale public infrastructure projects towards the end of the Twelfth Malaysia Plan, 2021 – 2025 and construction activities for data centres.

The construction sector is forecast to register a growth of 10.1% in 2025, largely driven by the acceleration of strategic infrastructure projects. The non-residential buildings subsector is projected to expand further, supported by strong demand for industrial facilities from the realisation of approved investments, the development of new industrial areas such as the Kerian Integrated Green Industrial Park (KIGIP) and Johor-Singapore Special Economic Zone (JS- SEZ). The residential buildings subsector is anticipated to expand, driven by sustained demand for affordable housing alongside new development projects by the private sector. Economic growth will bode well for the property market in Johor Bahru and support demand.

¹ Central Bank of Malaysia, Quarterly Bulletin 4Q 2021

² Central Bank of Malaysia, Quarterly Bulletin 4Q 2022

Economic impact on property transactions in Johor



Source: Department of Statistics Malaysia, NAPIC, PROVIDENCE analysis

Government initiatives to boost the property market

The growth in the property market in 2024 was supported by the implementation of various Government efforts and initiatives to drive Malaysia's economy and simultaneously stimulating the expansion of the property market nationwide through the MADANI Economy Framework. Several initiatives which were outlined under Budget 2023 and 2024 become a catalyst to the sustainable property market activities, among others:

- The full stamp duty exemption on the instrument of transfer and loan agreement for the purchase of the first residential home priced up to RM500,000 by Malaysian citizens remained until December 31, 2025;
- Establishment of a high-tech industrial area in Kerian, Northern Perak, to widen the electrical and electronics cluster ecosystem in the Northern Region;
- The allocation of RM546 million to continue the implementation of 36 Program Perumahan Rakyat, including new project in Kluang, Johor, and another 15 PPR projects, is expected to be completed, and this are expected to benefit 5,100 potential new residents;
- The allocation of RM358 million will be channeled to continue the construction of 3,500 housing units under the 14 Program Rumah Mesra Rakyat;
- Provide guarantees of up to RM10 billion under Skim Jaminan Kredit Perumahan (SJKP), which will benefit 40,000 borrowers;
- Impose of a flat rate stamp duty of 4% on the transfer of land ownership documents by non-citizens and foreign-owned companies, except for individuals with permanent residency status in Malaysia; and
- Ease the requirements of Malaysia My Second Home (MM2H) programme to attract more tourists and foreign investors to Malaysia.

The property market is expected to continue its momentum supported by various initiatives outlined by the Government under Budget 2025, among others:

- Forest City has been approved as a duty-free Island to boost tourism and local economic activities. In addition, an incentive package for the Forest City Special Financial Zone was announced in September 2024 to boost financial services activities, such as global business financial services and fintech;
- Government will provide special incentives under the Johor-Singapore Special Economic Zone to attract high-quality investments and high-value jobs;
- Allocation of RM405.0 million to continue 48 Program Residensi Rakyat, including two new Program Residensi Rakyat in Port Dickson, Negeri Sembilan and Seberang Perai Tengah, Penang. A total of 30 Program Residensi Rakyat projects is expected to be completed by end-2025, will benefit nearly 17,500 new residents;
- Allocation of RM452 million to provide 14 Rumah Mesra Rakyat which involves construction of 5,410 unit of new housing units;
- Provide Government Guarantees of up to RM10.0 billion under the Housing Credit Guarantee Scheme (SJKP) on housing financing for the benefit of 20,000 home buyers;
- Provide individual income tax relief on housing loan interest payments to encourage home ownership among first-time buyers. Tax relief of up to RM7,000 for residential homes priced up to RM500,000 and tax relief of up to RM5,000 for residential homes priced from RM500,000 ringgit to RM750,000;

- The Step-Up Financing Scheme under Housing Credit Guarantee Scheme (SJKP) was introduced as a Government guarantee of up to RM5.0 billion specifically for youngsters seeking to purchase their first home, with a lower instalment rate for the first five years; and
- Funding RM200.0 million through UDA Holdings Berhad for the development of affordable housing for rakyat on *waqf* lands.

The Government has further announced several measures under Budget 2026 that aim to support the property market, among which include:

- provision of a RM120.0 million matching grant to the foundation of government linked investment companies (GLICs) and government linked companies (GLCs) to work with the Government in addressing issues faced by the rakyat, such as addressing the plight of the urban poor, overcoming urban homelessness and capacity building;
- an additional 80,000 first-time homebuyers will be offered Skim Jaminan Kredit Perumahan (“**SJKP**”) guarantees, which will be increased to RM20.0 billion from RM10.0 billion. This increase will enable more gig workers and self-employed individuals to own homes;
- for first-time homebuyers, the Government proposes a full exemption of stamp duty on the transfer deeds and loan agreements for the purchase of a first home priced up to RM500,000, which will be extended for two years until 31 December 2027;
- the Government proposes to impose a flat rate stamp duty, increasing from 4.0% to 8.0%, on instruments of transfer for residential properties purchased by non-citizens and foreign companies, except for individuals with permanent resident status in Malaysia. This measure aims to ensure a competitive property market and help control rising house prices for the benefit of the rakyat;
- in line with the aspirations of the Thirteenth Malaysia Plan, the Government encourages financial institutions to support the implementation of the rent-to-own and build-then-sell schemes;
- the Government proposes expenditure on the renovation and conversion of commercial buildings into residential units be granted a special tax deduction of 10.0% of qualifying expenditure, limited up to RM10.0 million;
- in addressing the challenge faced by contract civil servants in securing their first housing loan, the SJKP will provide loan guarantees of up to 120%, with a total value of RM1.0 billion. Bank Simpanan Nasional has committed RM500.0 million dedicated solely to finance first home loans for this segment. These initiatives will benefit contract staff, including Taman Bimbingan Kanak-kanak (TABIKA) and Taman Asuhan Kanak-kanak Jabatan Kemajuan Masyarakat (TASKA KEMAS) educators; and
- the Skim Pembiayaan Perumahan Muda under the Public Sector Home Financing Board (“**LPPSA**”) will be extended until 31 December 2026, expected to benefit up to 48,000 civil servants below 30 years old. The maximum eligibility limit for LPPSA financing facilities will be increased to RM1.0 million in line with salary adjustments and increases in property market prices. Following this increase, second financing applications will be facilitated without requiring full settlement of the first loans, subject to remaining financing eligibility limit. This will be introduced as early as the fourth quarter of 2026.

Malaysia has implemented key initiatives to enhance its ease of doing business aimed at intensifying trade and investment, particularly through targeted regulatory reforms, which include:

- the Kulai Fast Lane (KFL) initiative, which has significantly shortened the processing time for construction permits from 24 – 36 months to 14 months. The duration covers regulatory processes from submission of development plans until starting of operation. This initiative resulted in attracting investments amounting RM40.7 billion, and the creation of 7,000 highly skilled job opportunities. This improvement is part of efforts towards positioning Kulai as a preferred investment hub in Johor; and
- the Xpats Gateway has transformed the expatriate application approval process by integrating processes of 25 regulatory agencies into a ‘single-window’ platform. As a result, the approval time has been shortened from six months to only five days for the fast-track process or 15 days for the normal track. This expedited process has enabled 18,000 companies to meet their demand for skilled talents, with over 120,000 local jobs expected to be created, particularly in the high growth high value sectors.

These regulatory reforms demonstrate Malaysia’s commitment to creating a more business-friendly environment, facilitating the smooth operation of businesses, and promoting both domestic and foreign investments.

Several initiatives specific to the state of Johor will also support demand for properties in the state, among which include the proposed Johor-Singapore Special Economic Zone and establishment of Forest City as a special financial zone.

Malaysia and Singapore signed a memorandum of understanding on 11 January 2024 to work on a Johor-Singapore Special Economic Zone that would pave the way for increased cross-border trade and investments, as well as stronger economic connectivity between Johor and Singapore. The agreement to finalise the establishment of Johor-Singapore Special Economic Zone was signed on 7 January 2025.

The Johor-Singapore Special Economic Zone is expected to further boost trade between Johor and Singapore, and modelled after Shenzhen, which has a thriving special economic zone. Malaysia and Singapore are partnering each other to create the special economic zone, adjacent to the Singaporean border to foster stronger business connections and improve connectivity between the nations, as the Southeast Asian region strives to counter a global economic slowdown. The special economic zone is also expected to improve the business ecosystems of both the Iskandar Malaysia region and Singapore. Among the sectors that the zone is targeting are electronics, financial services, business-related services and healthcare. In 2024, Johor secured RM29.7 billion worth of foreign investments in various economic sectors.

In August 2023, the Government designated a special financial zone in Forest City in an effort to boost investment, growth and economic activities in the state of Johor. The designated special financial zone spans across approximately 2,832.79 hectares in Forest City, allocated as part of foreign investment to boost the economic development of the area. Several incentives for the special financial zone have been announced which will see the expansion of incentives in Iskandar Malaysia to Forest City, including a special income tax rate of 15.0% for skilled workers and multiple entry visas. These incentives are expected to stimulate growth, particularly in the healthcare, education and tourism sectors. Further, these incentives would attract companies facing high operating costs in Singapore, as the cost of doing business in this special financial zone would be more affordable, aided by several incentives provided by the Government. The development of the special financial zone involves infrastructure improvements such as highways and public transportation to improve accessibility and quality of life to benefit the local community.

In July 2024, the Dewan Rakyat passed five bills to turn Pulau Satu in Forest City into a duty-free island. Once approved by the Dewan Negara and the relevant laws are amended, Forest City would join the likes of other duty-free islands in Malaysia, namely Labuan, Langkawi, Tioman and Pangkor. Existing laws governing other duty-free islands would also apply to Forest City, including the requirement for visitors to stay on the island for at least two days to qualify for duty-free products. These bills aim to boost trade, attract investments and stimulate economic activity in Johor, as part of the Government's plans to create a special financial zone in Forest City to foster investment and economic growth in Johor. The indirect tax amendment acts relating to the Pulau Satu area of Forest City came into effect commencing 1 December 2024, namely the Customs (Amendment) Act 2024, Excise (Amendment) Act 2024, Free Zones (Amendment) Act 2024, Sales Tax (Amendment) Act 2024 and Service Tax (Amendment) Act 2024).

