

THIS CIRCULAR/STATEMENT 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 Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

Bursa Securities takes no responsibility for the contents of this Circular/Statement, 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/Statement.



MALAKOFF CORPORATION BERHAD

Registration No. 200601011818 (731568-V)

(Incorporated in Malaysia)

CIRCULAR/STATEMENT TO SHAREHOLDERS IN RELATION TO

PART A:

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

PART B:

PROPOSED RENEWAL OF THE AUTHORITY FOR MALAKOFF CORPORATION BERHAD TO PURCHASE ITS OWN SHARES OF UP TO 10% OF ITS TOTAL NUMBER OF ISSUED SHARES

The resolutions in respect of the above proposals will be tabled as special business at the Seventeenth Annual General Meeting ("**17th AGM**") of Malakoff Corporation Berhad ("**MCB**" or "**the Company**") which will be conducted on a virtual basis from the broadcast venue at The Boardroom, Level 7, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia on Thursday, 11 May 2023 at 10:00 a.m. or any adjournment thereof. The Notice of the 17th AGM together with the Form of Proxy are set out in the Integrated Annual Report 2022 of the Company which is also available to be downloaded from the Company's website together with this Circular/Statement.

As a shareholder, you are encouraged to go online, participate, and vote at the 17th AGM using the Remote Participation and Voting ("**RPV**") Facilities as the Company will be conducting its 17th AGM 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://investor.boardroomlimited.com> 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 17th AGM indicated below or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from participating and voting in person at the 17th AGM via RPV Facilities should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Tuesday, 9 May 2023 at 10:00 a.m.

Date and time of our 17th AGM : Thursday, 11 May 2023 at 10:00 a.m.

This Circular/Statement is dated 11 April 2023

DEFINITIONS

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

| | | |
|------------------------------|---|--|
| 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 2022 | : | Integrated Annual Report of the Company for the financial year ended 31 December 2022 |
| AOA | : | Anglo-Oriental (Annuities) Sdn. Bhd., a wholly-owned subsidiary of MMC |
| Board or Directors | : | Board of Directors of MCB and "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 of the Company, its subsidiary or holding company |
| Bursa Securities | : | Bursa Malaysia Securities Berhad |
| Circular/ Statement | : | This Circular to Shareholders (" Circular ")/Statement to Shareholders (" Statement ") dated 11 April 2023 |
| Code | : | Malaysian Code on Take-Over and Mergers 2016 |
| DRB | : | DRB-HICOM Berhad |
| DRB Group | : | DRB-HICOM Berhad and its group of companies |
| EPS | : | Earnings per share |
| FYE | : | Financial year ended |
| 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 | : | 13 March 2023, being the latest practicable date prior to the circulation of this Circular/Statement |
| 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 |
| Market Day | : | A day on which Bursa Securities is open for trading in securities |
| MCB or the Company | : | Malakoff Corporation Berhad |
| MCB Group or the Group | : | MCB and its group of companies |

DEFINITIONS (CONT'D)

| | | |
|--|---|---|
| Minister | : | Minister charged with the responsibilities for companies, currently the Minister of Domestic Trade and Cost of Living, Malaysia |
| 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 |
| NA | : | Net assets |
| 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: (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. |
| Prevailing Laws | : | Prevailing laws, rules, regulations, orders, guidelines and/or requirements issued by the relevant authorities |
| 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 |
| Proposed Renewal of Share Buy-Back Authority | : | Proposed renewal of the Share Buy-Back Authority |
| Purchased Share(s) | : | Share(s) of our Company purchased under the existing Share Buy-Back Authority and the Proposed Renewal of Share Buy-Back Authority |
| 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 Part A of this Circular/Statement |
| 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 Part A of the Circular/Statement |
| Rules | : | Rules on Take-Overs, Mergers and Compulsory Acquisitions |
| 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 |

DEFINITIONS (CONT'D)

| | |
|----------------------------|--|
| Share(s) | : Ordinary share(s) in our Company |
| Share Buy-Back | : The purchase of Shares of up to 10% of our total number of issued shares |
| Share Buy-Back Authority | : Authority for our Company to undertake the Share Buy-Back |
| Shareholders' Mandate | : Shareholders' mandate pursuant to Paragraph 10.09 of the Listing Requirements for MCB and its subsidiary companies to enter into RRPT(s) |
| Syed Kechik Holdings | : Syed Kechik Holdings Sdn. Bhd. |
| Syed Kechik Holdings Group | Syed Kechik Holdings Sdn. Bhd. and its group of companies |
| 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 |
| VWAP | : Volume weighted average market price |

All references to **“our Company”** or **“MCB”** in this Circular/Statement 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/Statement are to our shareholders.

All references to dates and times in this Circular/Statement 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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PART A

**PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND PROPOSED NEW
SHAREHOLDERS' MANDATE**



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

11 April 2023

Board of Directors

Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali (Independent Non-Executive Chairman)
Anwar Syahrin Abdul Ajib (Managing Director/Chief Executive Officer)
Tan Sri Che Khalib Mohamad Noh (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)
Dato' Mohd Naim Daruwish (Non-Independent Non-Executive Director)
Dr. Norida Abdul Rahman (Independent Non-Executive Director)
Datuk Prakash Chandran Madhu Sudanan (Independent Non-Executive Director)

To: Our Shareholders

Dear Sirs/Madam,

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

1. INTRODUCTION

At the AGM of the Company held on 28 April 2022, our Company had obtained your mandate for MCB Group to enter into RRPTs 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 to the 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 Seventeenth (17th) AGM of the Company 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 23 February 2023, 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 17th AGM of the Company.

THIS CIRCULAR SERVES TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSAL AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSAL TO BE TABLED AT THE FORTHCOMING 17th AGM UNDER THE AGENDA OF SPECIAL BUSINESS, THE NOTICE OF WHICH IS SET OUT IN THE ANNUAL REPORT 2022.

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 17th 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 17th 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 17th AGM, and shall continue to be in force until:

- (i) the conclusion of the next AGM of our Company following the forthcoming 17th AGM at which the resolution authorising 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 and green solutions, operations 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 services as well as total environmental solutions under the AFSB Group.

The principal activities of the companies in our Group as described in Note 7 to the financial statements are set out in the Company's Annual Report 2022.

