

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

Bursa Malaysia Securities Berhad ("Bursa Securities") has only perused the contents of this Circular in respect of the proposed new shareholders' mandate for additional recurrent related party transactions of a revenue or trading nature on a limited review basis pursuant to the provisions of the Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

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.

MALAKOFF

A Member of  **MMC Group**

MALAKOFF CORPORATION BERHAD

Registration No. 200601011818 (731568-V)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The resolution in respect of the above proposal will be tabled as special business at the Fifteenth Annual General Meeting ("15th AGM") of Malakoff Corporation Berhad ("MCB" or "the Company") which to be conducted entirely on virtual basis at Broadcast Venue at Boardroom, Level 7, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia on Wednesday, 28 April 2021 at 10:00 a.m. or any adjournment thereof. The Notice of the 15th AGM together with the Form of Proxy will be circulated to you and the same are set out in the Annual Report 2020 of the Company which are also available to be downloaded from the Company's website together with this Circular.

As a shareholder, you are encouraged to go online, participate, and vote at the 15th AGM using the Remote Participation and Voting Facilities as the Company will be conducting its 15th AGM fully virtual via live webcast and online remote voting. If you wish to appoint a proxy to participate and vote on your behalf, you may deposit your Form of Proxy at the office of our Share Registrar, Boardroom Share Registrars Sdn. Bhd. or alternatively, you may lodge your Form of Proxy by electronic means through Boardroom Smart Investor Portal at <https://www.boardroomlimited.my/> (for individual shareholders only) or via e-mail to bsr.helpdesk@boardroomlimited.com. The completed Form of Proxy must be deposited/lodged not less than forty-eight (48) hours before the time set for holding the 15th AGM indicated below or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from participating the 15th AGM and voting in person at the 15th AGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Monday, 26 April 2021 at 10:00 a.m.

Date and time of our 15th AGM : Wednesday, 28 April 2021 at 10:00 a.m.

This Circular is dated 29 March 2021

DEFINITIONS

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

“Act”	:	Companies Act 2016, as amended from time to time and any re-enactment thereof
“AGM”	:	Annual General Meeting
“AFSB”	:	Alam Flora Sdn. Bhd., a 97.37%-owned subsidiary of Tunas Pancar Sdn. Bhd. which in turn is a wholly-owned subsidiary of MCB
“AFSB Group”	:	Alam Flora Sdn. Bhd. and its group of companies
“Annual Report 2020”	:	Annual Report of the Company for the financial year ended 31 December 2020
“AOA”	:	Anglo-Oriental (Annuities) Sdn. Bhd., a wholly-owned subsidiary of MMC
“Board” or “Directors”	:	Board of Directors of MCB and the Director shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding six (6) months of the date on which terms of the transaction were agreed upon, a Director of the Company or any other company which is its subsidiary or holding company, or a chief executive officer of the Company, its subsidiary or holding company
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“Circular”	:	This Circular dated 29 March 2021
“DRB”	:	DRB-HICOM Berhad
“DRB Group”	:	DRB-HICOM Berhad and its group of companies
“GIA”	:	Group Internal Audit of MCB
“Indra Cita”	:	Indra Cita Sdn. Bhd., the ultimate holding company of MMC
“Listing Requirements” or “MMLR”	:	Main Market Listing Requirements of Bursa Securities and any amendments made thereto from time to time and any practice notes issued in relation thereto
“LPD”	:	3 March 2021, being the latest practicable date prior to the circulation of this Circular
“Major Shareholder(s)”	:	A person, who includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the Company or any other corporation which is its subsidiary or holding company, has an interest or interests in one (1) or more voting shares in the Company and the total number of voting shares, or the aggregate of the total number of those voting shares, is:- (a) 10% or more of the total number of voting shares in the Company; or (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company. For the purpose of this definition “interest in shares” shall have the meaning given in Section 8 of the Act
“MCB” or the “Company”	:	Malakoff Corporation Berhad [Registration No. 200601011818 (731568-V)]
“MCB Group” or the “Group”	:	MCB and its group of companies
“MMC”	:	MMC Corporation Berhad, a major shareholder of MCB via its direct shareholding in MCB and indirect shareholding through AOA pursuant to Section 8(4) of the Act
“MMC Group”	:	MMC and its group of companies
“Padiberas”	:	Padiberas Nasional Berhad
“Padiberas Group”	:	Padiberas Nasional Berhad and its group of companies

DEFINITIONS (CONT'D)

“Person(s) Connected”	: In relation to any person (referred to as “said Person”) means such person who falls under any one of the following categories:- <ul style="list-style-type: none">(a) a family member of the said Person which family shall have the meaning given in Section 197 of the Act;(b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary;(c) a partner of the said Person;(d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person;(e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act;(f) a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or(g) a body corporate which is a related corporation of the said Person.
“Proposal”	: Proposed Renewal of Existing Shareholders’ Mandate and Proposed New Shareholders’ Mandate
“Proposed New Shareholders’ Mandate”	: Proposed new shareholders’ mandate for MCB Group to enter into additional recurrent related party transactions of a revenue or trading nature
“Proposed Renewal of Existing Shareholders’ Mandate”	: Proposed renewal of existing shareholders’ mandate for MCB Group to enter into recurrent related party transactions of a revenue or trading nature
“Recurrent Related Party Transaction(s) or “RRPT(s)”	: Recurrent related party transaction(s) of a revenue or trading nature of MCB Group which are necessary for the day-to-day operations and in the ordinary course of business of MCB Group as specified in Section 2.4 of this Circular
“Related Party(ies)”	: “Director(s)”, “major shareholder(s)” or “person(s) connected” with such director(s) or major shareholder(s), who are interested in the RRPT(s), as set out in Section 2.3 of the Circular
“RM” and “sen”	: Ringgit Malaysia and sen, respectively, being the lawful currency of Malaysia
“Seaport”	: Seaport Terminal (Johore) Sdn. Bhd., a major shareholder of MMC
“Shareholders’ Mandate”	: Shareholders’ mandate pursuant to Paragraph 10.09 of the Listing Requirements for MCB and its subsidiary companies to enter into RRPT(s)
“TSSM”	: Tan Sri Dato’ Seri Syed Mokhtar Shah bin Syed Nor
“Tradewinds”	: Tradewinds Corporation Berhad
“Tradewinds Group”	: Tradewinds Corporation Berhad and its group of companies
“TUSB”	: Tuah Utama Sdn. Bhd., a wholly-owned subsidiary of MCB
“TUSB Group”	: Tuah Utama Sdn. Bhd. and its group of companies

DEFINITIONS (CONT'D)

All references to “**our Company**” or “**MCB**” in this Circular are to Malakoff Corporation Berhad. The reference to “**our Group**” is to our Company and our subsidiaries, and all references to “**we**”, “**us**”, “**our**” and “**ourselves**” are to our Company, and where the context requires otherwise, shall include our subsidiaries. All references to “**you**” or “**your**” in this Circular are to our shareholders.