PROVIDENCE expects the residential and commercial property development market to perform relatively better in 2025 and 2026. The construction sector is forecast to increase by 10.1% in 2025 and subsequently 6.1% in 2026. The acceleration of public infrastructure projects towards the final year of the Twelfth Malaysia Plan, 2021 – 2025 will further support the civil engineering subsector. In addition, the construction of data centres mainly in Johor and Selangor as well as industrial buildings is anticipated to further strengthen the non-residential buildings subsector. The residential buildings subsector is projected to grow, supported by increasing demand for affordable houses in line with the Government's initiatives under Budget 2025 and Budget 2026 respectively. Further, private sector led projects will continue to provide additional support to the residential buildings subsector.

Population growth and urbanisation create demand for residential and commercial properties

Based on a projection by the United Nations Department of Economic and Social Affairs (“DESA”), it is estimated that Malaysia's population, similar to the rest of the world, will increase exponentially within three decades. According to the World Population Prospects: The 2017 Revision, the nation's population is expected to reach almost 33 million people in 2020, with numbers projected to rise to more than 40 million in 2050. The same trend has been projected for the nation's urbanisation rate, which stands at 75%. DESA, in its World Urbanisation Prospect: The 2014 Revision, projected that Malaysia was expected to register an urbanisation rate of 80% in 2020, and between 85% to 90% by 2050. In 2024, Malaysia's population stood at 34.1 million. According to the Key Findings of Population and Housing Census of Malaysia 2020 published by the Department of Statistics Malaysia in December 2022, Malaysia's urbanisation rate increased to 75.1% in 2020 from 70.9% in 2010.³

The increase in urbanisation will bring changes and challenges unless it can be supported by property development for housing and commercial activities as well as robust infrastructure for roads and highways, electricity, piped gas, water and sewerage as well as communications services. This will ensure that cities in

³ Department of Statistics Malaysia. Latest available statistics as at 13 January 2026

Malaysia will continue to experience growth and remain competitive. Thus, investments in property development are vital to support population growth and urbanisation.

Local infrastructure development supports demand for residential and commercial properties

Several infrastructure developments are slated in Johor Bahru which will boost economic activities and attract local and foreign investments. Local and foreign investments create job opportunities for the population. This supports traffic flow and increased population in the capital city due to migration of the population from rural areas to the city centre. This will positively support demand for residential and commercial properties in Johor and particularly Johor Bahru. Among the infrastructure developments announced include:

- **RTS Link**
The development of a 4-kilometre transportation system linking Johor Bahru, Malaysia with Woodlands, Singapore (through the Straits of Johor). This project has an estimated cost of RM10.0 billion and it consists of two stop stations which are at Bukit Chagar Station, Malaysia and Woodlands North Station, Singapore. The concessionaire for this project is RTS Operation Sdn Bhd (a joint operating company between Prasarana Malaysia Berhad and SMRT Corporation Ltd from Singapore). The groundbreaking ceremony was held at the Bukit Chagar station construction site on 22 November 2020. Construction is presently underway with expected completion in 2026.
- **Johor Bahru – Pontian Bridge**
The construction of a 7.5-kilometre bridge connecting Pelabuhan Tanjung Pelepas, Daerah Johor Bahru to Tanjung Bin, Kukup. The bridge is presently under construction.
- **Electrified double track from Gemas – Johor Bharu**
The construction of 192 kilometres of electrified double tracks and 11 stations has an estimated project costs of RM9.55 billion (including consultation costs and acquisition of rolling stocks). It involves aligning the rail system from Gemas connecting to Bandar Segamat, Kluang, Labis, Bekok, Paloh, Renggam, Layang-Layang, Mengkibol, Kulai and Kempas Baharu. Upon completion, the rail system in the west coast of Peninsular Malaysia will be fully electrified.

Availability of financing and interest rates support residential and commercial property transactions

In May 2019, the Central Bank of Malaysia reduced the Overnight Policy Rate (“OPR”) by 25 basis points to 3.00%. On the demand-side, the amount of loan applications and total loan approvals for the purchase of residential properties in 2019 increased by 8.3% and 8.6% respectively. For the non-residential property, the amount of loan applications and total loan approvals increased by 0.6% and 4.0% respectively. The ratio of loans approvals against loans applications for the purchase of residential property and non-residential property stood at 43.2% and 37.5% in 2019 in comparison to 43.1% and 36.3% in 2018.

The Central Bank of Malaysia further lowered the OPR to 2.75% in November 2019, 2.50% in March 2020, 2.00% in May 2020 and 1.75% in July 2020 as the COVID-19 pandemic affected the economy. In 2020, the amount of loan applications for residential property purchases increased by 2.2% while the total loan approvals decreased by 17.3%. For the non-residential property, the amount of loan applications and total loan approvals decreased by 30.0% and 37.3% respectively. The ratio of loans approvals against loans applications for the purchase of residential properties and non-residential properties stood at 35.0% and 33.6% in 2020 in comparison to 43.2% and 37.5% in 2019.

Throughout 2021, the OPR remained at 1.75% which accommodated and supported economic recovery. During the year, loan applications and approvals for residential properties increased by more than 30% compared to 2020. Similarly, loan applications and approvals for non-residential properties increased by 33.9% and 45.7% respectively. During the year, the Central Bank of Malaysia gradually increased the OPR from 1.75% to 2.00% in May 2022, 2.25% in July 2022, 2.50% in September 2022 and 2.75% in November 2022.

In May 2023, the Central Bank of Malaysia further increased the OPR to 3.00%. The loan applications for residential properties declined marginally by 0.7% in comparison to 2022 (28.7%), while loan approvals increased marginally by 3.1%. Comparatively, Nevertheless, loan applications and approvals for non-residential properties increased by 29.6% and 14.8% respectively. The Central Bank of Malaysia continued to maintain the OPR at 3.00% throughout 2024. In July 2025, the Central Bank of Malaysia lowered the OPR to 2.75% to support economic growth.

Residential and non-residential property loans in Malaysia

Residential	Non-residential
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Year	Loan application (RM billion)	Loan approval (RM billion)	Ratio approval / application (%)	Loan application (RM billion)	Loan approval (RM billion)	Ratio approval / application (%)
2018	240.9	103.7	43.0	96.9	35.2	36.3
2019	260.8	112.6	43.2	97.6	36.6	37.5
2020	266.4	93.1	34.9	68.3	23.0	33.7
2021	349.6	122.0	34.9	91.5	33.5	36.6
2022	450.1	181.4	40.3	122.4	64.5	52.7
2023	446.7	186.9	41.8	158.6	74.1	46.7
2024	457.4	192.4	42.1	177.4	90.8	51.2

Source: Central Bank of Malaysia, PROVIDENCE analysis

COMPETITIVE LANDSCAPE

The property market in Johor is competitive and comprises industry players that are involved in the development of residential and commercial properties in the state. While the property market is competitive in nature, there are barriers to entry that can restrict the entry of new firms into this industry, among which include:

- **Industry reputation**

The reputation and quality of industry players and their developments are important competitive factors in the property market. Good reputation is formed by offering holistic living and working built developments, as well as satisfactory services.

- **Landbanks**

An industry player's experience and understanding of the property development market will enable it to acquire suitable lands at reasonable and competitive rates for development and develop suitable projects on the said lands. Industry players may also enter into joint ventures with land owners to launch developments. By utilising appropriate marketing strategies that are targeted at the potential buyer market, industry players are able to increase our reach and obtain a larger volume of buyers.

Iskandar Waterfront City Berhad is principally involved in all core activities in the property development industry value chain which includes land identification and acquisition and land topography analysis (project initiation); property design development, project planning; project management which include management construction activities; and ultimately marketing and sales management. In the financial year ended ("FYE") 31 December 2024, Iskandar Waterfront City Berhad secured a revenue of RM101.8 million from the sales of residential properties in Johor Bahru, Johor. In comparison to the total residential property transactions in Johor Bahru of RM14.4 billion in 2024, Iskandar Waterfront City Berhad garnered a market share of 0.7%.

The following sets out the latest available revenues of private and public listed firms in Malaysia that are involved in the property development market in Johor Bahru:

Industry player	Developments in Johor ^d	Latest available FYE	Revenue (RM)	Profit / loss before tax (RM)	Profit / loss before tax margin (%)	Profit / loss after tax (RM)	Profit / loss after tax margin (%)
Country Garden Pacificview Sdn Bhd	Townships: Country Garden Danga Bay, Country Garden Central Park, Country Garden Forest City	31 December 2024	1,037,418,000	251,597,000	24.3	251,533,000	24.2
Country View Berhad ^a	Townships: Aurora Resort Villas @ Aurora Sentral, Iskandar Puteri (two-storey resort villas), Taman Nusa Sentral, Taman Nusa Indah, Taman Nusa Bestari Jaya, Residence at the Peak, Taman Universiti Shops: Aurora Avenue @ Aurora Sentral, The Shoppes @ One Sentral, Aurora City @ Aurora Sentral	30 November 2024	195,394,000	31,978,000	16.4	25,548,000	13.1
Eco World Development Group Berhad ^{a, b}	Townships: Eco Botanic, Eco Spring, Eco Tropics, Eco Summer	31 October 2024	2,258,213,000	406,906,000	18.0	303,539,000	13.4
Danga Jed Development Sdn Bhd (formerly known as Greenland Danga Bay Sdn Bhd)	High-rise residential: Greenland Danga Bay	31 December 2023	-	-2,751,172	-	-2,751,172	-
Iskandar Waterfront City Berhad ^a	Landed residential: Danga Sutera Phase 1, Danga Sutera Phase 2, Danga Sutera Phase 3 High-rise residential: Botanika Tower B, Botanika Tower C	31 December 2024	101,751,000	-17,162,000	-16.9	-19,363,000	-19.0
JLG Land Berhad (formerly known as Johor Land Berhad)	Townships: Bandar Dato Onn, Bandar Tiram, Taman Bukit Dahlia, Taman Mutiara Gading (Batu Pahat)	31 December 2024	431,339	149,805	34.7	116,573	27.0
KSL Holdings Berhad ^a	Townships: KSL Pulau Bestari, KSL Alma, KSL Mutiara Bestari (1, 2 & 3), Nusa Bestari, Kempas Indah, Bestari Indah, Taman Mengkibol High-rise residential: D'Secret Garden @ Kempas Indah, KSL Avery Park, D'Esplanade @ KSL City, D'Inspire Residence @ Nusa Bestari, D' Secret Garden @ Kempas Indah, KSL Residences @ Daya, KSL Residences 2 @ Kangkar Tebrau, KSL Bukit Gemilang	31 December 2024	1,376,660,693	619,354,460	45.0	472,071,583	34.3