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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 with Them |
|-----|----------------------|---|---|
| 1 | MMC | Investment holding, construction, mining and mineral exploration. Its subsidiaries are principally involved in engineering, infrastructure and utilities | <p><u>Interested Directors</u> a) Tan 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, aerospace and defence, postal, banking, services (including concession services, education aviation and logistics) 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 | Syed Kechik Holdings | Investment holding and management company | <p><u>Persons connected to Major Shareholders</u> a) TSSM</p> |

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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) Seaport, being the Major Shareholder of MMC, is a Person Connected to TSSM;
- e) AOA, being a direct Major Shareholder of the Company, is also a wholly-owned subsidiary of MMC;
- f) Indra Cita, being the Major Shareholder of Seaport, is a Person Connected to TSSM;
- g) TSSM is a Major Shareholder of Etika Strategi Sdn. Bhd. and an indirect Major Shareholder of Seaport and Perspective Lane (M) Sdn. Bhd.;
- h) Puan Sri Sharifah Zarah binti Syed Kechik, the spouse of TSSM, is a Major Shareholder of Syed Kechik Holdings Group.
- i) Tan 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 a Non-Executive Director of MMC and Non-Independent Non-Executive Director of DRB; and
- k) Datuk Idris Abdullah, being our Independent Non-Executive Director, is 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

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 13 March 2023 (RM'000) (A) | Estimated aggregate value as disclosed in the preceding year's circular to shareholders dated 29 March 2022 (RM'000) (B) | Deviation where (A) exceeds (B) by 10% or more (RM'000) |
|------------------------------|-------------------------------------|---------------------------|---|--|--|--|---|
| Expenses to MCB Group | | | | | | | |
| 1. | AFSB Group | DRB Group | Provision of motor vehicle maintenance services by DRB Group | 3,192 | 2,928 | 2,692 | - |
| | | | Supply of scrap materials/any assets (i.e. bins, automotive, scrap loose ferrous, etc) by DRB Group | 10,347 | 6,032 | 5,520 | - |

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

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 13 March 2023 (RM'000) (A) | Estimated aggregate value as disclosed in the preceding year's circular to shareholders dated 29 March 2022 (RM'000) (B) | Deviation where (A) exceeds (B) by 10% or more (RM'000) |
|---------------------------------------|-------------------------------------|---------------------------|--|--|--|--|---|
| Expenses to MCB Group (Cont'd) | | | | | | | |
| 1. | AFSB Group (Cont'd) | DRB Group (Cont'd) | Payment of utilities and logistics cost and/or miscellaneous expenses to DRB Group | 379 | 239 | 222 | - |
| | | | Payment of rental services (i.e. buildings ⁽¹⁾ , building service charges, motor vehicle, etc) to DRB Group | 3,735 | 2,811 | 2,572 | - |

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

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 13 March 2023 (RM'000) (A) | Estimated aggregate value as disclosed in the preceding year's circular to shareholders dated 29 March 2022 (RM'000) (B) | Deviation where (A) exceeds (B) by 10% or more (RM'000) |
|---------------------------------------|-------------------------------------|---------------------------|---|--|--|--|---|
| Expenses to MCB Group (Cont'd) | | | | | | | |
| 1. | AFSB Group (Cont'd) | DRB Group (Cont'd) | Purchase of machineries, motor vehicles and bins | 191,441 | 2,122 | 309,230 | - |
| 2. | AFSB Group | MMC Group | Payment of utilities cost and/or miscellaneous expenses to MMC Group Supply of scrap materials/any assets by MMC Group | 877 681 | 631 460 | 680 423 | - - |

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

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 13 March 2023 (RM'000) (A) | Estimated aggregate value as disclosed in the preceding year's circular to shareholders dated 29 March 2022 (RM'000) (B) | Deviation where (A) exceeds (B) by 10% or more (RM'000) |
|---------------------------------------|-------------------------------------|---------------------------|--|--|--|--|---|
| Expenses to MCB Group (Cont'd) | | | | | | | |
| 3. | AFSB Group | Tradewinds Group | Provision of travel related services by Tradewinds Group | *0 | 1 | 23 | - |
| Revenue to MCB Group | | | | | | | |
| 4. | TUSB Group | MMC Group | Development of rooftop solar photovoltaic project at premises within MMC Group | 1,700 | 264 | 1,355 | - |
| 5. | TUSB Group | DRB Group | Development of rooftop solar photovoltaic project at premises within DRB Group | 4,782 | 2,522 | 4,072 | - |

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 13 March 2023 (RM'000) (A) | Estimated aggregate value as disclosed in the preceding year's circular to shareholders dated 29 March 2022 (RM'000) (B) | Deviation where (A) exceeds (B) by 10% or more (RM'000) |
|--------------------------------------|-------------------------------------|---------------------------|---|--|--|--|---|
| Revenue to MCB Group (Cont'd) | | | | | | | |
| 6. | TUSB Group | Tradewinds Group | Development of rooftop solar photovoltaic project at premises within Tradewinds Group | *0 | 0 | 183 | - |
| 7. | AFSB Group | DRB Group | Provision of building maintenance services to DRB Group | 18,007 | 12,359 | 14,408 | - |
| | | | Provision of all kinds of services related to cleaning, collection and cleansing to DRB Group | 12,885 | 9,753 | 12,172 | - |

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

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 13 March 2023 (RM'000) (A) | Estimated aggregate value as disclosed in the preceding year's circular to shareholders dated 29 March 2022 (RM'000) (B) | Deviation where (A) exceeds (B) by 10% or more (RM'000) |
|--------------------------------------|-------------------------------------|---------------------------|--|--|--|--|---|
| Revenue to MCB Group (Cont'd) | | | | | | | |
| 8. | AFSB Group | MMC Group | Provision of all kinds of services related to cleaning, collection, cleansing and landscaping to MMC Group | 8,200 | 4,079 | 4,488 | - |
| | | | Provision of building maintenance services to MMC Group | 399 | 15 | 18 | - |
| Total | | | | 256,625 | 44,216 | 358,058 | - |

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 | Syed Kechik Holdings Group | Development of rooftop solar photovoltaic project at premises within Syed Kechik Holdings Group | 55 |
| Total | | | | 55 |