All references to dates and times in this Circular are references to dates and times in Malaysia, unless otherwise stated. Words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. Reference to persons shall include companies and corporations.

Any reference to any provisions of the statutes, rules, regulations, enactments or rules of stock exchange shall (where the context admits), be construed as a reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force.

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MALAKOFF CORPORATION BERHAD

Registration No. 200601011818 (731568-V)
(Incorporated in Malaysia)

Registered Office:

Level 12, Block 4, Plaza Sentral
Jalan Stesen Sentral 5
50470 Kuala Lumpur
Malaysia

29 March 2021

Board of Directors

Datuk Haji Hasni Harun (Independent Non-Executive Chairman)
Anwar Syahrin Abdul Ajib (Managing Director/Chief Executive Officer)
Dato' Sri Che Khalib Mohamad Noh (Non-Independent Non-Executive Director)
Cindy Tan Ler Chin (Non-Independent Non-Executive Director)
Datuk Ooi Teik Huat (Non-Independent Non-Executive Director)
Datuk Idris Abdullah (Independent Non-Executive Director)
Datuk Dr. Syed Muhamad Syed Abdul Kadir (Independent Non-Executive Director)
Datuk Rozimi Remeli (Independent Non-Executive Director)

To: Our Shareholders

Dear Sir/Madam,

PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE ("PROPOSAL")

1. INTRODUCTION

At the AGM of the Company held on 9 June 2020, our Company had obtained your mandate for MCB Group to enter into RRPT(s) with Related Parties in the ordinary course of business based on commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detriment of the minority shareholders, which are necessary for our Group's day-to-day operations.

The aforesaid mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming fifteen (15th) AGM unless authority for its renewal is obtained from our shareholders.

In addition thereto, our Company will also be seeking new shareholders' mandate for the MCB Group to enter into additional RRPT(s) with its Related Parties.

On 19 February 2021, our Company had announced to Bursa Securities its intention to seek your approval for the Proposal pursuant to Paragraph 10.09 of the Listing Requirements at the forthcoming 15th AGM of the Company.

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THIS CIRCULAR SERVES TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSAL, TO SET OUT YOUR BOARD'S RECOMMENDATION AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSAL TO BE TABLED AT THE FORTHCOMING 15th AGM UNDER THE AGENDA OF SPECIAL BUSINESS, THE NOTICE OF WHICH IS SET OUT IN THE ANNUAL REPORT 2020.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE ORDINARY RESOLUTION TO GIVE EFFECT TO THE PROPOSAL AT THE FORTHCOMING 15th AGM.

2. DETAILS OF THE PROPOSAL

2.1 Background Information

Paragraph 10.09(2), Part E of Chapter 10 of the Listing Requirements states that a listed issuer may seek its shareholders' mandate in respect of related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for its day-to-day operations subject to, inter alia, the following:-

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1)(a) of the Listing Requirements;
- (iii) a circular for the shareholders' mandate shall include the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (iv) in a meeting to obtain the shareholders' mandate, the interested director, major shareholder or person connected with a director or major shareholder; and where it involves the interest of the person connected with a director or major shareholder, such director or major shareholder must not vote on the resolution to approve the transactions. An interested director or major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (v) the listed issuer shall immediately announce to Bursa Securities when the actual value of a RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and the announcement must include the information as may be prescribed by Bursa Securities.

Where a listed issuer has procured a shareholders' mandate in respect of RRPT(s) pursuant to Paragraph 10.09(2) of the Listing Requirements, the provisions under Paragraph 10.08 of the Listing Requirements shall not apply to the RRPT(s) which are comprised in the said mandate during the validity period of the mandate.

The shareholders' mandate for the RRPT(s) is also subject to the following:-

- (a) the transactions are conducted on normal commercial terms;
- (b) the transactions are not detrimental to the minority shareholders;
- (c) the transactions are conducted on arm's length basis; and
- (d) details of the transactions containing the information as set out in Annexure PN12-A of the Listing Requirements are set out in the circular.

It is anticipated that MCB Group would, in the ordinary course of its business, enter into the RRPT(s) which are necessary for its day-to-day operations with the classes of Related Parties which are disclosed in Section 2.3 of this Circular. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

Our Board is seeking your mandate which would allow our Group to enter into the RRPT(s) with the Related Parties as specified in Section 2.4 of this Circular provided that such transactions are necessary for its day-to-day operations, in the ordinary course of their business carried out on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of its minority shareholders.

The Proposal, if approved by you at the forthcoming 15th AGM, applies in respect of the RRPT(s) to be entered into as set out in Section 2.4 of this Circular and shall take effect from and including the date of the forthcoming 15th AGM, and shall continue to be in force until:-

- i. the conclusion of the next AGM of our Company following the forthcoming 15th AGM at which the Proposal is passed, at which time it will lapse, unless by a resolution passed at the AGM, the authority is renewed;
- ii. the expiration of the period within which the next AGM after the date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or
- iii. revoked or varied by resolutions passed by our shareholders in general meeting,

whichever is the earlier.

Thereafter, approval from our shareholders for annual renewal of the mandate will be sought at each subsequent AGM of our Company.

Our Company will disclose the aggregate value of the RRPT(s) conducted during a financial year in the annual report for the said financial year.

2.2 Principal Activities of MCB Group

Our Company is principally engaged in investment holding activities. Our subsidiary companies provide wide range of businesses comprising independent power generation business in Malaysia, independent water production and power generation business outside Malaysia, development of renewable energy projects, operation and maintenance business for power plants and water plants, electricity and chilled water distribution business and project management business, primarily plant design review and construction monitoring for our own power plant projects. Our Group has also expanded its principal activities to include the provision of integrated solid waste collection and management and public cleansing management service businesses through the acquisition of AFSB Group.

The principal activities of the companies in our Group as described in Note 7 to the financial statements are available in the Company's Annual Report 2020.