Industry player	Developments in Johor ^d	Latest available FYE	Revenue (RM)	Profit / loss before tax (RM)	Profit / loss before tax margin (%)	Profit / loss after tax (RM)	Profit / loss after tax margin (%)
Mah Sing Group Berhad ^{a, b, c}	Hospitality: KSL Resort Johor Bahru, KSL Hotel & Resort - Apartment @ D'Esplanade, KSL Hotspring Resort						
	Retail: KSL City Mall						
	Township: Meridian East @ Pasir Gudang (Township)	31 December 2024	2,520,300,000	337,070,000	13.4	239,099,000	9.5
	High-rise residential: Meridin Bayvue @ Taman Sierra Perdana, Johor						
	Shops: Ixora @ Meridin East						
	Service apartment: Meridin @ Meridin SOVO						
MB World Group Berhad	Township: Taman Sri Penawar @ Bandar Penawar, Bukit Tinggi	31 December 2024	1,050,440,762	180,013,607	17.1	129,530,137	12.3
	High-rise residential: Pinnacle Tower, Veranda Residence @ MBW City, Sierra Heights @ Plentong, Meldrum Heights @ Johor Bahru City Centre, Aliff Heights @ Tampoi, Trellis Residence @ MBW City, Pandan Heights (Residensi Pandan 3) @ Pandan City, Idaman Heights (Residensi Idaman Ria) @ Taman Nusa Idaman, Iskandar Puteri, Aville Residence (Residensi Permata Indah) @ MBW Cove, Teluk Jawa, JB, Avenue Residences (Residensi Puncak Saujana - Fasa 2) @ MBW City						
	Landed residential: Perdana Heights @ Skudai, Serenita 1 @ Taman Sri Penawar, Serenita 2 @ Taman Sri Penawar, Serenita 3 @ Taman Sri Penawar, Harmonia 1, 2 & 3 @ Taman Sri Penawar, Dalia @ Taman Sri Penawar, Aura 1 @ Taman Sri Penawar						
	Shops: Desaru Avenue @ Taman Sri Penawar						
R & F Development Sdn Bhd	R&F Princess Cove	31 December 2024	1,236,373,802	371,655,098	30.1	297,616,110	24.1
SouthKey City Sdn Bhd	Township: South Key	31 March 2025	16,343,688	18,691,921 ^e	114.4	18,547,621	113.5

Industry player	Developments in Johor ^d	Latest available FYE	Revenue (RM)	Profit / loss before tax (RM)	Profit / loss before tax margin (%)	Profit / loss after tax (RM)	Profit / loss after tax margin (%)
Sunway Berhad ^{a, b, c}	Landed residential: Sunway Aviana Residence, Sunway Emerald Residence, Sunway Citrine Lakehomes, Sakura Residence, Sunway Lenang Heights High-rise residential: Sunway GRID Residence, Sunway Citrine Residence High-rise office: Wisma Sunway Big Box, Citrine Executive Office Suites Shops: Sunway GRID Hub, Sunway Boulevard 88	31 December 2024	7,882,557,000	1,523,794,000	19.3	1,281,129,000	16.3
Tropicana Danga Bay Sdn Bhd	High-rise residential: Tropicana Danga Bay, Bora Residences, Tropez Residences	31 December 2024	2,201,035	16,506,097 ^f	749.9	16,506,097	749.9
UEM Sunrise Berhad ^{a, b}	Landed residential: Serimbun, Aspira Gardens, Senada Hills High-rise residential: Nadi Nusantara 1, Residensi Ledang, Almas Suites, Impiana Shops: Nusa Bayu, Aspira Square, Puteri Harbour Marina High-rise office: Teega Tower, Imperia Tower	31 December 2024	1,340,318,000	161,042,000	12.0	102,511,000	7.6

Notes:

^a Listed on the Main Market of Bursa Malaysia Securities Berhad

^b Includes revenue from property development activities outside Johor

^c Includes revenue from businesses other than property development

^d Based on publicly available information such as company websites, annual reports and the internet

^e Higher than revenue due to share of profit of associates and joint ventures

^f Higher than revenue due to other income

^g The list above is based on publicly available information and is not exhaustive as it may not include companies whose financial information have been private exempted and cannot be viewed by the public

Latest available as at 13 January 2026

Source: Various annual reports, company websites, Companies Commission of Malaysia, PROVIDENCE analysis

2 CONSTRUCTION SECTOR IN MALAYSIA

Growth in Malaysia's construction sector moderated to 4.2% in 2018 (2017: 6.7%). The moderation was on account of weaknesses in the property segment, as the higher levels of unsold residential properties and the oversupply in commercial property weighed on growth in the residential and non-residential sub-sectors respectively. Nevertheless, the civil engineering sub-sector remained the key driver of growth for the construction sector, supported by continued progress of large petrochemical, transportation, and utility projects. The special trade sub-sector benefited from early works activity from large transportation projects and additional support from solar projects.

In 2019, growth in Malaysia's construction sector further moderated to 0.1% mainly due to the completion and near-completion of large infrastructure and mixed development projects. In the non-residential and residential subsectors, fewer and smaller new projects amid the commercial property glut and elevated level of unsold residential properties also contributed to the lower growth.

Malaysia's construction sector contracted by 19.4% in 2020 due to reduced work capacity in compliance with containment measures, labour shortages arising from international border closures, supply chain disruptions and site shutdowns following the COVID-19 pandemic.

In 2021, the nation's construction sector declined by 5.2% as construction activities in the residential and non-residential subsectors were affected by the extended periods of lockdown and reduced operating capacity. Nevertheless, the easing of the containment measures since August 2021 and the reopening of the economy supported the gradual improvement in construction activities towards the end of 2021.

In 2022, Malaysia's construction sector began showing signs of recovery and expanded by 5.0% following the picking up in construction activities. The non-residential subsector rebounded strongly from the previous year, on account of faster progress of large commercial real estate and industrial projects.

The nation's construction sector registered a growth of 6.1% in 2023, supported by better labour supply conditions and easing of building material costs during the year. The growth was driven by the faster progress of multi-year projects, particularly in the transport and utilities segments. Meanwhile, growth in the residential subsector rebounded as housing demand improved further amid better income and employment conditions.

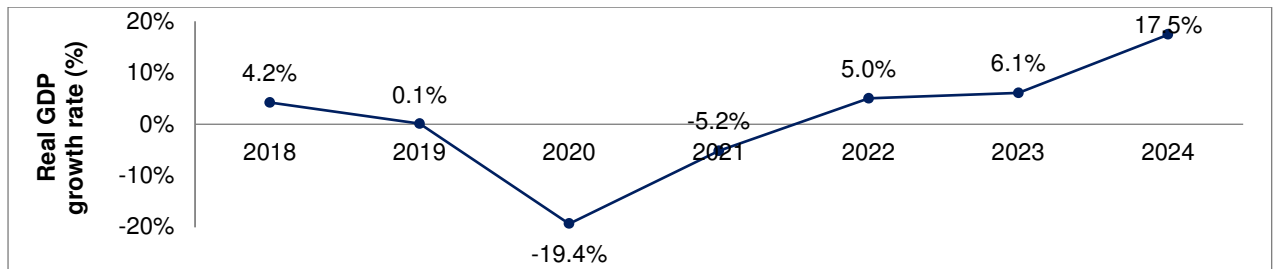
Malaysia's construction sector registered a double-digit growth of 17.5% in 2024, driven mainly by multi-year infrastructure projects, particularly in the transportation segment. The residential subsector recorded higher activity, benefiting from new housing projects. This was in line with higher demand for housing as income and employment conditions improved. Additionally, the non-residential subsector rebounded driven by industrial and commercial projects. The construction sector is further forecast to register a growth of 10.1% in 2025, largely driven by the acceleration of strategic infrastructure projects. The sector is expected to benefit particularly from civil engineering activities such as LRT3 Phase 2. Non-residential construction activities are expected to expand in 2025, supported by demand for industrial facilities from the realisation of approved investments, coupled with the development of new industrial areas. Residential construction activities are also projected to grow in 2025 on the back of demand for affordable housing along with new development projects by the private sector.

Property development is also a key driver of growth for the construction sector. Between 2019 and 2024, commercial, industrial and residential property transactions in Malaysia rose from RM116.2 billion to RM192.1 billion at a CAGR of 10.6%. From this,

- residential property transactions rose from RM72.4 billion to RM106.9 billion at a CAGR of 8.1%;
- commercial property transactions rose from RM29.0 billion to RM58.1 billion at a CAGR of 14.9%; and
- industrial property transactions rose from RM14.8 billion to RM27.9 billion at a CAGR of 13.5%.

Malaysia's construction sector is further forecast to register a growth of 10.1% in 2025 and 6.1% in 2026, largely driven by the acceleration of strategic infrastructure projects. Growth will be driven by continued activities in non-residential, special trade and residential subsectors. In the non-residential subsector, growth will be underpinned by projects in both the industrial and commercial property segments. The special trade subsector will be supported by the implementation of small-scale projects announced under Budget 2025 while civil engineering subsector will be supported by works performed on large infrastructure projects such as LRT 3 and the RTS Link. The residential subsector will benefit from new housing projects, particularly in the affordable housing segment. Government incentives such as the personal tax relief for first-time homebuyers are expected to stimulate housing demand.

Construction sector GDP growth in Malaysia



Source: Department of Statistics Malaysia, PROVIDENCE analysis

The construction sector in Johor has largely reflected Malaysia's construction sector during the COVID-19 pandemic era. Post COVID-19 pandemic, Johor's construction sector has witnessed positive growth commencing 2021.

Between January and June 2022, Johor ranked as the top state recording committed investments of RM60.93 billion comprising RM54.2 billion in the services sector, followed by RM6.7 billion in the manufacturing sector. Investments in the services sector were mainly for foreign-owned data centres. With the reopening of international borders in 2022, property development and construction projects recorded a positive performance, especially residential units with easy access to/from the Singapore Causeway. The industrial sector saw positive growth in the year due to data centre developments. Several data centre developments were announced in 2022 which supported the construction sector in Johor, among which include:

- GDS Holdings Ltd, a developer and operator of data centres in China, commenced construction of the first phase of the hyper scale data centre campus at Nusajaya Tech Park in April 2022;
- Yondr Group announced the development of its 200 megawatts hyperscale campus on 72.8 acres of land located in Sedenak Tech Park;
- YTL Corp launched the 500MW YTL Green Data Centre Park, the first data centre to be powered by renewable energy, in Kulai;
- Nasdaq-listed Equinix, Inc invested RM180.0 million to build a new International Business Exchange TM(IBX) data centre called JH1 at Nusajaya Tech Park; and
- JLand Group signed a memorandum of understanding with Mitsui and Co Ltd to develop a hyperscale data centre and a solar farm in Sedenak Tech Park.