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 4.3B, Level 4, Wisma DRB-Hicom, No. 2, Jalan Usahawan U1/8, Seksyen U1, 40150 Shah Alam, Selangor | Rental of office space | 2,121 | RM7,423.50 payable on monthly basis |
| 6. | Suite 4.4A, Level 4, Wisma DRB-Hicom, No. 2, Jalan Usahawan U1/8, Seksyen U1, 40150 Shah Alam, Selangor | Rental of office space | 2,820 | RM9,870.00 payable on monthly basis |
| 7. | 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 |
| 8. | 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 |
| 9. | 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 |
| 10. | 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 |
| 11. | 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 |
| 12. | Suite 4.4C, Level 4, EON Head Office Complex, No. 2, Persiaran Kerjaya, Taman Perindustrian Glenmarie, Seksyen U1, 40150 Shah Alam, Selangor | Rental of office space | 850 | RM2,975.00 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 2022 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 2022 | 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 |
| TUSB Group | MMC Group | Development of rooftop solar photovoltaic project at premises within MMC Group | 54 | 54 | - | - | - | - |
| TUSB Group | DRB Group | Development of rooftop solar photovoltaic project at premises within DRB Group | 494 | 402 | 92 | - | - | - |
| AFSB Group | DRB Group | Provision of all kinds of services related to cleaning, collection and cleansing to DRB Group | 112 | 58 | 54 | - | - | - |
| | | Provision of building maintenance services to DRB Group | 7,342 | 1,079 | 5,745 | 518 | - | - |
| AFSB Group | MMC Group | Provision of all kinds of services related to cleaning, collection, cleansing and landscaping to MMC Group | 1,533 | 403 | 1,078 | 52 | - | - |
| | | Total | 9,535 | 1,996 | 6,969 | 570 | - | - |

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. From financial year end up to the LPD, the Group has collected approximately RM4,857,766 from the above RRPT, predominantly from amounts outstanding exceeded the credit term of more than 1 year to 3 years and amounts outstanding exceeded the credit term of 1 year or less. Ongoing efforts are in place to recover the remaining outstanding amounts. The management expects to recover significant outstanding amounts by end of 2023.

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.

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 for 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 2023.

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

As at LPD, the direct and indirect shareholdings of the interested Directors and 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> | | | | |
| Tan 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 17th 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 17th AGM.

The abovenamed interested Directors and Major Shareholders have also undertaken to ensure that, where applicable, the persons connected with 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 17th 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 17th 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 2022.

10. AGM

The Notice of 17th AGM and Form of Proxy that contains the ordinary resolution in respect of the Proposal, which has also been incorporated into the Annual Report 2022, has been circulated to you.

The 17th AGM of the Company will be conducted on a virtual basis through live webcast and online remote voting from the broadcast venue at The Boardroom, Level 7, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia on Thursday, 11 May 2023 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 17th 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 17th AGM using the RPV. 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://investor.boardroomlimited.com> 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 17th AGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from participating and voting in person at the 17th AGM if you subsequently wish to do so.

11. FURTHER INFORMATION

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

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

Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali
Independent Non-Executive Chairman

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PART B

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY



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

11 April 2023

Board of Directors

Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali (Independent Non-Executive Chairman)
Anwar Syahrin Abdul Ajib (Managing Director/Chief Executive Officer)
Tan Sri Che Khalib Mohamad Noh (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)
Dato' Mohd Naim Daruwish (Non-Independent Non-Executive Director)
Dr. Norida Abdul Rahman (Independent Non-Executive Director)
Datuk Prakash Chandran Madhu Sudanan (Independent Non-Executive Director)

To: Our Shareholders

Dear Sirs/Madam,

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

1. INTRODUCTION

At the 16th AGM of MCB held on 28 April 2022, our Company had obtained your approval for the renewal of authority for the Company to purchase up to ten percent (10%) of the total number of our issued shares. This authority shall lapse at the conclusion of the forthcoming 17th AGM unless a new mandate is obtained from you.

On 13 March 2023, our Company announced to Bursa Securities of our intention to seek your approval for the Proposed Renewal of Share Buy-Back Authority at the forthcoming 17th AGM.

The purpose of this Statement is to provide you with the details of the Proposed Renewal of Share Buy-Back Authority and to seek your approval for the resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming 17th AGM. The Notice of the 17th AGM together with the Form of Proxy are set out in the Annual Report 2022.

You are advised to read the contents of this Statement carefully before voting on the resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming 17th AGM.

2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

Our Board is proposing to seek your approval for the renewal of the authority for our Company to purchase up to 10% of our total number of issued shares subject to Section 127 of the Act and any Prevailing Laws at the time of the purchase(s).

2.1 Quantum

The maximum aggregate number of Shares which may be purchased by our Company shall not exceed 10% of our total number of issued shares at any point in time.

As at the LPD, our Company has a total number of issued shares of 5,000,000,000 Shares (inclusive of 113,038,700 treasury shares). Hence, the maximum number of Shares that may be purchased or held as treasury shares by our Company is 500,000,000 Shares.

The actual number of Shares to be purchased and the timing of such purchases will depend on, among others, market conditions and sentiments, as well as the retained profit and financial resources available to our Company at the time of the purchase(s).

2.2 Funding

The Share Buy-Back pursuant to the Proposed Renewal of Share Buy-Back Authority may be funded through internally generated funds and/or external borrowings as long as the purchase is backed by an equivalent amount of retained profit of our Company, subject to compliance of the Prevailing Laws.

Our Company has not determined the source of funding of the Share Buy-Back pursuant to the Proposed Renewal of Share Buy-Back Authority. The amount of internally generated funds and/or external borrowings to be used will only be determined later, depending on, among others, the actual number of Shares to be purchased, the availability of funds at the time of purchase(s) and other relevant cost factors.

The Share Buy-Back pursuant to the Proposed Renewal of Share Buy-Back Authority, if funded through internally generated funds, is not expected to have a material impact on the cashflow position of our Company. If the Share Buy-Back pursuant to the Proposed Renewal of Share Buy-Back Authority is to be financed by external borrowings, our Company will ensure that we will be able to repay such borrowings and that such repayment will not have a material effect on our cashflow. In addition, our Board will ensure that our Company satisfies the solvency test as stated in Section 112(2) of the Act before implementing the Proposed Renewal of Share Buy-Back Authority.