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2.3 Classes of Related Parties

The Proposal will apply to transactions to be entered into by MCB Group which involves the interest, direct or indirect, of Related Parties. Details of the Related Parties are as follows:-

No.	Related Parties	Principal Activities	Interested Directors, Major Shareholders and/or Persons Connected to Them
1	MMC	Investment holding, construction, mining and mineral exploration	<p><u>Interested Directors</u> a) Dato' Sri Che Khalib Mohamad Noh b) Datuk Ooi Teik Huat</p> <p><u>Interested Major Shareholders</u> a) Seaport b) AOA</p> <p><u>Person connected to Major Shareholders</u> a) TSSM b) Indra Cita</p>
2	DRB	Investment holding company with investments in the automotive (including defence and composite manufacturing), services (including integrated logistics, banking and postal businesses) and properties segments	<p><u>Interested Directors</u> a) Datuk Ooi Teik Huat b) Datuk Idris Abdullah</p> <p><u>Person connected to Major Shareholders</u> a) TSSM</p>
3	Tradewinds	Investment holding, provision of management services, commercial property investment and property development	<p><u>Persons connected to Major Shareholders</u> a) TSSM</p>
4	Padiberas	Procuring, collecting, processing, importing, exporting, purchasing, storing, packaging, distribution of rice, paddy and other grains which include activities such as seed production, paddy farming, paddy procurement, paddy processing, rice processing and rice storage, distribution and marketing of rice research & development on paddy seeds, rice and related products and investment holding	<p><u>Person connected to Major Shareholders</u> a) TSSM</p>

Details of the Related Parties

The interests of the Related Parties in the RRPT(s) as set out in Section 2.4 are as follows:-

- a) MMC is a Major Shareholder of our Company by virtue of its direct shareholding of 18.37% and indirect shareholding of 20.08% through its wholly-owned subsidiary, AOA;
- b) DRB is a 55.92%-owned subsidiary of Etika Strategi Sdn. Bhd., a company in which TSSM is a Major Shareholder;
- c) Tradewinds is a wholly-owned subsidiary of Perspective Lane (M) Sdn. Bhd., a company in which TSSM is an indirect Major Shareholder;
- d) Padiberas is a wholly-owned subsidiary of Perspective Lane (M) Sdn. Bhd., a company in which TSSM is an indirect Major Shareholder;
- e) Seaport, being the Major Shareholder of MMC with a direct shareholding of 51.76%, is a Person Connected to TSSM;
- f) AOA, being a direct Major Shareholder of the Company, is also a wholly-owned subsidiary of MMC;
- g) Indra Cita, being the Major Shareholder of Seaport, is a Person Connected to TSSM;
- h) TSSM is a Major Shareholder of Etika Strategi Sdn. Bhd. and an indirect Major Shareholder of Seaport and Perspective Lane (M) Sdn. Bhd.;
- i) Dato' Sri Che Khalib Mohamad Noh, being a representative of MMC on our Board, is also the Group Managing Director of MMC and the Director of AFSB;
- j) Datuk Ooi Teik Huat, being a representative of MMC on our Board, is the Senior Independent Non-Executive Director of MMC and DRB; and
- k) Datuk Idris Abdullah, being our Independent Non-Executive Director, is also the Independent Non-Executive Director of DRB and the Director of AFSB.

The details of the direct and indirect interests of the Directors and Major Shareholder and Persons Connected with them in MCB are indicated in Section 7 below.

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2.4 Nature of RRPT(s) for the Proposal

(a) The Proposed Renewal of Existing Shareholders' Mandate will apply to the following Related Parties:-

No.	MCB and/or its Subsidiary Companies	Transacting Related Party	Nature of Transaction	#Estimated aggregate value from the forthcoming AGM to the next AGM (RM'000)	Actual value transacted from the previous AGM to LPD on 3 March 2021 (RM'000) (A)	Estimated aggregate value as disclosed in the preceding year's circular to shareholders dated 24 March 2020 (RM'000) (B)	Deviation where (A) exceeds (B) by 10% or more (RM'000)
Expenses to MCB Group							
1.	TUSB Group	MMC Group	Technical, engineering, consultancy, construction & procurement services in relation to power supply infrastructure project(s) by MMC Group	140,000	0	120,000	-
2.	AFSB Group	DRB Group	Supply of maintenance of motor vehicle services by DRB Group	1,195	1,319	1,359	-

2.4 Nature of RRPT(s) for the Proposal (Cont'd)

(a) The Proposed Renewal of Existing Shareholders' Mandate will apply to the following Related Parties (Cont'd):-

No.	MCB and/or its Subsidiary Companies	Transacting Related Party	Nature of Transaction	#Estimated aggregate value from the forthcoming AGM to the next AGM (RM'000)	Actual value transacted from the previous AGM to LPD on 3 March 2021 (RM'000) (A)	Estimated aggregate value as disclosed in the preceding year's circular to shareholders dated 24 March 2020 (RM'000) (B)	Deviation where (A) exceeds (B) by 10% or more (RM'000)
Expenses to MCB Group (Cont'd)							
2.	AFSB Group (Cont'd)	DRB Group (Cont'd)	Supply of scrap materials/any assets (i.e. bins, automotive scrap loose ferrous, etc) by DRB Group Payment of event, utilities and logistics cost and/or miscellaneous expenses to DRB Group	9,678	7,729	11,886	-
				395	299	560	-

2.4 Nature of RRPT(s) for the Proposal (Cont'd)

(a) The Proposed Renewal of Existing Shareholders' Mandate will apply to the following Related Parties (Cont'd):-

No.	MCB and/or its Subsidiary Companies	Transacting Related Party	Nature of Transaction	#Estimated aggregate value from the forthcoming AGM to the next AGM (RM'000)	Actual value transacted from the previous AGM to LPD on 3 March 2021 (RM'000) (A)	Estimated aggregate value as disclosed in the preceding year's circular to shareholders dated 24 March 2020 (RM'000) (B)	Deviation where (A) exceeds (B) by 10% or more (RM'000)
Expenses to MCB Group (Cont'd)							
2.	AFSB Group (Cont'd)	DRB Group (Cont'd)	Provision of rental services (i.e. buildings ⁽¹⁾ , building service charges, motor vehicle, etc) by DRB Group	2,293	2,425	2,863	-
			Purchase of machineries, motor vehicles and bins	159,420	443	104,244	-
3.	AFSB Group	MMC Group	Payment of utilities cost and/or miscellaneous expenses to MMC Group	472	401	1,512	-

2.4 Nature of RRPT(s) for the Proposal (Cont'd)

(a) The Proposed Renewal of Existing Shareholders' Mandate will apply to the following Related Parties (Cont'd):-