Johor's tourism sector also saw more activity following the easing of travel restrictions and reopening of borders with Singapore in 2022. New hotels opening in 2022 included Fives Hotel in Johor Bahru city centre, Opero and St. Giles Hotels in Southkey Johor Bahru, and ibis Styles Johor in Iskandar Puteri, totalling 1,238 new hotel rooms.

Under Budget 2022, the Government also announced intentions to expand 5G services will be expanded to 36% of high-density areas including in major cities in Johor, Selangor, Penang, Sabah and Sarawak.

Under Budget 2023, the Government announced the implementation of the improvement of highway facilities to Pengerang by constructing an overtaking lane on the Senai Desaru Expressway. The Government also agreed to execute in phases the upgrading project of North-South Highway from Yong Peng Utara to Senai Utara – Fasa 1, Johor Bahru, from four to six lanes with the cost of RM525 million. The Government began preliminary work to upgrade 26 hospitals including the expansion of Kuala Kangsar Hospital, Perak, Jelebu, Negeri Sembilan, as well as Pontian Hospital, Johor in 2023.

In 2023, key infrastructure projects such as the RTS link, Gemas-Johor Bahru Electrified Double Track and Sungai Pulai Bridge connecting the Port of Tanjung Pelepas (PTP) in Gelang Patah and Tanjung Bin in Pontian made significant progress, thereby contributing to growth in Johor's construction sector. Several industrial development developments that took place in the state included:

- ATT Tanjung Bin Sdn Bhd invested RM260.0 million for Phase 3 of Bitumen Storage Tank Construction in Kukup;
- EcoCeres invested RM1.0 billion to set up a sustainable aviation fuel production facility in Pasir Gudang; and
- Alton Industry Ltd Group announced plans to construct a RM500.0 million manufacturing, research and development base in Johor Bahru.

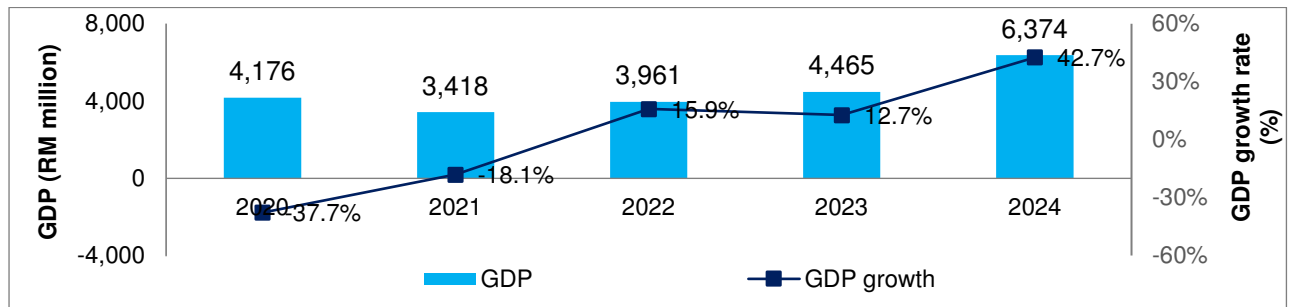
Johor recorded a GDP of RM158.0 billion in 2024, making it one of the main contributors to the national economy. This growth is driven by balanced development across various sectors, including a 42.7% surge in the construction sector, driven by large-scale data centre projects and digital infrastructure such as cooling systems and high-capacity optical fibres. The state government of Johor is also working with the federal government to implement high-impact infrastructure projects such as the widening of the North-South Expressway, the Senai-Desaru Expressway, the autonomous rapid transit (ART) project in Iskandar Malaysia, the RTS Link and the proposed Southern Route Commuter service.

In 2024, several infrastructure development projects supported the state's construction industry, among which included:

- Universiti Sains Islam Malaysia Teaching Hospital Complex (USIM) Phase 1 in Kota Tinggi, Johor at a cost of RM938.0 million;
- Preliminary work for the construction of Hospital Sultanah Aminah 2, Johor Bahru, Johor; and
- RM546 million allocated for continuing the implementation of 36 Program Perumahan Rakyat (PPR), including a new project in Kluang, Johor.

The construction sector expanded in the first half of 2025, supported by the realisation of private investment in industrial facilities, commercial complexes and data centres. The residential buildings subsector also posted a steady growth, supported by continued demand for affordable housing and Government initiatives to promote home ownership. Ongoing infrastructure projects in 2025 included the Pan Borneo Highway Sabah and RTS Link.

Construction sector GDP growth in Johor



Note:

^a Data pertaining to construction sector GDP and GDP growth rate in 2018 and 2019 are not publicly available as at the publication of this report

Source: Department of Statistics Malaysia, PROVIDENCE analysis

DEMAND CONDITIONS: KEY GROWTH DRIVERS

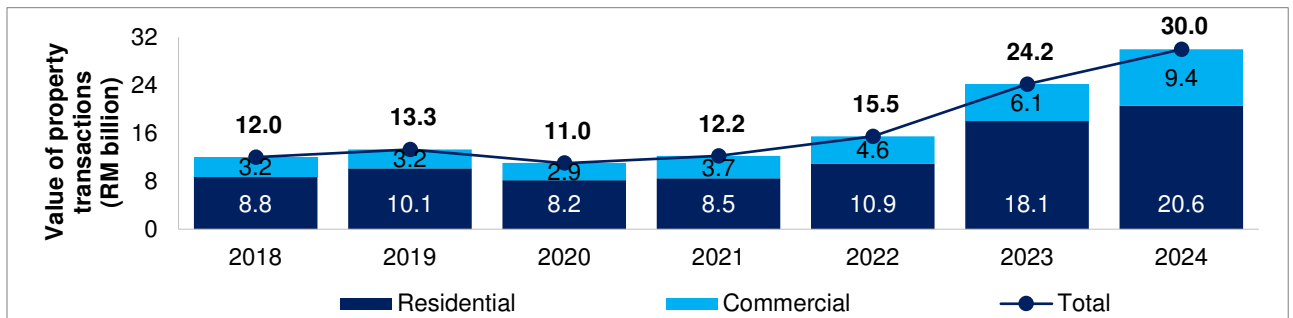
Growth in the property market supports demand for construction services

Between 2018 and 2024, total residential and commercial property transactions in Johor rose from RM12.0 billion to RM30.0 billion at a CAGR of 16.5%. From this, residential property transactions increased from RM8.8 billion to RM20.6 billion at a CAGR of 15.2% while commercial property transactions increased from RM3.2 billion to RM9.4 billion at a CAGR of 19.7%.

Post COVID-19 pandemic, Johor’s residential and commercial property transactions grew by 28.6% and 22.0% respectively in 2022 supported by transactions for vacant residential lands as well as serviced apartment developments. In 2023, Johor’s residential and commercial property transactions further grew by 65.9% and 33.4% respectively, mainly driven by landed residential properties and shops. The positive trend in residential and commercial property growth continued in 2024, at 13.8% and 54.1%, mainly supported by transactions for vacant residential and commercial lands.

The residential and commercial property market will be supported by initiatives announced under Budget 2025. Please refer to Government initiatives to boost the property market under Demand Conditions: Key Growth Drivers of the Property Development Market in Johor for further details.

Residential and commercial property transactions in Johor



Source: NAPIC, PROVIDENCE analysis

Data centre development in Johor creates demand for construction services

Malaysia has been home to data centres since the early 2000s. Data centre development in Malaysia has predominantly taken place in Selangor and Johor. Several factors support Malaysia's position as a potential leading data centre market globally including it being an existing regional hub for manufacturing, logistics and big data analytics; low electricity tariffs; adequate and affordable water supply for the cooling of data centres; tax incentives of up to five years by the Government of Malaysia; high literacy rates; low occurrence of natural disasters; and ample land supply at attractive prices.

In recent years, there has been a significant increase in demand from hyperscale co-location data centres in Malaysia. In response to this growing market, Tenaga Nasional Berhad introduced the Green Lane Pathway in 2023 to fast-track the onboarding process and reduce the time taken for the supply connection of electricity to data centres. In 2023, Tenaga Nasional Berhad saw a surge in electricity demand from data centres, as it received 63 applications with a cumulative maximum demand of 8.2GW, underscoring the digital economy's growing energy need. By the end of 2024, 18 data centres were energised, and 38 supply agreements secured, totalling 5.9GW. As of 2024, Malaysia had a total of 54 data centres, primarily in Johor and Cyberjaya.

The state government of Johor approved 42 data centre construction projects in the second quarter of 2025, positioning the state as a leader in the country's digital investment and a strategic destination for high-technology and knowledge-based economic growth in the region. Data centres serve as a key driver for the implementation of the Johor-Singapore Special Economic Zone, the Johor Digital Plan and the state's border economic transformation agenda. In Johor, the development of data centres is prioritised in planned industrial zones such as the Ibrahim Technopolis (IBTEC) in Kulai, the Sedenak industrial area and the Pasir Gudang industrial zone, as these locations offer strategic advantages, including direct access to major highways, high-capacity power grids, stable water supply, and proximity to ports and international airports. A total of 7,618 acres of planned industrial land has been allocated for data centre development in Johor.⁴

Government initiatives support demand for construction services

The Government has announced several construction projects under Budget 2025 that will support demand for construction services in Johor, among which include:

- third phase of the North-South Expressway (PLUS) expansion, increasing from four (4) to six (6) lanes on the Simpang Renggam – Machap stretch
- RTS Link project which is expected to be operational in 2027;
- the construction project of a riverbank barrage and water reservoir at Sungai Sedili Besar, Kota Tinggi, Johor
- allocation of RM110.0 million to enhance tourist areas, foster ecotourism partnerships, and support United Nations Educational, Scientific and Cultural Organisation (UNESCO) nominations such as improving facilities at Endau Rompin National Park, Johor; Redang Island, Terengganu; and Tusan Beach, Bekenu, Sarawak;
- upgrading nearby sewage treatment plants, and construct a sewage pipeline network along the Sungai Kim Kim, Johor to mitigate water pollution; and
- the construction of 44 new schools to commence in 2025, among which include SMK Bandar Putra Indah, Batu Pahat, Johor.