Based on the latest audited consolidated financial statements of our Company for the FYE 31 December 2022, the retained profit of our Company is approximately RM1,790.3 million.

2.3 Duration

The authority from you, if renewed, would be effective immediately upon the passing of the resolution in relation to the Proposed Renewal of Share Buy-Back Authority at the forthcoming 17th AGM and will continue to be in force until:

- (i) the conclusion of the next AGM of our Company following the general meeting at which the resolution for the Proposed Renewal of Share Buy-Back Authority is passed, at which time it will lapse unless the authority is renewed by a resolution passed at that meeting, either conditionally or unconditionally;

- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of our Company at a general meeting of our Company,

whichever occurs first.

Your approval for the Proposed Renewal of Share Buy-Back Authority does not impose an obligation on our Company to purchase our Shares. However, it will allow our Board to exercise the power of our Company to purchase our Shares at any time within the abovementioned time period.

2.4 Purchase price

Pursuant to Paragraph 12.17 of the Listing Requirements, our Company may only purchase our Shares on Bursa Securities at a price which is not more than 15% above the VWAP of our Shares for the 5 Market Days immediately before the date of the purchase(s).

2.5 Treatment of the Purchased Shares

In accordance with Section 127(4) of the Act, where our Company has purchased our Shares, our Directors may deal with the Purchased Shares, at their discretion, in the following manner:

- (i) cancel the Shares so purchased;
- (ii) retain the Shares so purchased in treasury which is referred to as “treasury shares”; or
- (iii) retain part of the Shares so purchased as treasury shares and cancel the remainder of the Shares.

Accordingly, based on Section 127(7) of the Act, where such Shares are held as treasury shares, our Directors may, at their discretion:

- (i) distribute the Shares as dividends to our shareholders, such dividends to be known as “share dividends”;
- (ii) resell the Shares or any of the Shares in accordance with the relevant rules of Bursa Securities;
- (iii) transfer the Shares or any of the Shares for the purposes of or under an employees’ share scheme;
- (iv) transfer the Shares or any of the Shares as purchase consideration;
- (v) cancel the Shares or any of the Shares; or
- (vi) sell, transfer or otherwise use the Shares for such other purposes as the Minister may by order prescribe.

If the Purchased Shares are held as treasury shares, the rights attaching to them as to voting, dividends and participation in other distributions or otherwise, will be suspended and the treasury shares will not be taken into account in calculating the number of percentage of Shares, or of a class of shares in our Company for any purpose including substantial shareholdings, take-overs, notices, requisitioning of meetings, quorum for a meeting and result of a vote on a resolution at a meeting.

According to Paragraph 12.18 of the Listing Requirements, our Company may only resell or transfer the treasury shares on Bursa Securities at:

- (i) a price which is not less than the VWAP for our Shares for the 5 Market Days immediately before the date of the resale or transfer; or
- (ii) a discounted price of not more than 5% to the VWAP for our Shares for the 5 Market Days immediately before the date of the resale or transfer provided that:
 - (aa) the resale or transfer takes place not earlier than 30 days from the date of purchase; and
 - (bb) the resale or transfer price is not less than the cost of purchase of our Shares being resold or transferred.

An immediate announcement will be made to Bursa Securities in respect of the intention of the Directors to either resell, transfer or cancel the Purchased Shares.

2.6 Public shareholding spread

The Share Buy-Back pursuant to the Proposed Renewal of Share Buy-Back Authority will be carried out in accordance with the Prevailing Laws at the time of the purchase including compliance with the public shareholding spread requirement as set out in Paragraph 8.02(1) of the Listing Requirements.

Based on the Record of Depositors of our Company as at the LPD, the public shareholding spread of our Company stood at 2,506,884,210 Shares, representing about 51.30% in the hands of 21,747 public shareholders holding not less than 100 Shares each. Assuming that the Proposed Renewal of Share Buy-Back Authority is implemented in full and all the Shares so purchased (and assuming all Shares so purchased are from public shareholders in the market) are either cancelled or held as treasury shares, the public shareholding spread of our Company is expected to reduce to 2,119,922,910 Shares, representing about 47.11%.

Our Company, in implementing the Share Buy-Back pursuant to the Proposed Renewal of Share Buy-Back Authority, will be mindful of the requirement to maintain the minimum public shareholding spread.

2.7 Implication of the Code

As it is not intended for the Share Buy-Back pursuant to the Proposed Renewal of Share Buy-Back Authority to trigger the obligation to undertake a mandatory offer under the Code by any of our Company's substantial shareholders or persons acting in concert with them, our Board will ensure that only such number of Shares are purchased, retained as treasury shares, cancelled or distributed such that the Shares bought back pursuant to the Proposed Renewal of Share Buy-Back Authority would not result in the triggering of any mandatory offer obligation on the part of our Company's substantial shareholders and/or persons acting in concert with them. In this connection, our Board is mindful of the requirements of the Listing Requirements, the Code and the Prevailing Laws when making any purchase of our Shares pursuant to the Proposed Renewal of Share Buy-Back Authority.

If the number of Shares bought back results in any substantial shareholder(s) and/or persons acting in concert with them triggering the Code, such substantial shareholder(s) and/or persons acting in concert with them may consider seeking an exemption from the obligation to undertake a mandatory offer under the Rules.

3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The Proposed Renewal of Share Buy-Back Authority, if implemented, will provide our Company with an option to use the surplus financial resources to help stabilise the supply and demand as well as the price of our Shares, thereby supporting the fundamental value of our Shares.

All things being equal, the Proposed Renewal of Share Buy-Back Authority, regardless of whether the Purchased Shares are maintained as treasury shares or cancelled, will result in a lower number of Shares being used for the purpose of computing the EPS. Therefore, the Proposed Renewal of Share Buy-Back Authority will enhance the EPS of our Group.

The Purchased Shares may be held as treasury shares and resold on Bursa Securities at a higher price with the intention of realising a potential gain without affecting the total issued share capital of our Company. Should any treasury shares be distributed as share dividends, this would serve to reward you, as shareholders of our Company.

Please refer to Section 4 below for the potential advantages and disadvantages of the Proposed Renewal of Share Buy-Back Authority.