No.	MCB and/or its Subsidiary Companies	Transacting Related Party	Nature of Transaction	#Estimated aggregate value from the forthcoming AGM to the next AGM (RM'000)	Actual value transacted from the previous AGM to LPD on 3 March 2021 (RM'000) (A)	Estimated aggregate value as disclosed in the preceding year's circular to shareholders dated 24 March 2020 (RM'000) (B)	Deviation where (A) exceeds (B) by 10% or more (RM'000)
Expenses to MCB Group (Cont'd)							
4.	AFSB Group	Tradewinds Group	Provision of insurance broker for direct insurance and reinsurance business by Tradewinds Group	0*	3,286	3,011	-
			Provision of travel related services by Tradewinds Group	102	82	310	-

2.4 Nature of RRPT(s) for the Proposal (Cont'd)

(a) The Proposed Renewal of Existing Shareholders' Mandate will apply to the following Related Parties (Cont'd):-

No.	MCB and/or its Subsidiary Companies	Transacting Related Party	Nature of Transaction	#Estimated aggregate value from the forthcoming AGM to the next AGM (RM'000)	Actual value transacted from the previous AGM to LPD on 3 March 2021 (RM'000) (A)	Estimated aggregate value as disclosed in the preceding year's circular to shareholders dated 24 March 2020 (RM'000) (B)	Deviation where (A) exceeds (B) by 10% or more (RM'000)
Revenue to MCB Group							
5.	TUSB Group	MMC Group	Proposed development of rooftop solar photovoltaic project at customers' premises to MMC Group	4,866	0	1,244	-
6.	TUSB Group	DRB Group	Proposed development of rooftop solar photovoltaic project at customers' premises to DRB Group	5,929	0	1,257	-

2.4 Nature of RRPT(s) for the Proposal (Cont'd)

(a) The Proposed Renewal of Existing Shareholders' Mandate will apply to the following Related Parties (Cont'd):-

No.	MCB and/or its Subsidiary Companies	Transacting Related Party	Nature of Transaction	#Estimated aggregate value from the forthcoming AGM to the next AGM (RM'000)	Actual value transacted from the previous AGM to LPD on 3 March 2021 (RM'000) (A)	Estimated aggregate value as disclosed in the preceding year's circular to shareholders dated 24 March 2020 (RM'000) (B)	Deviation where (A) exceeds (B) by 10% or more (RM'000)
Revenue to MCB Group (Cont'd)							
7.	TUSB Group	Padiberas Group	Proposed development of rooftop solar photovoltaic project at customers' premises to Padiberas Group	0	0	227	-
8.	AFSB Group	DRB Group	Supply of maintenance of building services to DRB Group Provision of all kinds of services related to cleaning, collection and cleansing to DRB Group	12,925 11,608	3,087 4,428	3,959 5,320	- -

2.4 Nature of RRPT(s) for the Proposal (Cont'd)

(a) The Proposed Renewal of Existing Shareholders' Mandate will apply to the following Related Parties (Cont'd):-

No.	MCB and/or its Subsidiary Companies	Transacting Related Party	Nature of Transaction	#Estimated aggregate value from the forthcoming AGM to the next AGM (RM'000)	Actual value transacted from the previous AGM to LPD on 3 March 2021 (RM'000) (A)	Estimated aggregate value as disclosed in the preceding year's circular to shareholders dated 24 March 2020 (RM'000) (B)	Deviation where (A) exceeds (B) by 10% or more (RM'000)
Revenue to MCB Group (Cont'd)							
9.	AFSB Group	MMC Group	Supply of equipment, machinery, transport and labour for cleansing services to MMC Group Provision of all kinds of services related to cleaning, collection, cleansing and landscaping to MMC Group	0	68	64	-
Total				352,990	26,548	260,560	-

2.4 Nature of RRPT(s) for the Proposal (Cont'd)

(b) The Proposed New Shareholders' Mandate will apply to the following Related Parties:-

No.	MCB and/or its Subsidiary Companies	Transacting Related Party	Nature of Transaction	#Estimated Aggregate Value from the forthcoming AGM to the next AGM (RM'000)
Revenue to MCB Group				
1.	TUSB Group	Tradewinds Group	Proposed development of rooftop solar photovoltaic project at customers' premises for Tradewinds Group	509
2.	AFSB Group	MMC Group	Supply of maintenance of building services to MMC Group	101
Expenses to MCB Group				
3.	AFSB Group	MMC Group	Supply of scrap materials/any assets by MMC Group	933
Total				1,543

Note:-

The estimated value in respect of the transactions above is based on prevailing prices of which competitive market prices are obtained from the Related Parties and management estimates. The estimated amount is further based on the assumptions that current level of the Group's operations will continue and all external conditions remain constant. Due to the nature of the transactions, the actual value of the transactions may vary from the estimated value disclosed above.

* The Board had considered that no shareholders' mandate is sought for this transaction at the forthcoming AGM.

(1) The tenancies of the buildings are for a period of less than three (3) years and subject to renewal. The details of rental payable are as follows:-

No.	Address/Location	Description	Area (square feet)	Rental rate/basis
1.	Suite 4.1, Level 4, Wisma DRB-Hicom, No. 2, Jalan Usahawan U1/8, Seksyen U1, 40150 Shah Alam, Selangor	Rental of office space	13,100	RM45,850.00 payable on monthly basis
2.	Suite 4.2, Level 4, Wisma DRB-Hicom, No. 2, Jalan Usahawan U1/8, Seksyen U1, 40150 Shah Alam, Selangor	Rental of office space	3,800	RM13,300.00 payable on monthly basis
3.	Suite 4.6D, Level 4, Wisma DRB-Hicom, No. 2, Jalan Usahawan U1/8, Seksyen U1, 40150 Shah Alam, Selangor	Rental of office space	427	RM1,494.50 payable on monthly basis
4.	Suite 2.4, Level 2, Wisma DRB-Hicom, No. 2, Jalan Usahawan U1/8, Seksyen U1, 40150 Shah Alam, Selangor	Rental of office space	1,376	RM4,816.00 payable on monthly basis
5.	Suite 4.4B, Level 4, Wisma DRB-Hicom, No. 2, Jalan Usahawan U1/8, Seksyen U1, 40150 Shah Alam, Selangor	Rental of office space	3,331	RM11,658.80 payable on monthly basis
6.	Suite 4.6B, 4.6C, Level 4, Wisma DRB-Hicom, No. 2, Jalan Usahawan U1/8, Seksyen U1, 40150 Shah Alam, Selangor	Rental of office space	3,117	RM10,909.50 payable on monthly basis
7.	Suite 2.2, Level 2, Wisma DRB-Hicom, No. 2, Jalan Usahawan U1/8, Seksyen U1, 40150 Shah Alam, Selangor	Rental of office space	5,734	RM20,069.00 payable on monthly basis
8.	Suite 2-2, Level 2, EON Head Office Complex, No. 2, Persiaran Kerjaya, Taman Perindustrian Glenmarie, Seksyen U1, 40150 Shah Alam, Selangor	Rental of office space	5,600	RM19,600.00 payable on monthly basis
9.	Suite 2-4, Level 2, EON Head Office Complex, No. 2, Persiaran Kerjaya, Taman Perindustrian Glenmarie, Seksyen U1, 40150 Shah Alam, Selangor	Rental of office space	6,200	RM21,700.00 payable on monthly basis