⁴ Johor approved 42 data centre construction projects in 2Q2025 — exco, The Edge Malaysia, 29 July 2025

The Government announced several infrastructure projects in the Budget 2026 that will be taken into account under the Thirteenth Malaysia Plan that will contribute to state development as well as support demand for construction activities. Specific to the state of Johor, the announced infrastructure projects comprise:

- upgrade of Senai-Desaru Expressway Phase 2A: Cahaya Baru to Sungai Johor for Johor-Singapore Special Economic Zone;
- construction of a road from Jalan Kluang – Renggam – Layang-Layang J25 at Taman Muhibbah to Jalan Kota Tinggi – Kluang, Kluang;
- replacement of lifts and escalators at Bangunan Sultan Iskandar and Johor Bahru Sentral;
- upgrade of the Section 16.0 intersection at Jalan Johor Bahru – Kulai and Jalan Gelang Patah, Johor Bahru; and
- upgrade of Jalan Pt. Panjang from Pekan Ayer Baloi to the Sedenak Toll Interchange, Pontian.

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3 APPENDIX A

Sales transactions for selected type of residential properties in Johor Bahru by price range

Type of property	Price range	Volume (units)		Value (RM million)		
		2019	2024	2019	2024	
Vacant land	0 - 100,000	63	718	4.1	68.4	
	100,001 - 200,000	80	647	12.2	85.9	
	200,001 - 300,000	200	256	53.4	58.0	
	300,001 - 400,000	111	65	36.8	23.3	
	400,001 - 500,000	14	13	6.4	5.9	
	500,001 - 600,000	7	18	3.9	10.0	
	600,001 - 700,000	12	33	7.9	22.1	
	700,001 - 800,000	7	39	5.2	29.8	
	800,001 - 900,000	3	19	2.6	16.0	
	900,001 - 1,000,000	1	10	0.9	9.7	
	1,000,001 and above	30	82	77.3	276.2	
	Total		528	1,900	210.8	605.1
	Single storey terrace	0 - 100,000	9	8	0.6	0.6
100,001 - 200,000		191	99	31.2	17.4	
200,001 - 300,000		410	238	109.1	59.7	
300,001 - 400,000		1,029	585	370.2	215.0	
400,001 - 500,000		658	1,281	296.7	592.9	
500,001 - 600,000		148	474	80.6	261.4	
600,001 - 700,000		40	218	26.2	139.8	
700,001 - 800,000		9	47	6.9	35.0	
800,001 - 900,000		2	45	1.7	38.4	
900,001 - 1,000,000		0	0	0.0	9.7	
1,000,001 and above		0	0	0.0	15.3	
Total			2,496	3,011	923.1	1,385.0
2 - 3 storey terrace		0 - 100,000	63	9	5.1	0.8
	100,001 - 200,000	528	82	93.2	13.7	
	200,001 - 300,000	690	573	178.5	155.6	
	300,001 - 400,000	679	833	239.7	297.6	
	400,001 - 500,000	1,139	1,664	523.0	771.8	
	500,001 - 600,000	1,156	2,600	648.5	1,432.1	
	600,001 - 700,000	805	1,528	528.0	1,001.8	
	700,001 - 800,000	354	1,337	264.7	1,009.1	
	800,001 - 900,000	189	876	160.9	743.7	
	900,001 - 1,000,000	71	475	68.3	449.8	
	1,000,001 and above	67	744	91.1	929.0	
	Total		5,741	10,721	2,801.0	6,805.0
	Single storey semi-detached	0 - 100,000	5	1	0.4	0.1
100,001 - 200,000		9	4	1.4	0.7	
200,001 - 300,000		9	16	2.0	4.1	
300,001 - 400,000		23	17	8.2	6.2	
400,001 - 500,000		40	35	18.4	16.1	
500,001 - 600,000		14	36	7.5	20.4	
600,001 - 700,000		14	32	9.3	21.0	
700,001 - 800,000		10	41	7.4	30.7	
800,001 - 900,000		3	11	2.6	9.5	
900,001 - 1,000,000		2	5	2.0	5.0	
1,000,001 and above		3	10	4.9	16.7	
Total			132	208	64.1	130.4
2 - 3 storey semi-detached		0 - 100,000	18	0	1.7	0.0
	100,001 - 200,000	8	3	1.0	0.5	

Type of property	Price range	Volume (units)		Value (RM million)	
		2019	2024	2019	2024
	200,001 - 300,000	12	3	2.8	0.8
	300,001 - 400,000	21	20	7.3	7.2
	400,001 - 500,000	19	36	8.6	17.0
	500,001 - 600,000	24	24	13.4	13.7
	600,001 - 700,000	48	42	32.1	27.7
	700,001 - 800,000	43	44	32.8	33.8
	800,001 - 900,000	33	59	28.3	50.5
	900,001 - 1,000,000	27	61	25.8	58.9
	1,000,001 and above	171	602	269.5	929.5
	Total	424	894	423.3	1,139.6
Detached	0 - 100,000	30	26	1.8	1.9
	100,001 - 200,000	37	41	5.7	6.4
	200,001 - 300,000	56	70	14.3	18.0
	300,001 - 400,000	42	56	15.2	20.2
	400,001 - 500,000	35	50	16.2	23.2
	500,001 - 600,000	18	36	9.9	20.0
	600,001 - 700,000	13	21	8.5	13.9
	700,001 - 800,000	14	24	10.5	18.2
	800,001 - 900,000	13	31	11.1	26.7
	900,001 - 1,000,000	9	21	8.7	20.3
	1,000,001 and above	87	230	226.0	624.5
	Total	354	606	327.8	793.2
Condominium / apartment	0 - 100,000	19	27	1.5	2.2
	100,001 - 200,000	252	291	43.0	47.2
	200,001 - 300,000	659	734	167.1	192.9
	300,001 - 400,000	654	879	231.5	316.7
	400,001 - 500,000	315	644	143.0	294.2
	500,001 - 600,000	115	164	63.1	90.8
	600,001 - 700,000	50	127	32.9	81.8
	700,001 - 800,000	27	129	20.2	96.2
	800,001 - 900,000	6	80	5.1	68.2
	900,001 - 1,000,000	6	55	5.8	53.1
	1,000,001 and above	16	95	23.1	157.8
	Total	2,119	3,225	736.3	1,400.9
Cluster house	0 - 100,000	24	0	2.2	0.0
	100,001 - 200,000	19	5	2.9	0.9
	200,001 - 300,000	2	3	0.5	0.8
	300,001 - 400,000	19	15	7.0	5.6
	400,001 - 500,000	25	28	11.4	13.1
	500,001 - 600,000	57	121	32.6	68.2
	600,001 - 700,000	48	71	31.9	47.0
	700,001 - 800,000	62	68	47.0	51.3
	800,001 - 900,000	75	101	64.9	85.9
	900,001 - 1,000,000	60	163	57.9	157.2
	1,000,001 and above	220	767	273.4	951.5
	Total	611	1,342	531.8	1,381.4
Townhouse	0 - 100,000	0	0	0.0	0.0
	100,001 - 200,000	7	91	1.1	13.8
	200,001 - 300,000	33	38	8.4	9.9
	300,001 - 400,000	35	43	12.5	15.4
	400,001 - 500,000	19	25	8.5	11.6
	500,001 - 600,000	3	18	1.7	9.9
	600,001 - 700,000	4	5	2.7	3.2
	700,001 - 800,000	1	0	0.8	0.0
	800,001 - 900,000	0	0	0.0	0.0

Type of property	Price range	Volume (units)		Value (RM million)	
		2019	2024	2019	2024
	900,001 - 1,000,000	1	9	1.0	9.0
	1,000,001 and above	1	2	1.1	2.2
	Total	104	231	37.7	75.1

Source: NAPIC, PROVIDENCE analysis

Sales transactions for selected type of commercial properties in Johor Bahru by price range

Type of property	Price range	Volume (units)		Value (RM million)	
		2019	2024	2019	2024
Vacant land	0 - 100,000	4	61	0.3	3.9
	100,001 - 200,000	44	103	8.8	15.9
	200,001 - 300,000	39	62	9.6	15.1
	300,001 - 400,000	1	79	0.3	27.8
	400,001 - 500,000	0	7	0.0	3.2
	500,001 - 600,000	0	0	0.0	0.0
	600,001 - 700,000	0	0	0.0	0.0
	700,001 - 800,000	0	0	0.0	0.0
	800,001 - 900,000	1	1	0.9	0.9
	900,001 - 1,000,000	0	3	0.0	3.0
	1,000,001 and above	12	65	278.6	1,102.8
	Total		101	381	298.4
1 – 1 ½ storey	0 - 100,000	2	0	0.2	0.0
	100,001 - 200,000	5	17	0.8	3.1
	200,001 - 300,000	4	12	1.1	3.0
	300,001 - 400,000	6	23	2.0	8.4
	400,001 - 500,000	7	18	3.1	8.3
	500,001 - 600,000	4	14	2.3	7.8
	600,001 - 700,000	1	2	0.7	1.3
	700,001 - 800,000	1	4	0.8	2.9
	800,001 - 900,000	2	2	1.8	1.7
	900,001 - 1,000,000	1	0	0.9	0.0
	1,000,001 and above	2	13	5.7	32.4
	Total		35	105	19.4
2 – 2 ½ storey	0 - 100,000	2	3	0.1	0.1
	100,001 - 200,000	21	17	3.7	2.7
	200,001 - 300,000	24	22	6.4	6.1
	300,001 - 400,000	41	66	14.8	23.6
	400,001 - 500,000	66	84	30.2	39.3
	500,001 - 600,000	69	109	39.0	61.2
	600,001 - 700,000	51	94	33.9	62.5
	700,001 - 800,000	73	158	55.0	118.7
	800,001 - 900,000	59	121	51.4	102.7
	900,001 - 1,000,000	41	77	39.6	74.0
	1,000,001 and above	140	391	190.1	603.7
	Total		587	1,142	464.3
3 – 3 ½ storey	0 - 100,000	1	0	0.1	0.0
	100,001 - 200,000	0	1	0.0	0.2
	200,001 - 300,000	5	5	1.2	1.3
	300,001 - 400,000	7	6	2.5	2.2
	400,001 - 500,000	6	16	2.8	7.6
	500,001 - 600,000	11	10	6.2	5.6
	600,001 - 700,000	20	21	13.0	14.0
	700,001 - 800,000	22	19	16.7	14.6
	800,001 - 900,000	21	31	18.4	27.2
	900,001 - 1,000,000	10	29	9.6	28.4
	1,000,001 and above	291	774	545.6	1,572.6