4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The potential advantages of the Proposed Renewal of Share Buy-Back Authority to our Company and our shareholders are as follows:

- (i) allows our Company to take preventive measures against speculation particularly when our Shares are undervalued, which would in turn, stabilise the market price of our Shares and hence, enhance investors' confidence;
- (ii) allows flexibility for our Company to achieve the desired capital structure, in terms of debt and equity composition and size of equity; and
- (iii) where the Purchased Shares are retained as treasury shares, it will provide our Company with opportunities for potential gains if such treasury shares are resold at a higher price and it will also serve to reward our shareholders if such treasury shares are distributed as share dividends.

The potential disadvantages of the Proposed Renewal of Share Buy-Back Authority to our Company and our shareholders are as follows:

- (i) it may reduce the financial resources of our Group and may result in our Group foregoing other investment opportunities in the future and/or interest income that can be derived from the funds used for any purchase of Shares under the Proposed Renewal of Share Buy-Back Authority; and
- (ii) as the Share Buy-Back pursuant to the Proposed Renewal of Share Buy-Back Authority can only be made out of retained profit of our Company, it may result in the reduction of financial resources available for distribution to our shareholders in the immediate future.

The Proposed Renewal of Share Buy-Back Authority is not expected to cause any potential material disadvantage to our Company or our shareholders as any Share Buy-Back exercise will be undertaken only after in depth consideration of the financial resources of our Company and of the resultant impact to our shareholders.

The Board will be mindful of the interests of our Company and our shareholders when undertaking the Proposed Renewal of Share Buy-Back Authority and in the subsequent resale of treasury shares on Bursa Securities, if any.

5. EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

5.1 Share capital

The effect of the Proposed Renewal of Share Buy-Back Authority on our issued share capital will depend on whether the Purchased Shares are retained as treasury shares or cancelled.

If the Purchased Shares are retained as treasury shares, the Proposed Renewal of Share Buy-Back Authority will not affect our issued share capital but the rights attaching to them as to voting, dividends and participation in other distributions or otherwise, of our Company's assets including any distribution of assets upon winding up of our Company will be suspended. The treasury shares will not be taken into account in calculating the number or percentage of Shares, or of a class of shares in our Company for any purpose including substantial shareholdings, take-overs, notices, requisitioning of meetings, quorum for a meeting and result of a vote on a resolution at a meeting.

Based on our total number of issued shares as at the LPD, and assuming that the maximum number of Shares (of up to 10% of our total number of issued shares) authorised under the Proposed Renewal of Share Buy-Back Authority are purchased and cancelled (including the existing treasury shares currently held by our Company), the effect of the Proposed Renewal of Share Buy-Back Authority on our issued share capital is as follows:

| | <u>No. of Shares</u> |
|---|-----------------------------|
| As at the LPD | 5,000,000,000 |
| Less: Maximum number of Shares that may be purchased and cancelled pursuant to the Proposed Renewal of Share Buy-Back Authority | (500,000,000) |
| Resultant number of Shares in issue | <u>4,500,000,000</u> |

5.2 NA

The effects of the Proposed Renewal of Share Buy-Back Authority on our NA and NA per Share will depend on the number of Shares purchased, the prices paid for such Shares, the effective funding cost to our Company to finance the purchase of such Shares, if any, or any loss in interest income to our Company, and whether the Purchased Shares are retained as treasury shares or cancelled.

If the Purchased Shares are retained as treasury shares, the NA of our Group will decrease by the purchase cost of the treasury shares because the treasury shares are required to be carried at cost and be deducted from equity. If the treasury shares are subsequently cancelled or distributed as share dividends, there will be no additional effect on the NA of our Group.

The Purchased Shares that are retained as treasury shares and/or cancelled and/or distributed as share dividends will reduce our NA per Share if the purchase price of such Shares exceeds our NA per Share, and *vice versa*. If the treasury shares are resold on Bursa Securities, it will increase our NA per Share if our Company realises a capital gain from such resale, and *vice versa*.

5.3 Gearing

Assuming that the treasury shares are being retained by our Company and no borrowing is being used to fund any purchase of the Purchased Shares, the Proposed Renewal of Share Buy-Back Authority may increase the gearing of our Group as the Purchased Shares will reduce the equity by the cost of Shares acquired and held as treasury shares.

The Proposed Renewal of Share Buy-Back Authority may further increase the gearing of our Group if borrowing is used to fund any purchase of the Purchased Shares. However, at this juncture, our Company have not determined whether to use any borrowing to purchase any Shares under the Proposed Renewal of Share Buy-Back Authority.

5.4 Earnings and EPS

Depending on the number of Shares purchased, the prices paid for such Shares, the effective funding cost to our Company to finance the purchase of such Shares, if any, or any loss in interest income to our Company, the Proposed Renewal of Share Buy-Back Authority may increase or reduce the EPS of our Group.

Nevertheless, all things being equal, assuming that the treasury shares are retained by our Company, the Proposed Renewal of Share Buy-Back Authority is expected to increase the EPS of our Group as the treasury shares held by our Company will not be taken into account in calculating the total number of Shares in issue.

If the Purchased Shares are cancelled, the number of Shares applied in the computation of EPS will reduce and accordingly, all things being equal, the Proposed Renewal of Share Buy-Back Authority will increase the EPS of our Group.

If the Purchased Shares are resold, the extent of the impact to the EPS of our Group will depend on the actual selling price, the number of treasury shares resold and the effective gain on resale and any funding cost arising from the Proposed Renewal of Share Buy-Back Authority.

5.5 Working capital

The Proposed Renewal of Share Buy-Back Authority, when implemented, may reduce funds available for the working capital of our Group, the quantum of which will depend on, among others, the number of Shares purchased, the purchase price(s) of Shares and any costs incurred in making the purchase. However, our Board believes that the Proposed Renewal of Share Buy-Back Authority will not have any material effect on the working capital of our Group.

5.6 Dividend

The Proposed Renewal of Share Buy-Back Authority is not expected to have any impact on the policy and our Board's recommendation in declaring dividends to the shareholders of our Company. However, as stated in Section 2.5 above, our Board may distribute future dividends in the form of the share dividends by using treasury shares purchased pursuant to the Proposed Renewal of Share Buy-Back Authority.