2.5

Amount Due and Owing under RRPT(s)

The amount due and owing to MCB Group by its Related Parties pursuant to the RRPT(s) as at financial year ended 31 December 2020 which have exceeded the normal credit terms of the MCB Group are as follows:-

MCB and/or its Subsidiary Companies	Transacting Related Party	Nature of RRPT	Outstanding RRPT Receivables as at 31 December 2020	Not past due	Outstanding RRPT Receivables which exceeded the credit term for the following period:-			
					One year or less	More than one to three years	More than three to five years	More than five years
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
AFSB Group	DRB Group	Provision of all kinds of services related to cleaning, collection and cleansing to DRB Group	262.6	103.6	-	17.6	24.0	
		Supply of maintenance of building services to DRB Group	17,701.5	4,208.7	2,118.3	3,443.0	2.4	
AFSB Group	MMC Group	Provision of all kinds of services related to cleaning, collection, cleansing and landscaping to MMC Group	1,546.2	563.0	3.5	20.4	-	
		Total	19,510.3	4,875.3	2,121.8	3,481.0	26.4	

AFSB Group recognises that the related party transactions are entered within its normal course of business on negotiated terms. In view thereof, late payment charges are not applicable, in line with MCB's prevailing policy and procedure. MCB however will review, where appropriate and if deemed necessary, may impose late payment charges on outstanding amounts, subject to the terms of the transactions and the applicable rules and regulations, if any.

The management of AFSB monitors and conducts monthly review on the ageing profile of all the outstanding amounts. AFSB Group regards all outstanding amounts as recoverable consistent with payment track records and supported with relevant contract terms. Barring any unforeseen circumstances, approximately 90% of the outstanding amounts of more than 3 years in relation to a related party, is expected to be gradually settled by May 2022 with fixed monthly repayment schedule. From financial year end up to LPD, the Group has recovered approximately RM2.8 million from the above RRPT. Ongoing efforts are in place to recover the remaining outstanding amounts.

MCB's Board is of the opinion that the outstanding amounts are recoverable as the Related Parties are long term business partners and have sound credit standing.

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2.6 Review Procedures for the RRPT(s)

MCB Group has established the following procedures and guidelines to ensure that the RRPT(s) are undertaken on an arm's length basis on transaction prices and on normal commercial terms consistent with the MCB Group's usual business practices and policies, which are not more favourable to the Related Parties than those generally available to third parties/public and are not to the detriment of the minority shareholders:-

- (i) The sale or purchase of goods and services shall be determined on the basis of the prevailing rates/prices of the goods and services (including preferential rates/prices/discounts accorded to a class or classes of customers of bulk purchases) according to their usual commercial terms and business practices or otherwise in accordance with other applicable industry norms/ considerations.
- (ii) A list of the identities of the Related Parties will be circulated within our Group. Prior to entering into any of the RRPT(s), MCB Group must ensure that all such transactions are consistent with our Group's normal business practices and policies, which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of MCB Group's minority shareholders.
- (iii) Transactions are verified by our Company's Legal Department and/or Corporate Secretarial Department and reviewed by GIA if any transaction has triggered the threshold for announcement to Bursa Securities and for shareholders' approval. RRPT(s) reviewed by the GIA shall be subject to approval from appropriate level of authority as defined in MCB Related Party Transaction Policy and Procedures ("RPT Policy").
- (iv) RRPT(s) reported to the Board Audit Committee will be reviewed by GIA on a yearly basis or when required to ensure that the RRPT(s) entered into by the MCB Group were in line with the Company's RPT Policy and the Listing Requirements of Bursa Securities.
- (v) Records shall be maintained to capture all RRPT(s) which are entered into pursuant to the Proposal. Details of the RRPT(s) made during the financial year shall be submitted to the GIA annually, for disclosure in the Annual Report and where necessary, reports shall also be generated for review by the Board Audit Committee on a yearly basis or when required.
- (vi) Any Director who has an interest in any transaction shall abstain from board deliberation and voting on the relevant resolution(s) in respect of the RRPT(s).
- (vii) The Board Audit Committee shall review management's system and procedures to compile information pertaining to the RRPT(s) and, if necessary, may request the GIA to review management's procedures.
- (viii) Any member of the Board Audit Committee may, as he deemed fit, request for additional information pertaining to the RRPT(s) from independent sources or advisers.
- (ix) Wherever applicable and/or feasible, at least two other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities have been used as comparison, wherever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained as the products or services are proprietary in nature or where the end customer has specified the requirements for the Company/Group to source from related parties or if there are no unrelated third party vendors/customers of similar products or services, then the Company/Group will determine the price and terms based on market knowledge of prevailing industry norm and on normal commercial terms in accordance with the Group's relevant procurement processes, normal business practices, policies and commercial terms in line with the

industry practices for the same or substantially similar type of transactions made by the Group with unrelated third parties to ensure that the RRPT(s) are not detrimental to the Company/Group.

- (x) The rates of rental of properties shall be based on the prevailing market rates for the same or substantially similar properties and shall be on normal commercial terms at the point of entering into the tenancy agreement(s) or upon renewal to ensure that the RRPT(s) rental rates are not detrimental to the Company/Group.
- (xi) All procurements to be undertaken by MCB Group are subject to the relevant procurement processes under the Group Procurement Policy.
- (xii) All divisions and subsidiaries within MCB Group are required to comply with the RPT Policy, which applies to both related party transactions and RRPT(s). Under the RPT Policy, the level of approval required for RRPT(s) is also prescribed under MCB Group's Limits of Authority as follows:-

No.	Threshold for RRPT for each single project or transaction with a Related Party	Approval Level
1.	Any amount below 1% of the Audited Net Assets ("NA")	To be recommended by the Chief Operating Officer ("COO") or Chief Financial Officer ("CFO") and approved by the Chief Executive Officer ("CEO"), subject to the review/recommendation by the Board Audit Committee
2.	Any amount equal to or more than 1% but less than 5% of the NA	To be recommended by the CEO, reviewed by the Board Audit Committee and approved by the Board
3.	Any amount equal to or more than 5% of the NA	To be recommended by the CEO and approved by the Board Audit Committee, Board and the Shareholders of the Company

Any transaction where the limit authority holder has an interest, the holder does not have the authority to approve or enter into such transactions.