Type of property	Price range	Volume (units)		Value (RM million)	
		2019	2024	2019	2024
	Total	394	912	616.2	1,673.7
4 – 4 ½ storey	0 - 100,000	0	0	0.0	0.0
	100,001 - 200,000	0	0	0.0	0.0
	200,001 - 300,000	1	0	0.2	0.0
	300,001 - 400,000	0	2	0.0	0.7
	400,001 - 500,000	0	0	0.0	0.0
	500,001 - 600,000	2	2	1.1	1.2
	600,001 - 700,000	0	1	0.0	0.6
	700,001 - 800,000	0	1	0.0	0.8
	800,001 - 900,000	2	0	1.7	0.0
	900,001 - 1,000,000	0	6	0.0	5.8
	1,000,001 and above	27	52	47.6	138.3
	Total	32	64	50.7	147.5
5 – 5 ½ storey	0 - 100,000	0	0	0.0	0.0
	100,001 - 200,000	0	0	0.0	0.0
	200,001 - 300,000	0	0	0.0	0.0
	300,001 - 400,000	0	0	0.0	0.0
	400,001 - 500,000	0	0	0.0	0.0
	500,001 - 600,000	0	0	0.0	0.0
	600,001 - 700,000	0	0	0.0	0.0
	700,001 - 800,000	0	0	0.0	0.0
	800,001 - 900,000	0	0	0.0	0.0
	900,001 - 1,000,000	0	2	0.0	2.0
	1,000,001 and above	1	4	6.9	16.3
	Total	1	6	6.9	18.3
6 – 6 ½ storey	0 - 100,000	0	0	0.0	0.0
	100,001 - 200,000	0	0	0.0	0.0
	200,001 - 300,000	0	0	0.0	0.0
	300,001 - 400,000	0	0	0.0	0.0
	400,001 - 500,000	2	0	0.9	0.0
	500,001 - 600,000	0	0	0.0	0.0
	600,001 - 700,000	0	0	0.0	0.0
	700,001 - 800,000	0	0	0.0	0.0
	800,001 - 900,000	0	0	0.0	0.0
	900,001 - 1,000,000	0	0	0.0	0.0
	1,000,001 and above	1	0	5.8	0.0
	Total	3	0	6.7	0.0
Shop unit / retail lot	0 - 100,000	20	27	1.6	2.0
	100,001 - 200,000	81	77	14.0	12.7
	200,001 - 300,000	30	81	8.1	21.8
	300,001 - 400,000	37	50	13.0	18.0
	400,001 - 500,000	21	43	9.6	19.5
	500,001 - 600,000	9	19	4.9	10.8
	600,001 - 700,000	4	28	2.5	18.2
	700,001 - 800,000	3	14	2.2	10.4
	800,001 - 900,000	1	16	0.8	13.7
	900,001 - 1,000,000	1	18	0.9	17.2
	1,000,001 and above	8	55	13.1	87.5
	Total	215	428	70.8	231.9

Source: NAPIC, PROVIDENCE analysis

APPENDIX V – SUMMARY OF INTERNAL CONTROL REVIEW AND RISK MANAGEMENT REPORT

Pursuant to the Proposed Regularisation Plan of Iskandar Waterfront City Berhad (“IWCity”), Resolve IR Sdn Bhd (“RESOLVE”) has been appointed by IWCity to assist Maybank Investment Bank Berhad in the conduct of a specific scope assessment on the adequacy of internal control and risk management systems of IWCity’s property development and construction operations.

Objectives of the specific scope assessment was to:

- Determine the adequacy of the internal control and risk management systems of IWCity’s property development and construction operations (within the agreed scope) in managing the principal risks that may affect the Group’s business objectives;
- Identify deficiencies and vulnerabilities in the internal control and risk management systems;
- Provide recommendations to strengthen the internal control and risk management practices in managing the Group’s principal risks; and
- Provide an overall assessment of internal control and risk management system of the Group.

The specific scope assessment on the internal control and risk management systems is mainly involving the following subsidiary companies (collectively known as “IWCity Group” or “the Group”) which are integral to the Proposed Regularisation Plan:

Property Development Operations

- Bayou Bay Development Sdn Bhd (“BBDSB”);
- Bayou Management Sdn Bhd (“BMSB”); and
- Success Straits Sdn Bhd (“SSSB”).

Construction Operations

- Tebrau Bay Constructions Sdn Bhd (“TBCSB”).

Set out below is a summary of the key improvements implemented by IWCity Group:

- Increased the frequency of budget variance analysis to support early identification of adverse financial deviations, enabling Management and the Board of Directors to assess the Group’s financial position, profitability and prospects.
- Enforced structured procedures for evaluating the performance of contractors and consultants to ensure continued adherence to the required quality standards.
- Required third-party sales agents to declare their understanding and provide their agreement to adhere to the Group’s Anti-Bribery and Anti-Corruption policy.
- Formalise a project risk assessment procedure to proactively identify, evaluate and manage risks that may lead to cost overruns, delays or compliance issues. IWCity’s Management has implemented this procedure in their upcoming projects and continue to manage the project risks throughout the project lifecycle.
- Enhance the Group’s Standard Operating Procedures to cover critical aspects of the operations.

APPENDIX V – SUMMARY OF INTERNAL CONTROL REVIEW AND RISK MANAGEMENT REPORT (Cont'd)

Moving forward, the Board and Management of the Group must continue to strengthen and ensure the risk management and internal control systems remain effective and responsive to its evolving business landscape and emerging risks. Upon completion of our assessment, the Board and Management of the Group shall ensure the following:

- Conduct periodic reviews of the Group's authority limits, policies and procedures to ensure alignment with business needs;
- Implement the project risk management and apply it throughout the project lifecycle, to proactively identify, evaluate and manage risk that may result in cost overruns, delays or compliance issues;
- Integrate risk management into the culture, strategic planning, business activities and decision-making process. Strategic risks can be communicated to the Board so that action plans can be implemented to adequately manage and mitigate risks to an acceptable level;
- Regularly review the risk management framework to ensure its continued relevance to the business operations; and
- Periodically review the risk appetite and assessment parameters due to varied materiality levels and business complexities over time.

The assessment procedures undertaken by RESOLVE found several findings relating to the design of internal controls and/or proper functioning of controls intended. Although none of these findings, either individually or in aggregate, indicates significant weaknesses in the design or functioning of internal controls, the findings identified can be addressed to further strengthen the system of internal control. Based on this, the assessment procedures undertaken have indicated that the internal control and risk management systems adopted by IWCity Group in the property development and construction businesses, in all material aspects, are sufficient and appropriate for the size and complexity of the Group in managing its principal business risks.

It is important to acknowledge that due to the limitations inherent in any internal control and risk management system, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against the risk of material misstatement or loss. The continued effectiveness of these systems is dependent on the Board and Management's ongoing efforts to strengthen and ensure the Group's internal control and risk management systems remain effective and responsive to its evolving business landscape and emerging risks.

1. DIRECTORS' RESPONSIBILITY STATEMENT

Our Board has seen and approved this Circular and they collectively and individually accept full responsibility for the completeness and accuracy of the information contained in this Circular. Our Board hereby confirms that after making all reasonable enquiries, to the best of their knowledge and belief, there are no false or misleading statements or other facts and information which, if omitted, would make any statement in this Circular false or misleading.

All statements and information relating to RFSB contained in this Circular were obtained from publicly available sources and/or provided and confirmed by RFSB as well as the directors and/or management of RFSB. The sole responsibility of our Board is therefore limited to ensuring that such statements and information have been accurately reproduced in this Circular and our Board accepts no further or other responsibility in respect of such statements and information.

2. CONSENTS AND CONFLICT OF INTERESTS

2.1 Maybank IB

Maybank IB, being the Principal Adviser for the Proposed Regularisation Plan, 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 it appears in this Circular.

Maybank IB and its related and associated companies ("**Maybank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and fund management and credit transaction services businesses. The Maybank Group has engaged and may in the future, engage in transactions with and perform services for our Group and/or any of our affiliates, in addition to the role set out in this Circular. In addition, in the ordinary course of business, any member of the Maybank Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group, our shareholders, and/or our affiliates and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of any member of our Group and/or our affiliates. This is a result of the businesses of the Maybank Group generally acting independently of each other and accordingly, there may be situations where parts of the Maybank Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of our Group. Nonetheless, the Maybank Group is required to comply with the applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

As at the LPD, the Maybank Group has, in its ordinary course of business, extended credit facilities to our Group amounting to RM3.5 million, of which RM2.2 million is outstanding.

Notwithstanding, Maybank IB is of the view that the aforementioned does not give rise to a conflict of interest situation in its capacity as the Principal Adviser for the Proposed Regularisation Plan as:

- (i) the extension of credit facilities arose in the ordinary course of business of the Maybank Group;
- (ii) the conduct of the Maybank Group in its banking business is strictly regulated by, among others, the Financial Services Act 2013, the Islamic Financial Services Act 2013 and the Maybank Group's own internal controls and checks; and

APPENDIX VI – FURTHER INFORMATION (Cont'd)

- (iii) the total outstanding amount owed by our Group to the Maybank Group of RM2.2 million as at the LPD is not material when compared to the audited NA attributable to the equity holders of the Maybank Group as at 31 December 2024 of RM94.0 billion.

Maybank IB confirms that it is not aware of any circumstance that exists or is likely to exist which would give rise to a possible conflict of interest situation in its capacity as Principal Adviser for the Proposed Regularisation Plan.

2.2 Crowe

Crowe, being the Reporting Accountants for the Proposed Regularisation Plan, has given and has not subsequently withdrawn its written consent for the inclusion in this Circular of its name, Proforma Consolidated Statement of Financial Position of our Group as at 31 December 2024 together with the Reporting Accountants' Letter referred in Appendix III of this Circular and all references thereto in the form and context in which it appears in this Circular.

Crowe confirms that as at the LPD, it is not aware of any circumstances or relationships which would give rise to a conflict of interest or potential conflict of interest situation in its capacity as the Reporting Accountants for the Proposed Regularisation Plan.

2.3 PROVIDENCE

PROVIDENCE, being the Independent Market Researcher for the Proposed Regularisation Plan, has given and has not subsequently withdrawn its written consent to the inclusion of its name in this Circular, independent market research report referred in Appendix IV of this Circular and all references thereto in the form and context in which they appear in this Circular.