5.7 Substantial shareholders' and Directors' shareholdings

5.7.1 Substantial shareholders

Based on the Register of Substantial Shareholders of our Company as at the LPD and assuming the purchase by our Company of our Shares pursuant to the Proposed Renewal of Share Buy-Back Authority is carried out in full on the basis that all the Shares are purchased from shareholders other than the substantial shareholders of our Company, the effect of such purchase on the shareholdings of the substantial shareholders of our Company are as follows:

| | As at the LPD | | | After the Proposed Renewal of Share Buy-Back Authority | | | | |
|---|---------------|-------|------------------|--|---------------|-------|------------------|-------|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| AOA | 981,341,460 | 20.08 | - | - | 981,341,460 | 21.81 | - | - |
| MMC | 897,695,630 | 18.37 | (1)981,341,460 | 20.08 | 897,695,630 | 19.95 | (1)981,341,460 | 21.81 |
| Urusharta Jamaah Sdn Bhd | 500,000,000 | 10.23 | - | - | 500,000,000 | 11.11 | - | - |
| Employees Provident Fund Board | 499,643,233 | 10.22 | - | - | 499,643,233 | 11.10 | - | - |
| Kumpulan Wang Persaraan (Diperbadankan) | 446,215,434 | 9.13 | - | - | 446,215,434 | 9.92 | - | - |
| Amanah Saham Bumiputera | 313,511,900 | 6.42 | - | - | 313,511,900 | 6.97 | - | - |
| Seaport Terminal (Johore) Sdn Bhd | - | - | (2)1,879,037,090 | 38.45 | - | - | (2)1,879,037,090 | 41.76 |
| Indra Cita Sdn Bhd | - | - | (3)1,879,037,090 | 38.45 | - | - | (3)1,879,037,090 | 41.76 |
| TSSM | - | - | (4)1,879,037,090 | 38.45 | - | - | (4)1,879,037,090 | 41.76 |

Notes:

- (1) Deemed interested by virtue of its shareholding in AOA pursuant to Section 8 of the Act.
- (2) Deemed interested by virtue of its shareholding in MMC pursuant to Section 8 of the Act.
- (3) Deemed interested by virtue of its shareholding in Seaport Terminal (Johore) Sdn Bhd pursuant to Section 8 of the Act.
- (4) Deemed interested by virtue of his shareholding in Indra Cita Sdn Bhd pursuant to Section 8 of the Act.

5.7.2 Directors

Based on the Register of Directors' Shareholdings of our Company as at the LPD and assuming the purchase by our Company of our Shares pursuant to the Proposed Renewal of Share Buy-Back Authority is carried out in full on the basis that all the Shares are purchased from shareholders other than the Directors of our Company, the effect of such purchase on the shareholdings of our Directors are as follows:

| | As at the LPD | | | After the Proposed Renewal of Share Buy-Back Authority | | |
|--|---------------|------|---------------|--|------|---------------|
| | Direct | | Indirect | Direct | | Indirect |
| | No. of Shares | % | No. Of Shares | No. of Shares | % | No. of Shares |
| Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali | 50,000 | * | - | 50,000 | * | - |
| Anwar Syahrin Abdul Ajib | - | - | - | - | - | - |
| Tan Sri Che Khalib Mohamad Noh | 420,000 | 0.01 | - | 420,000 | 0.01 | - |
| Datuk Ooi Teik Huat | 420,000 | 0.01 | - | 420,000 | 0.01 | - |
| Datuk Dr. Syed Muhammad Syed Abdul Kadir | 150,000 | * | - | 150,000 | * | - |
| Datuk Idris Abdullah | - | - | - | - | - | - |
| Datuk Rozimi Remeli | - | - | - | - | - | - |
| Dato Mohd Naim Daruwish | - | - | - | - | - | - |
| Dr. Norida Abdul Rahman | - | - | - | - | - | - |
| Datuk Prakash Chandran Madhu Sudanan | - | - | - | - | - | - |

Note:
* Negligible.

6. HISTORICAL SHARE PRICES

The monthly high and low prices of our Shares as traded on Bursa Securities for the past 12 months from March 2022 to February 2023 are as follows:

| | High RM | Low RM |
|--|------------|-----------|
| 2022 | | |
| March | 0.660 | 0.585 |
| April | 0.665 | 0.610 |
| May | 0.650 | 0.610 |
| June | 0.630 | 0.585 |
| July | 0.665 | 0.625 |
| August | 0.700 | 0.650 |
| September | 0.710 | 0.615 |
| October | 0.620 | 0.595 |
| November | 0.645 | 0.620 |
| December | 0.665 | 0.635 |
| 2023 | | |
| January | 0.690 | 0.660 |
| February | 0.700 | 0.675 |
| Last transacted price of the Shares on Bursa Securities on LPD | | 0.690 |

(Source: Bloomberg)

7. PURCHASES, RESALE, TRANSFER AND CANCELLATION MADE IN THE PRECEDING 12 MONTHS

There have not been any purchases of shares and resale, transfer, and/or cancellation of treasury shares of our Company in the preceding 12 months. As at the LPD, the Company holds 113,038,700 treasury shares.

8. APPROVAL REQUIRED

The Proposed Renewal of Share Buy-Back Authority is subject to the shareholders' approval at the forthcoming 17th AGM.

9. INTERESTS OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Save for the consequential increase in the percentage of shareholdings and/or voting rights of our Directors and substantial shareholders of our Company as a result of the implementation of the Proposed Renewal of Share Buy-Back Authority, which will similarly affect the other shareholders, none of our Directors and substantial shareholders of our Company and/or persons connected to them has any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Authority and the subsequent resale of treasury shares, if any, in the future.

10. DIRECTORS' RECOMMENDATION

Our Board, having considered all aspects of the Proposed Renewal of Share Buy-Back Authority, is of the opinion that the Proposed Renewal of Share Buy-Back Authority is in the best interest of our Company and our shareholders. Accordingly, our Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming 17th AGM.

11. AGM

The Notice of 17th AGM and Form of Proxy that contains the ordinary resolution in respect of the Proposal, which has also been incorporated into the Annual Report 2022, has been circulated to you.