- (xiii) Policies on conflict of interests which require Directors and employees to act in good faith at all times in the best interest of the companies within MCB Group.
- (xiv) The requirement for the Business Process Improvements team to review the internal control systems of MCB Group so as to reasonably provide assurance to the Board, the GIA and Management of the proper conduct and adherence to controls and procedures.
- (xv) A register will be maintained by the Corporate Secretarial Department to record all the RRPT(s) which are entered into pursuant to the Proposal.

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3. STATEMENT BY THE BOARD AUDIT COMMITTEE

The Board Audit Committee of our Company has seen and reviewed the procedures established in Section 2.6 above in treatment of RRPT(s) and is of the view that:-

- (i) the said procedures for the RRPT(s) as well as the periodic review to be made by the Board Audit Committee in relation thereto are sufficient to ensure that the RRPT(s) will be made at arm's length and in accordance with our Company's normal commercial terms and are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders;
- (ii) our Group has in place adequate procedures and processes to monitor, track and identify RRPT(s) in a timely and orderly manner; and
- (iii) the Board Audit Committee will review these procedures and processes whenever the need arises.

4. DISCLOSURE IN ANNUAL REPORT

Disclosure will be made in accordance with Section 3.1.5 of Practice Note 12 of the Listing Requirements, which requires a breakdown of the aggregate value of the RRPT(s) entered into during the financial year, amongst others, based on the following information:-

- (i) the type of the RRPT(s) made; and
- (ii) the names of the Related Parties involved in each type of the RRPT(s) made and their relationships with our Company.

The above disclosure will be made in our Company's Annual Report for each subsequent financial year after the Proposal has been approved and renewed.

In addition, if the actual value of the RRPT(s) entered into by our Group exceeds the estimated value of the RRPT(s) disclosed in the circular to shareholders on the Proposal by 10% or more, our Company will make an immediate announcement to Bursa Securities.

5. RATIONALE AND BENEFITS OF THE PROPOSAL

The RRPT(s) to be entered into by MCB Group with the Related Parties are all conducted in the ordinary course of business. They are recurring transactions of revenue or trading nature which are likely to occur with some degree of frequency and could arise at any time and from time to time. These transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, and as such, it may be impractical to seek shareholders' approval on a case to-case basis before entering into such related party transactions.

The RRPT(s) are considered by our Board to be beneficial to MCB Group as they constitute transactions which are necessary for the day-to-day operations of the MCB Group, which contribute to the generation of its turnover and profit. The close commercial relationships that had been established with the Related Parties have created an effective network that the MCB Group can draw upon to support its operational needs, deriving synergistic and operational benefits to support its business functions.

The Proposal, if approved by the shareholders, will eliminate the need to make regular announcements to Bursa Securities or to issue separate circulars to shareholders and to convene separate general meetings on each occasion to seek shareholders' prior approval for the entry by our Group into such transactions. This would substantially reduce administrative time, inconvenience and expenses associated with the making of such announcements and the convening of such general meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the MCB Group.

Hence, the Directors are seeking approval from the shareholders on the RRPT(s) as described under Section 2.4 of this Circular.

6. FINANCIAL EFFECTS OF THE PROPOSAL

The Proposal is not expected to have any material effect on the issued share capital of MCB, as well as the consolidated earnings and net assets of MCB Group for the financial year ending 31 December 2021.

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

As at LPD, the direct and indirect shareholdings of the interested Directors, Major Shareholders in MCB Group in respect of the Proposal are shown in the table below:-

Name	Direct Interest		Indirect Interest	
	No. of MCB shares	%*	No. of MCB shares	%*
<u>Interested Directors</u>				
Dato' Sri Che Khalib Mohamad Noh	420,000	0.01	-	-
Datuk Ooi Teik Huat	420,000	0.01	-	-
Datuk Idris Abdullah	-	-	-	-
<u>Interested Major Shareholders</u>				
AOA	981,341,460	20.08	-	-
MMC	897,695,630	18.37	^(a) 981,341,460	20.08
Seaport	-	-	^(b) 1,879,037,090	38.45
Indra Cita	-	-	^(c) 1,879,037,090	38.45
TSSM	-	-	^(d) 1,879,037,090	38.45

Notes:-

- * Based on the issued share capital of 4,886,961,300 ordinary shares (after excluding 113,038,700 treasury shares) in the Company as at LPD.
- (a) Deemed interested in 981,341,460 shares held by AOA in MCB by virtue of its 100% direct shareholding in AOA pursuant to Section 8(4) of the Act.
- (b) Deemed interested by virtue of its direct major shareholdings in MMC pursuant to Section 8(4) of the Act.
- (c) Deemed interested by virtue of its shareholdings in MMC via its wholly-owned subsidiary, Seaport pursuant to Section 8(4) of the Act.
- (d) Deemed interested by virtue of his shareholdings in Indra Cita pursuant to Section 8(4) of the Act.

The abovenamed interested Directors have abstained and will continue to abstain from all deliberations and voting on the RRPT(s) involving them, as comprised in the Proposal at the relevant Board meetings and will also abstain from voting in respect of their direct and indirect shareholding on the Ordinary Resolution approving the Proposal at the forthcoming 15th AGM.

The abovenamed interested Major Shareholders will also abstain from voting, in respect of their direct and indirect shareholdings in MCB, on the Ordinary Resolution approving the RRPT(s) involving their interests, which are comprised in the Proposal at the forthcoming 15th AGM.

The abovenamed interested Directors and Major Shareholders have also undertaken to ensure that, where applicable, the persons connected to them in respect of direct and indirect

shareholdings (if any), will abstain from deliberating, approving and voting on the Ordinary Resolution pertaining to the Proposal to be tabled at the forthcoming 15th AGM.

Save as disclosed above, none of the other Directors and/or Major Shareholders or any persons connected with the Directors and/or Major Shareholders has any direct or indirect interest in the Proposal.

8. APPROVALS REQUIRED

The Proposal is subject to approval to be obtained from the shareholders of our Company at the forthcoming 15th AGM.

9. DIRECTORS' RECOMMENDATION

Having considered all aspects of the Proposal, our Board (save for the interested Directors named in Section 7 of the Circular) is of the opinion that the said Proposal is fair and reasonable and is in the best interest of our Company.

Accordingly, our Board (save for the interested Directors named in Section 7 of the Circular) recommends that you vote in favour of the Ordinary Resolution pertaining to the Proposal to be tabled under the Agenda of Special Business as set out in the Notice of the AGM appearing in the Annual Report 2020.