PROVIDENCE confirms that as at the LPD, it is not aware of any circumstances or relationships which would give rise to a conflict of interest or potential conflict of interest situation in its capacity as the Independent Market Researcher for the Proposed Regularisation Plan.

2.4 Resolve IR

Resolve IR, being the Internal Control Consultant for the Proposed Regularisation Plan, has given and has not subsequently withdrawn its written consent to the inclusion of its name in this Circular and all references thereto, in the form and context in which they appear in this Circular.

Resolve IR confirms that as at the LPD, it is not aware of any circumstances or relationships which would give rise to a conflict of interest or potential conflict of interest situation in its capacity as the Internal Control Consultant for the Proposed Regularisation Plan.

3. MATERIAL COMMITMENTS

As at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by our Group which may have a material impact on the financial results or position of our Group.

4. CONTINGENT LIABILITIES

As at the LPD, save as disclosed in **Section 5(a)** of this **Appendix VI**, our Board is not aware of any other contingent liabilities incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial results or position of our Group.

5. MATERIAL LITIGATION

As at the LPD, save as disclosed below, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware of any proceedings pending or threatened, against our Group, or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of our Group.

(a) **High Court of Johor Bahru (suit no. JA-22NCvC-149-11/2020) – Tenaga Nasional Berhad vs Tebrau Bay Constructions Sdn Bhd and others**

On 17 November 2020, our Company (as second defendant) and our wholly-owned subsidiary, TBCSB (as first defendant), received a writ of summons and statement of claim (“**Claim**”) filed by Tenaga Nasional Berhad (“**TNB**” or the “**Plaintiff**”) at the Johor Bahru High Court. In the Claim, TNB alleged that the reclamation works undertaken by the Defendants on Lot PTD 121257 Kampung Senibong have trespassed TNB’s right of way (“**ROW**”) and have caused damage to one of TNB’s submarine cables. TBSB (as third defendant), a wholly-owned subsidiary of our Company, was included in the suit as a 3rd defendant on 5 December 2021 (collectively, our Company, TBCSB and TBSB are known as the “**Defendants**”).

The Claim seeks, among others, the following relief:

- (i) perpetual injunction order against the Defendants from carrying out any activities on TNB’s ROW without TNB’s permission;
- (ii) damages of RM76,564,759.77;
- (iii) general damages against losses suffered by the Plaintiff and economic loss damage to be assessed by the Court, together with interest at the rate of 5% per annum from the date of filing of the suit to the date of full settlement; and
- (iv) other damages, costs and reliefs which the Court deems fit and proper.

The Defendants had filed applications to strike out the Plaintiff’s suit (“**Defendants’ Striking Out Applications**”) and applications for discovery and interrogatories (“**Discovery and Interrogatories Applications**”).

On 1 February 2024, the Johor Bahru High Court has dismissed the Defendants’ Striking Out Applicants with a cost of RM8,000 for each application awarded to TNB.

On 11 November 2024, the Johor Bahru High Court has allowed the Discovery and Interrogatories Applications.

Trial for the matter commenced from 10 November 2025 to 13 November 2025 and continued on 5 January 2026, during which the Plaintiff’s witnesses completed their testimonies. The Court has scheduled the trial to resume from 20 January 2026 to 23 January 2026, and from 29 April 2026 to 30 April 2026.

The Plaintiff had, on the following dates, filed the following applications:

- (i) on 26 November 2025, the Plaintiff filed an appeal to the Court of Appeal against the dismissal by the Johor Bahru High Court of its application to amend its amended statement of claim to increase the amount claimed by RM56,597,550.15 (“**Amendment Appeal**”). The first case management of the Amendment Appeal is fixed on 24 February 2026; and

- (ii) on 12 December 2025, the Plaintiff filed an application for a stay of the proceedings at the Johor Bahru High Court in respect of the quantum in dispute pending the determination of the Amendment Appeal. The hearing of the stay application has been fixed on 20 January 2026.

The solicitors acting for and on behalf of the Defendants are of the view that the Defendants have a reasonable chance to succeed in defending the Claim.

Notwithstanding that the Claim forms part of our Group's contingent liability, no financial impact to our Group has been recognised at this stage.

(b) High Court of Johor Bahru (suit no. JA-21NCvC-13-03/2022) – Government of Malaysia vs TBSB

On 29 March 2022, TBSB was served with a writ of summons and statement of claim from the Government of Malaysia, claiming for the following:

- (i) a sum amounting to RM10,831,595, being unpaid income taxes for the year of assessment 2015 due and owing by TBSB to the Inland Revenue Board of Malaysia (“**IRB**”);
- (ii) interest at the rate of 5% per annum on the sum due and owing, calculated from the date of judgment until full and final settlement of the same;
- (iii) costs; and
- (iv) any other relief as the Court deems appropriate.

Subsequently, TBSB filed its statement of defence (as varied by an amended statement of defence and counterclaim filed on 7 June 2024) on 25 May 2022, alleging that the tax imposed was not accurately assessed as it failed to consider the compulsory land acquisition arrangement between the Johor State Government and TBSB. In the counterclaim (“**Counterclaim**”), TBSB claimed for, among others:

- (i) a sum of RM26,911,710 (being income tax paid by TBSB to the IRB for the year of assessment 2015) be refunded to TBSB; and
- (ii) interest at the rate of 5% per annum on the aforesaid sum, calculated from the date of judgment until full and final settlement of the same.

TBSB has subsequently withdrawn its Counterclaim on 12 August 2024 after taking into consideration of, among others, the advice of its solicitors.

During a case management held on 8 August 2025, the Government of Malaysia informed the Court that an application under Order 14A of the Rules of Court 2012 (Disposal of Case on Point of Law) (“**Order 14A Application**”) has been filed. The Court has subsequently fixed the next case management and hearing for the Order 14A Application on 4 February 2026.

The solicitors acting for and on behalf of TBSB are of the view that TBSB has a fair chance of defending the claim if it is able to prove that the income tax imposed for the year of assessment 2015 is assessed and derived from the compensation obtained by TBSB from the compulsory land acquisition undertaken by the Johor State Government.

APPENDIX VI – FURTHER INFORMATION (Cont'd)

Our Board is of the view that the suit is not expected to have any significant operational or financial impact on our Group as the said amount has been fully provided for in the prior financial statements, except for any additional costs or interest granted (if any) which are also not expected to have any significant impact to the operational and financial condition of our Group.

(c) **High Court of Johor Bahru (suit no. JA-21NCvC-18-11/2024) – TBSB vs Government of Malaysia**

On 20 November 2024, TBSB filed a writ of summons and statement of claim against the Government of Malaysia, seeking, among other reliefs:

- (i) a declaration that RM170 million, claimed as compensation for the compulsory acquisition of TBSB's land by the Johor State Government, is not taxable under the Income Tax Act 1967;
- (ii) a declaration that the tax assessment for the year of assessment 2015, amounting to RM37,750,015, imposed on TBSB is invalid, unlawful and in violation of TBSB's constitutional rights guaranteed under Article 13(2) of the Federal Constitution;
- (iii) a refund of RM26,911,710, being the income tax paid by TBSB to the IRB for the year of assessment 2015; and
- (iv) interest at the rate of 5% per annum on the sum of RM26,911,710, calculated from the date of judgment until full and final settlement of the same.

On 21 January 2025, the Government of Malaysia filed an application to strike out TBSB's writ of summons and statement of claim ("**Striking Out Application**"). Subsequently, on 12 March 2025, the Government of Malaysia filed an application to transfer the proceedings of this suit to have this suit and suit no. JA-21NCvC-13-03/2022 (as set out in Section 5(b) above) ("**Original Suit**") be heard together ("**Transfer Application**"), for, among others, the following reasons:

- (i) the issues to be tried in both suits are the same;
- (ii) the parties involved in both suits are the same; and
- (iii) the causes of action and the relief sought in both suits arise from the same matrix of facts.

During the hearing of the Striking Out Application and the Transfer Application on 10 December 2025, the Court allowed TBSB's Transfer Application and directed that the Court hearing the Original Suit to determine whether the two actions should be heard together or consolidated. The Court further directed that the Striking Out Application be determined by the Court hearing the Original Suit.

The solicitors acting for and on behalf of TBSB are of the view that TBSB has a fair chance of success.

Our Board is of the view that the suit is not expected to have any material operational or financial impact on TBSB.

6. MATERIAL CONTRACTS

Save for the Settlement Agreement, which is the subject matter of this Circular, as well as the following material contract, our Group has not entered into any other material contracts (not being contract entered into in the ordinary course of business) within the past two (2) years immediately preceding the date of this Circular:

- (i) Development rights agreement dated 4 September 2025 entered into between Bayou Bay Development Sdn Bhd (“**BBDSB**”) (as beneficial owner), a wholly-owned subsidiary of our Company, KPRJ (as registered proprietor) and MLK Teguh Sdn Bhd (“**MLK Teguh**”) (as developer) for the disposal of the development rights held by BBDSB to MLK Teguh of the township development located on a parcel of leasehold land held under Lot 182455 PN 39962, Mukim Plentong, Daerah Johor Bahru, Negeri Johor (“**Botanika Land**”), which consists of (1) 23-storey apartment block A of 264 units, a 5-storey car park with resident/common facilities at podium A and 1 unit of garbage disposal building (being Phase 3 development); and (2) 2 blocks of 3-storey apartments of 40 residential units and 1 unit of garbage disposal building (collectively, the “**Uncompleted Components**”), for a consideration comprising a fixed payment of RM20 million and a variable payment of 5% of the gross profits derived by MLK Teguh from such township development, or RM2 million, whichever is higher.

As at the LPD, the development rights agreement is still pending completion. For information purpose, BBDSB has obtained the amended SiFUS for the Botanika Land and has submitted an application for the issuance of the provisional strata titles to the Uncompleted Components. Our Group expects to complete the agreement by the third quarter of FYE 2030.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company at L2-02, 1 Medini Hub, Persiaran Medini Utara 3, Medini Iskandar, 79000 Nusajaya, Johor Darul Ta'zim, during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of our forthcoming EGM:

- (i) our Constitution;
- (ii) the Settlement Agreement;
- (iii) the audited consolidated financial statements of our Company for the past 2 FYEs 2023 and 2024 as well as the latest unaudited quarterly financial report of our Company for the financial period ended 30 September 2025;
- (iv) the pro forma consolidated statements of financial position of our Company as at 31 December 2024 together with the reporting accountants' letter thereon as set out in **Appendix III** of this Circular;
- (v) the IMR Report as set out in **Appendix IV** of this Circular;
- (vi) the letters of consent and declaration of conflict of interest referred to in **Section 2** of this **Appendix VI**;
- (vii) relevant cause paper in respect of the material litigation as referred to in **Section 5** of this **Appendix VI**; and
- (viii) the material contract as referred to in **Section 6** of this **Appendix VI**.