The 17th AGM of the Company will be conducted on a virtual basis through live webcast and online remote voting from the broadcast venue at The Boardroom, Level 7, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia on Thursday, 11 May 2023 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 17th 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 17th AGM using the RPV. 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://investor.boardroomlimited.com> 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 17th AGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from participating and voting in person at the 17th AGM if you subsequently wish to do so.

12. FURTHER INFORMATION

You are advised to refer to the enclosed appendix for further information.

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

Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali
Independent Non-Executive Chairman

APPENDIX I

ADDITIONAL INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular/Statement 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/Statement 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/Statement:

a) Arbitration commenced by Tanjung Bin Energy Sdn Bhd against Consortium HSL-TGE-GASB, comprising HSL Constructor Pte Ltd, HSL Constructor Sdn Bhd, Tecgates Engineering (M) Sdn Bhd and Gema Antara Sdn Bhd under the Arbitration Rules 2018 of the Asian International Arbitration Centre

On 26 January 2022, Tanjung Bin Energy Sdn Bhd ("TBE"), a wholly-owned subsidiary of MCB, had entered into an agreement with Consortium HSL-TGE-GASB, an unincorporated joint venture comprising (a) HSL Constructor Pte Ltd; (b) HSL Constructor Sdn Bhd; (c) Tecgates Engineering (M) Sdn Bhd; and (d) Gema Antara Sdn Bhd (collectively "Contractor") for the full and final resolution of the disputes arising from the Engineering, Procurement, Construction and Commissioning Contract dated 9 June 2017 for the New Coal Unloading Jetty and Associated Bulk Material Handling System at 1x1000MW Coal Fired Power Plant at Tanjung Bin, Johor which are the subject of an arbitration commenced by TBE against the Contractor under the Arbitration Rules 2018 of the Asian International Arbitration Centre ("Arbitration"). Upon request by TBE and the Contractor to the arbitral tribunal, the Arbitration has been terminated as evident in the Order for Termination of Arbitration dated 11 March 2022.

b) Disposal of three (3) pieces of freehold lands collectively measuring approximately 239.74 acres (97.02 hectares) held under individual titles (i) GRN 49012 Lot No. 5408, (ii) GRN 66619 Lot No. 2790 and (iii) GRN 155631 Lot No. 130393, all in Mukim Batu Kurau, District of Larut & Matang, in the State of Perak Darul Ridzuan

On 8 August 2022, MCB had entered into a Sale and Purchase Agreement ("SPA") with Alam Flora Environmental Solutions Sdn Bhd ("AFES"), a wholly-owned subsidiary of AFSB, for the disposal of three (3) pieces of freehold lands held under individual titles (i) GRN 49012 Lot No. 5408, (ii) GRN 66619 Lot No. 2790 and (iii) GRN 155631 Lot No. 130393, all in Mukim Batu Kurau, District of Larut & Matang, in the State of Perak Darul Ridzuan for a purchase consideration of Ringgit Malaysia Nineteen Million (RM19,000,000.00) ("Purchase Price") subject to the terms and conditions as stipulated in the SPA.

AFES is in the process of fulfilling the conditions precedent as provided in the SPA.

c) Acquisition of the land held under H.S.(D) 116410, PT 237, Bandar Sultan Sulaiman, Daerah Klang, Selangor, measuring approximately 23,370 square metres together with two (2) single storey detached factory warehouses erected thereon bearing postal address of Lot 33, Lebuhs Sultan Mohamed 1, Jalan Lebuhs 1, Kawasan Perindustrian Bandar Sultan Sulaiman, 42000 Port Klang, Selangor Darul Ehsan

On 15 July 2021, AFES, a wholly-owned subsidiary of AFSB, had entered into a Sale and Purchase Agreement ("SPA") with The New Straits Times Properties Sdn Bhd ("NSTP"), a

wholly-owned subsidiary of The New Straits Times Press (Malaysia) Berhad, a subsidiary of Media Prima Berhad, to acquire the above property for a purchase consideration of Ringgit Malaysia Twenty Five Million (RM25,000,000.00), subject to the terms and conditions as stipulated in the SPA.

AFES has on 31 March 2023 completed the acquisition of the above property from NSTP in accordance with the terms and conditions of the SPA.

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:

a) 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) MCB, 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 initiated the arbitration 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, Framework Agreement of December 2007 (“FA”), Joint Venture Agreement dated 28 March 2007 (“JVA”) and Dispute Resolution Protocol dated 9 December 2007.

On 2 August 2021, the Claimant filed its Statement of Claim, seeking the following reliefs against the Respondents:

- (a) a declaration that MCB and Hyflux had breached, and are jointly and severally liable under, the JVA;
- (b) an order that MCB and Hyflux jointly and severally pay AEC damages of USD288.4 million as compensation for the damage suffered by AEC;
- (c) a declaration that TDIC had breached Article 6.1 of the FA by refusing to transfer its shares in AAS to AEC;
- (d) an order that TDIC transfer its shares in AAS to AEC for the sum of 1 Algerian Dinar;
- (e) an order that MCB and Hyflux complete the transfer of shares within 30 days of the date of the arbitration award;
- (f) an order that the Respondents jointly and severally bear all costs related to the transfer of shares;
- (g) a declaration that the Respondents had caused moral and reputational damage to AEC;
- (h) an order that the Respondents jointly and severally pay AEC non-pecuniary damages in the sum of USD3 million;
- (i) an order that the Respondents jointly and severally bear the costs of the ICC arbitration and fees of counsels, experts and others incurred by AEC;
- (j) interest;
- (k) dismissal of any claims by the Respondents; and
- (l) an order for the provisional enforcement of the final award.

In response, MCB and TDIC filed their Statement of Defence, together with their technical, quantum/financial and legal expert reports, refuting AEC’s claims, on 17 December 2021.

On 19 April 2022, AEC filed its Statement of Reply and on 29 July 2022, MCB and TDIC filed their Rejoinder to AEC’s Statement of Reply.

The arbitration hearing was held before the Arbitral Tribunal in Paris on 21 to 24 November 2022.

Pursuant to the directions given by the Arbitral Tribunal, parties had filed their respective Post-Hearing Briefs on 15 March 2023 and will be filing their respective Statements of Costs by 14 April 2023.