10. AGM

The notice of 15th AGM and Form of Proxy that contains the Ordinary Resolution in respect of the Proposal, which has also been incorporated into the Annual Report 2020, has been circulated to you.

In light of the COVID-19 pandemic and as part of the safety measures, the 15th AGM of the Company will be conducted entirely on a virtual basis through live webcast and online remote voting at the Broadcast Venue at Boardroom, Level 7, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia on Wednesday, 28 April 2021 at 10:00 a.m. for the purpose of considering, and if thought fit, passing the Ordinary Resolution to give effect to the Proposal as set out in the Notice of the 15th AGM and the Form of Proxy which are available to be downloaded from the Company's website at www.malakoff.com.my.

As a shareholder, you are encouraged to go online, participate and vote at the 15th AGM using the Remote Participation and Voting Facilities. If you wish to appoint a proxy to participate and vote on your behalf, you may deposit your Form of Proxy at the office of our Share Registrar, Boardroom Share Registrars Sdn. Bhd. or alternatively, you may lodge your Form of Proxy by electronic means through Boardroom Smart Investor Portal at <https://www.boardroomlimited.my/> (for individual shareholders only) or via e-mail to bsr.helpdesk@boardroomlimited.com. The completed Form of Proxy must be deposited/lodged not less than forty-eight (48) hours before the time set for holding the 15th AGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from participating the 15th AGM and voting in person at the AGM if you subsequently wish to do so.

11. FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendix I for further information.

Yours faithfully
For and on behalf of the Board of
MALAKOFF CORPORATION BERHAD

Datuk Haji Hasni Harun
Independent Non-Executive Chairman

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any contracts which are or may be material (not being contracts entered into in the ordinary course of business of our Group) during the two (2) years immediately preceding the date of this Circular:-

a) Acquisition of the Entire Equity Interest in Desaru Investment (Cayman Isl.) Limited from Khazanah Nasional Berhad by Malakoff Gulf Limited

On 11 July 2019, Malakoff Gulf Limited, an indirect wholly-owned subsidiary of our Company, entered into a Share Sale Agreement (“SSA”) with Khazanah Nasional Berhad in respect of the acquisition of the entire equity interest in Desaru Investment (Cayman Isl.) Limited for a cash consideration of USD70 million upon the terms and conditions of the SSA. The acquisition was completed in accordance with the terms and conditions of the SSA on 12 September 2019.

b) Sale of the Entire 50% Participating Interest in the Unincorporated Joint Venture of Macarthur Wind Farm in Australia by Skyfirst Power Sdn Bhd to Megawatt Financing Pty Ltd and AMPCI Macarthur Wind (T) Pty Ltd as Trustee of AMPCI Macarthur Wind Trust

On 29 October 2019, Skyfirst Power Sdn Bhd, an indirect wholly-owned subsidiary of our Company, and MCB (as Vendor Guarantor) had entered into a Share and Unit Purchase Agreement (“SPA”) with Megawatt Financing Pty Ltd and AMPCI Macarthur Wind (T) Pty Ltd as Trustee of AMPCI Macarthur Wind Trust (collectively referred to as “Purchaser”) to dispose of its entire 50% participating interest in the unincorporated joint venture of Macarthur Wind Farm in Australia held by Malakoff Wind Macarthur Pty Limited for a cash consideration of AUD356,850,340.00 (“Purchase Price”), upon the terms and conditions of the SPA.

The disposal was completed in accordance with the terms and conditions of the SPA on 18 December 2019 (“Completion Date”). Pursuant to Clause 6.3 (Interest Rate Adjustment) of the SPA, the Purchase Price was adjusted from AUD356.85 million to AUD344.67 million, mainly due to the steepening of the 3-month Bank Bill Swap Rate curve which resulted in higher long-term fixed rate in Australia as at the Completion Date.

c) Renewable Energy Power Purchase Agreements between Batu Bor Hidro Sdn Bhd and Tenaga Nasional Berhad, and between Lubuk Paku Hidro Sdn Bhd and Tenaga Nasional Berhad for the Proposed Development of Two Small Hydro Projects in Pahang

On 20 May 2020, Batu Bor Hidro Sdn Bhd (“BBHSB”) and Lubuk Paku Hidro Sdn Bhd (“LPHSB”) had separately entered into Renewable Energy Power Purchase Agreements (“REPPAs”) with Tenaga Nasional Berhad (“TNB”) for the sale and purchase of renewable energy generated from the two proposed small hydro projects in Pahang (“Projects”) for a period of 21 years. The REPPAs regulate and govern the rights and obligations of TNB and BBHSB, and TNB and LPHSB respectively in relation to the Projects. Both BBHSB and LPHSB are 65%-owned indirect subsidiaries of MCB, with the remaining 35% interest owned by Touch Meccanica Sdn Bhd.

- d) **Settlement Agreement between Tanjung Bin Energy Sdn Bhd and Tanjung Bin Energy Issuer Berhad of the one part, and Alstom Power Systems and GE Power Services (Malaysia) Sdn Bhd of the other part in relation to the claims (“Claims”) arising from the failure events at the 1 x 1000MW coal fired power plant located in Tanjung Bin, Johor, Malaysia that occurred between April 2017 and June 2019 (collectively referred to as “Failure Events”)**

On 30 June 2020, Tanjung Bin Energy Sdn Bhd and Tanjung Bin Energy Issuer Berhad (collectively referred to as “Owner”), wholly owned subsidiaries of MCB, entered into a settlement agreement (“**Settlement Agreement**”) with Alstom Power Systems and GE Power Services (Malaysia) Sdn Bhd (collectively referred to as “GE”) in order to resolve and settle the Claims arising from the Failure Events at the Plant upon the terms and conditions of the Settlement Agreement.

The Owner had earlier raised the Claims against GE under the Engineering, Procurement and Construction Contract dated 23 February 2012 in relation to the losses and damages that the Owner suffered as a result of the Failure Events that occurred at the Plant between April 2017 and June 2019. Pursuant to the Settlement Agreement, the Owner and GE agreed to waive, release and relinquish all their respective rights or interest in the Claims in consideration of the agreed settlement package which comprises, inter alia, supply and provision of parts, services and training by GE to the Owner, either without any charge or at a discounted rate.

- e) **Acquisition of the land held under title No. GRN 57532, Lot 16277, located in Mukim Pulau Sebang, Daerah Alor Gajah, Melaka measuring approximately 71.44 hectares**

On 22 September 2020, Malakoff R&D Sdn Bhd, a wholly-owned subsidiary of MCB, entered into a Sale and Purchase Agreement (“**SPA**”) with Eksklusif Pesona Sdn Bhd to acquire a plot of freehold land of approximately 71.44 hectares or 176.5 acres in size held under title No. GRN 57532, Lot 16277, located in Mukim Pulau Sebang, Daerah Alor Gajah, Melaka for a purchase consideration of Ringgit Malaysia One Hundred and Fifty Million (RM150,000,000.00), subject to any adjustment thereto in accordance with the terms of the SPA.