ISKANDAR WATERFRONT CITY BERHAD

Registration No: 196801000661 (8256-A)

(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“**EGM**”) of Iskandar Waterfront City Berhad (“**IWCity**” or “**Company**”) will be held at Emerald Level 10, Holiday Inn Johor Bahru City Centre, Jalan Tun Abdul Razak, 80888 Ibrahim International Business District, Johor Bahru, Johor, Malaysia, on Wednesday, 11 February 2026 at 9.30 am or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the following resolutions, with or without any modifications:

PROPOSED REGULARISATION PLAN OF IWCITY COMPRISING THE FOLLOWING PROPOSALS:

ORDINARY RESOLUTION:

THE PROPOSED SETTLEMENT OF ADVANCES MADE AVAILABLE BY RAMPAI FOKUS SDN BHD (“RFSB”) TO THE COMPANY AND ITS GROUP OF SUBSIDIARIES AS AT 28 FEBRUARY 2025, TOGETHER WITH INTEREST ACCRUED THEREON, AMOUNTING TO AN AGGREGATE SUM OF RM268.4 MILLION (COLLECTIVELY, THE “OUTSTANDING SUM”), TO BE FULLY SATISFIED VIA THE ALLOTMENT AND ISSUANCE OF:

- (A) UP TO 225,200,000 NEW REDEEMABLE PREFERENCE SHARES – CLASS A (“RPS-A”) IN TEBRAU BAY SDN BHD (“TBSB”), A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY, AT AN ISSUE PRICE OF RM1.00 PER RPS-A (“TBSB RPS-A”); AND**
- (B) UP TO 43,200,000 NEW RPS-A IN TEBRAU BAY CONSTRUCTIONS SDN BHD (“TBCSB”), A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY, AT AN ISSUE PRICE OF RM1.00 PER RPS-A (“TBCSB RPS-A”) (“PROPOSED DEBT SETTLEMENT”); AND**

“THAT subject to the passing of the Special Resolution, upon the approvals of all the relevant authorities and/or parties being obtained, where required, and the conditions precedent in the settlement agreement dated 20 March 2025 (as amended and varied by a supplemental agreement dated 22 September 2025 and a second supplemental agreement dated 19 January 2026) entered into between the Company and RFSB (“**Settlement Agreement**”) being fulfilled and waived (as the case may be), approval be and is hereby given for the Company to settle the Outstanding Sum in full via the allotment and issuance of –

- (i) up to 225,200,000 TBSB RPS-A by TBSB, subject to the rights, privileges and restrictions of the TBSB RPS-A as set out in Section 2.1.7(I) of the Circular to Shareholders dated 20 January 2026 (“**Circular**”); and
- (ii) up to 43,200,000 TBCSB RPS-A by TBCSB, subject to the rights, privileges and restrictions of the TBCSB RPS-A as set out in Section 2.1.7(II) of the Circular,

to RFSB, upon the terms and subject to the conditions set out in the Settlement Agreement, as part of the Proposed Regularisation Plan;

THAT the TBSB RPS-A shall, upon allotment and issuance, rank on par among themselves in all respects and in priority (including in respect of preferential dividend payable, if applicable) to the ordinary shares of TBSB and any other preference shares issued from time to time subsequent to the allotment and issuance of the TBSB RPS-A but after all secured obligations of TBSB;

AND THAT the TBCSB RPS-A shall, upon allotment and issuance, rank on par among themselves in all respects and in priority (including in respect of preferential dividend payable, if applicable) to the ordinary shares of TBCSB and any other preference shares issued from time to time subsequent to the allotment and issuance of the TBCSB RPS-A but after all secured obligations of TBCSB;

AND FURTHER THAT the Board of Directors of the Company ("**Board**") be and is hereby empowered and authorised to give full effect to the Proposed Debt Settlement and the Settlement Agreement as part of the Proposed Regularisation Plan, with full power to deal with all matters incidental, ancillary to and/or relating thereto, to take all such steps and to sign, execute and deliver and/or cause to be executed and delivered the Settlement Agreement and all such other agreements, deeds, arrangements, undertakings, indemnities, transfers, extensions, assignments, confirmations, declarations and/or guarantees to or with any party or parties, and to do all such acts, things and matters as it may deem fit, necessary and/or expedient in the best interests of the Company and/or appropriate in order to implement, finalise and give full effect to the Proposed Debt Settlement under the terms and conditions of the Settlement Agreement as part of the Proposed Regularisation Plan, with full powers to negotiate, approve, agree and assent to any conditions, revaluations, modifications, variations and/or amendments as may be required by any relevant authorities and/or as the Board deems fit, appropriate and in the best interest of the Company."

SPECIAL RESOLUTION

THE PROPOSED REDUCTION OF THE ISSUED SHARE CAPITAL OF THE COMPANY PURSUANT TO SECTION 117 OF THE COMPANIES ACT 2016 ("PROPOSED CAPITAL REDUCTION")

"THAT subject to the passing of the Ordinary Resolution, upon the approvals of the relevant authorities and/or parties being obtained, where required, approval be and is hereby given to the Company to reduce the share capital of the Company as part of the Proposed Regularisation Plan, by way of the cancellation of the Company's issued and paid-up share capital of RM120,000,000 which is substantially unrepresented by available assets, and for the credit arising from such cancellation be utilised to set off the accumulated losses of the Company;

AND THAT the remaining credit balance, if any, will be credited to the retained earnings of the Company which shall be utilised in a manner to be determined by the Board at a later date and in the best interest of the Company as permitted by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as well as other relevant and applicable laws;

AND FURTHER THAT the Board be and is hereby empowered and authorised to do all acts, deeds and things and to sign, execute and deliver for and on behalf of the Company all necessary documents, to give full effect to and complete the Proposed Capital Reduction as part of the Proposed Regularisation Plan, with full power and discretion to assent to or make any modifications, variations and/or amendments in any manner as may be imposed, required or permitted by the relevant authorities or deemed necessary by the Board, and to take all steps and actions as it may deem necessary and/or expedient in the best interest of the Company to implement, finalise and give full effect to complete the Proposed Capital Reduction as part of the Proposed Regularisation Plan."

BY ORDER OF THE BOARD

Lim Aik Yong (F) (SSM PC NO. 202008000995) (MAICSA 7054965)
Wong Chee Yin (F) (SSM PC NO. 202008001953) (MAICSA 7023530)
Company Secretaries

Johor Bahru
Dated this 20 January 2026

Notes:

1. *A member entitled to participate and vote at the meeting is entitled to appoint not more than two (2) proxies to participate and vote in his stead. A proxy need not be a member of the Company.*
2. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
3. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with IWCity Shares standing to the credit of the said securities account.*
4. *Where a member of the Company is an exempt authorised nominee which holds IWCity Shares 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.*
5. *Where the Form of Proxy is executed by a corporation, it must be either under its Common Seal or under the hand of an officer or attorney duly authorised.*
6. *The Form of Proxy must be deposited with the Company Secretary at the Registered Office, L2-02, 1 Medini Hub, Persiaran Medini Utara 3, Medini Iskandar, 79000 Nusajaya, Johor Darul Ta'zim, or be lodged electronically via ir@iwcity.com.my, not less than forty-eight (48) hours before the time set for the EGM or any adjournment thereof.*
7. *For the purpose of determining a member who shall be entitled to attend the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Clause 55(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 to issue a general meeting Record of Depositor as at 30 January 2026. Only a depositor whose name appears therein shall be entitled to attend the said meeting or appoint a proxy to participate and/or vote on his stead.*
8. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out in this Notice will be put to vote by way of poll.*



ISKANDAR WATERFRONT CITY BERHAD
 Registration No: 196801000661 (8256-A)
 (Incorporated in Malaysia)

CDS Account No.	No. of Shares held

FORM OF PROXY

I/We _____
 (Full name as per NRIC/Passport/Certificate of Incorporation in capital letters)

NRIC/Passport/Company Registration No. _____

of (full address) _____

being a member of Iskandar Waterfront City Berhad, hereby appoint the following person(s):

Full Name (<i>in capital letters</i>)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email Address	Mobile No.		

and/or (delete as appropriate)

Full Name (<i>in capital letters</i>)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email Address	Mobile No.		

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 held at Emerald Level 10 Holiday Inn Johor Bahru City Centre, Jalan Tun Abdul Razak, 80888 Ibrahim International Business District, Johor Bahru, Johor, Malaysia on Wednesday, 11 February 2026, at 9.30 am or at any adjournment thereof, as the case may be, on the following resolutions referred to in the notice of EGM:

Resolution	For	Against
Ordinary Resolution - Proposed Debt Settlement		
Special Resolution – Proposed Capital Reduction		

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

Dated this _____ day of _____ 2026

 Signature/Common Seal

Notes:

1. *A member entitled to participate and vote at the meeting is entitled to appoint not more than two (2) proxies to participate and vote in his stead. A proxy need not be a member of the Company.*
2. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
3. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with IWCity Shares standing to the credit of the said securities account.*
4. *Where a member of the Company is an exempt authorised nominee which holds IWCity Shares 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.*
5. *Where the Form of Proxy is executed by a corporation, it must be either under its Common Seal or under the hand of an officer or attorney duly authorised.*
6. *The Form of Proxy must be deposited with the Company Secretary at the Registered Office, L2-02, 1 Medini Hub, Persiaran Medini Utara 3, Medini Iskandar, 79000 Nusajaya, Johor Darul Ta'zim, or be lodged electronically via ir@iwcity.com.my, not less than forty-eight (48) hours before the time set for the EGM or any adjournment thereof.*
7. *For the purpose of determining a member who shall be entitled to attend the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Clause 55(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 to issue a general meeting Record of Depositor as at 30 January 2026. Only a depositor whose name appears therein shall be entitled to attend the said meeting or appoint a proxy to participate and/or vote on his stead.*
8. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out in this Notice will be put to vote by way of poll.*

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Stamp

**REGISTERED OFFICE OF
ISKANDAR WATERFRONT CITY BERHAD**

L2-02, 1 Medini Hub
Persiaran Medini Utara 3
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79000 Nusajaya
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