The Company is of the view that it is premature to form a definite opinion on the outcome of the case.

- b) **Singapore International Arbitration Centre Arbitration No. 278 of 2018**
Claim 1 (formerly Main Action) between Prai Power Sdn Bhd (“PPSB”) (as Claimant) and (1) GE Energy Parts, Inc (“GE Energy Parts”), (2) GE Power Systems (Malaysia) Sdn Bhd (“GE Power Systems”), (3) General Electric International, Inc (“GE International”), and (4) General Electric Company (“GE”) (collectively “GE Entities”) (as Respondents); and
Claim 2 (formerly Third Party Claim) between GE Entities (as Claimants) and (1) Malakoff Power Berhad (“MPB”), and (2) MCB (collectively “Malakoff Entities”) (as Respondents), in relation to Prai Power Plant

On 24 September 2018, Allianz General Insurance Company (Malaysia) Berhad initiated the arbitration as a subrogated action, in the name of PPSB, against GE Entities, in relation to an incident on or about 18 July 2015 (“**2015 Incident**”) which resulted in damage to a gas turbine at PPSB’s 350MW Combined Cycle Gas Turbine Power Plant situated in Prai, Penang (“**Prai Power Plant**”).

PPSB alleged that GE Entities breached a duty to exercise reasonable care and skill to properly design, manufacture, supply and install a GE 109FA single shaft gas turbine at the Prai Power Plant. By reason of the alleged breach, PPSB claims for, among others, loss and damage in the sum of RM72,094,050.12 from GE Entities.

In addition to filing their defence on 22 April 2019, GE Entities filed a Counterclaim against PPSB alleging breach of:

- a) a Settlement and Release Agreement between GE Entities, PPSB and Malakoff Entities which was entered into on 12 December 2012 (“**SRA**”) for resolution of disputes in relation to two incidents at the Prai Power Plant which occurred in 2006 and 2009; and
- b) an agreement between PPSB, GE Energy Parts and GE Power System which was entered into on 19 December 2000 (“**PPSB Agreement**”) in relation to a Long-Term Service Agreement between MPB, GE Energy Parts and GE Power System.

On 9 August 2019, GE Entities filed a Joinder Application, seeking to join Malakoff Entities as parties to GE Entities’ Counterclaim. GE Entities alleged that:

- a) the commencement of the arbitration constitutes a breach of the SRA, in respect of which Malakoff Entities are liable;
- b) Malakoff Entities are liable to indemnify GE Entities against any liability under the arbitration; and
- c) if GE Entities are found liable for the 2015 Incident, MPB is liable for contributory negligence as the operator of the Prai Power Plant.

On 20 June 2020, the Arbitral Tribunal granted the Joinder Application to join Malakoff Entities as the Respondents in Claim 2 of GE Entities.

Following the passing of one of the co-arbitrators of the Arbitral Tribunal on 29 January 2023, SIAC had on 17 March 2023 appointed a substitute co-arbitrator.

Parties are in the process of identifying their common available dates for the hearing to be held before the Arbitral Tribunal.

The Company is of the view that it is premature to form a definite opinion on the outcome of the case.

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. to 5.30 p.m. from Mondays to Fridays (except public holidays) from the date of this Circular/Statement up to and including the date of the 17th AGM:

- (i) Constitution of MCB;
- (ii) Audited consolidated financial statements of MCB Group for the past two (2) FYEs 31 December 2021 and 2022 (the latest unaudited quarterly results for the financial period ending 31 March 2023 is not available yet as at 11 April 2023);
- (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.

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EXTRACT OF THE NOTICE OF THE 17TH 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 10)

"THAT, subject to Paragraph 10.09 of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**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 11 April 2023, 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 Companies Act 2016 ("**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."

PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES

(Resolution 11)

“THAT subject to provisions of the Act, the Constitution of the Company, the MMLR of Bursa Securities and all prevailing laws, rules, regulations, orders, guidelines and requirements for the time being in force, approval and authority be and are hereby given to the Directors of the Company (**“Directors”**), to the extent permitted by law, to purchase such number of ordinary shares in the Company (**“Shares”**) as may be determined by the Directors, from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the best interest of the Company, provided that:

- (a) the maximum aggregate number of Shares purchased or held by the Company pursuant to this resolution shall not exceed ten percent (10%) of the total number of issued shares of the Company at any point in time;
- (b) the maximum amount of funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the amount of the retained profits of the Company at the time of purchase; and
- (c) the authority conferred by this resolution shall be effective immediately after the passing of this resolution and shall continue to be in force until:
 - (i) the conclusion of the next AGM of the Company at which time the authority will lapse unless the authority is renewed by a resolution passed at that meeting, either conditionally or unconditionally;
 - (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
 - (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting of the Company,

whichever occurs first;

THAT the Directors be and are hereby authorised to deal with the Shares so purchased, at their discretion, in the following manner:

- (i) cancel the Shares so purchased;
- (ii) retain the Shares so purchased as treasury shares; or
- (iii) retain part of the Shares so purchased as treasury shares and cancel the remainder of the Shares;

THAT where such Shares are held as treasury shares, the Directors be and are hereby authorised to deal with the treasury shares in their absolute discretion, in the following manner:

- (i) distribute the Shares as dividends to shareholders, such dividends to be known as “shares dividends”;
- (ii) resell the Shares or any of the Shares in accordance with the relevant rules of Bursa Securities;
- (iii) transfer the Shares or any of the Shares for the purposes of or under an employees’ share scheme;
- (iv) transfer the Shares or any of the Shares as purchase consideration;
- (v) cancel the Shares or any of the Shares; or
- (vi) sell, transfer or otherwise use the Shares for such other purposes as the Minister may by order prescribe;

AND THAT the Directors be and are hereby authorised and empowered to do all acts and things and to take all such steps as necessary or expedient (including opening and maintaining a Central Depository System account) and to enter into and execute, on behalf of the Company, any instrument, agreement and/or arrangement with any person, and with full power to assent to any

condition, modification, variation and/or amendment as may be imposed by Bursa Securities or any relevant regulatory authority, and/or as may be required in the best interest of the Company and to take all such steps as the Directors may deem fit, necessary and expedient in the best interest of the Company in order to implement, finalise and give full effect to the purchase by the Company of its Shares.”