- f) **Award of Feed-in Tariff Approval for a 2.4MW Biogas Power Project in Ulu Sebol, Kota Tinggi, Johor Darul Takzim**

On 18 November 2020, Southern Biogas Sdn Bhd (“**SBSB**”), a 60%-owned indirect subsidiary of MCB, had received the Feed-in Tariff approval from the Government of Malaysia through Sustainable Energy Development Authority (“**SEDA**”) to undertake the development of 2.4MW Biogas Power Plant in Ulu Sebol, Kota Tinggi, Johor Darul Takzim (“**Project**”). SBSB had participated in a competitive e-bidding exercise for the Project and submitted its bid to SEDA on 5 June 2020 (“**Bid**”). SEDA has accepted SBSB’s Bid and selected SBSB as the successful bidder.

3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

Save as disclosed below, our Group is not involved in any material litigation, claims or arbitration, whether as plaintiff or defendant, and our Board is not aware of any proceedings, pending or threatened, against our Group or of any fact likely to give rise to any proceedings which may materially and adversely affect the financial or business position of MCB Group:-

International Chamber of Commerce International Court of Arbitration (“ICC”) Arbitration No. 24250/DDA filed by Algerian Energy Company SPA against (1) Tlemcen Desalination Investment Company SAS, (2) Hyflux Limited and (3) Malakoff Corporation Berhad in relation to the Souk Tleta Seawater Desalination Plant in the District of Tlemcen, Algeria (“Plant”)

On 19 March 2019, Algerian Energy Company SPA (“AEC” or “**Claimant**”) had filed a request for arbitration (“**Request**”) at ICC, Paris, against Tlemcen Desalination Investment Company SAS (“**TDIC**”), an indirect 70%-owned subsidiary of our Company, Hyflux Limited (“**Hyflux**”) and MCB (collectively referred to as “**Respondents**”) in relation to the Water Purchase Agreement dated 9 December 2007 (“**WPA**”), Framework Agreement of December 2007 (“**FA**”), Joint Venture Agreement dated 28 March 2007 (“**JVA**”) and Dispute Resolution Protocol dated 9 December 2007 (“**DRP**”) (collectively referred to as “**Contract Documents**”).

In the Request, the Claimant has alleged, amongst others, that the Respondents:-

- a) are liable for breaches of contract and negligence in the design, operation and maintenance of the Plant; and
- b) wrongly objected to the termination of the WPA, transfer of Almiyah Attilemcania SpA (“**AAS**”)’s shares to AEC and carrying out of technical audit under the FA.

In this regard, the reliefs sought by the Claimant from the arbitral tribunal include, inter alia:-

- i. a declaration that the Respondents have breached their contractual obligations under the Contract Documents;
- ii. an order that the WPA was validly terminated for events of default;
- iii. an order for TDIC to transfer its shares in AAS, the project company, to AEC at the price of 1 Algerian Dinar;
- iv. an order for the Respondents to indemnify AEC for damages incurred as a result of their breaches, estimated on an interim basis at 80 Million Euro;
- v. an order for the Respondents to pay all the costs for the Plant rehabilitation to be completed by a third party to be selected by AEC; and
- vi. an order for the Respondents to guarantee the payment or reimburse the fine of 3,929 million Algerian Dinar (imposed on AAS by the Algerian courts for the invoice gap, which is currently pending outcome of AAS’ appeal at Algerian Supreme Court).

Our Company has appointed international arbitration lawyers in Paris and Kuala Lumpur to advise on the Request and take the necessary steps to defend its position and vigorously challenge AEC’s claims in the ICC arbitration, and possibly counterclaim against AEC.

The Respondents filed their respective answers to the Request at the ICC in May 2019 raising, amongst others, various preliminary/jurisdictional objections. On 17 January 2020, the Respondents filed their respective submissions on jurisdictional objections against AEC’s claims. The Claimant filed its reply on 28 February 2020 and the Respondents submitted their reply on 15 April 2020.

On 15 June 2020, the arbitral tribunal conducted a virtual hearing of the Respondents’ jurisdictional objections.

On 16 January 2021, MCB received the Arbitral Tribunal’s partial award on the preliminary / jurisdictional objections dated 13 January 2021. In summary, the Arbitral Tribunal decided that:-

- i. it has jurisdiction to review and decide on AEC’s claims under the JVA and the FA in the arbitration;
- ii. it reserves its decision on whether it has jurisdiction to decide on the validity of the purported WPA termination and the costs of the arbitration until the next stage of the arbitration; and
- iii. it will issue a procedural order on the next phase of the arbitration on the merits.

Accordingly, the ICC Arbitration will now progress to the next phase where the merits of the claims and defences will be deliberated and determined.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company at Level 12, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia between 8.30 a.m. and 5.30 p.m. from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the 15th AGM:-

- (i) Constitution of MCB;
- (ii) Audited consolidated financial statements of MCB Group for the past two (2) financial years ended 31 December 2019 and 2020 (the latest unaudited quarterly results for the financial period ending 31 March 2021 is not available yet as at 29 March 2021);
- (iii) Material contracts referred to in Section 2 of Appendix I; and
- (iv) Relevant cause papers in respect of material litigation, claims and arbitration referred to in Section 3 of Appendix I.

EXTRACT OF THE NOTICE OF THE 15TH AGM

To consider and, if thought fit, to pass the following ordinary resolutions, with or without any modifications:-

PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")

(Resolution 9)

"THAT, subject to Paragraph 10.09 of the MMLR of Bursa Securities, the Company and its subsidiaries ("**Group**") be and are hereby authorised to enter into recurrent related party transactions of a revenue or trading nature with the Related Parties as set out in Section 2.4 of the Circular to Shareholders dated 29 March 2021, PROVIDED THAT such transactions are necessary for the Group's day-to-day operations and are in the ordinary course of business of the Group and at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company;

THAT such approval shall continue to be in force until:-

- (i) the conclusion of the next AGM of the Company following the general meeting at which this Ordinary Resolution shall be passed, at which time it will lapse, unless by a resolution passed at the general meeting, the authority conferred by this resolution is renewed;
- (ii) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company at a general meeting,

whichever is earlier;

AND THAT the Directors of the Company and its subsidiaries be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate as authorised by this Ordinary Resolution."