

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in 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 through Section 2.4 (b) of this Circular in respect of the proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature on a limited review basis pursuant to the provisions of Practice Note 18 of Main Market Listing Requirements of Bursa Securities.

Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



MGB BERHAD

Registration No. 200201021504 (589167-W)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

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

The above proposal will be tabled as Special Business at the Nineteenth Annual General Meeting (“**19th AGM**”) of MGB Berhad (“**MGB**” or “**the Company**”) to be held at Greens III, Sports Wing, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 15 June 2021 at 10.00 a.m. The Notice of 19th AGM together with the Proxy Form are enclosed in the Company's Annual Report for the financial year ended 31 December 2020.

If you decide to appoint a proxy(ies) to attend and vote on your behalf at the 19th AGM, the Proxy Form should be completed and deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur on or before the date and time indicated below. The lodging of the Proxy Form shall not preclude you from attending and voting in person at the 19th AGM should you subsequently wish to do so.

Last day and time for lodging the Proxy Form : Monday, 14 June 2021 at 10.00 a.m.

Date and time of the 19th AGM : Tuesday, 15 June 2021 at 10.00 a.m.

This Circular is dated 17 May 2021

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

- Act** : Companies Act 2016, as amended from time to time and any re-enactment thereof
- AGM** : Annual General Meeting
- Board** : Board of Directors of MGB
- Bursa Securities** : Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
- Circular** : This circular to the shareholders of MGB in relation to the Proposed Shareholders' Mandate dated 17 May 2021
- Director(s)** : Shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007, and for the purpose of the Proposed Shareholders' Mandate, 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 director or a chief executive of MGB or any other company which is a subsidiary or a holding company of MGB
- Gaterich** : Gaterich Sdn. Bhd. [Registration No. 200001014800 (517406-V)], being the ultimate holding company of MGB
- LBGB** : LBS Bina Group Berhad [Registration No. 200001015875 (518482-H)], being the immediate holding company of MGB
- LBGB Group** : LBS Bina Group Berhad and its subsidiaries
- LPD** : 30 April 2021, being the latest practicable date prior to the printing of this Circular
- Listing Requirements** : Main Market Listing Requirements of Bursa Securities including any amendment(s) that may be made from time to time
- Major Shareholder(s)** : A person who has an interest or interests in one or more voting shares in a company and the number or the aggregate number of those shares, is:
- (a) 10% or more of the total number of the voting shares in the Company; or
 - (b) 5% or more of the total number voting shares in the Company where such person is the largest shareholder of the Company,
- For the purpose of this definition, "interest" shall have the meaning of "interest in shares" given in Section 8 of the Act. For the purpose of the Proposed Shareholders' Mandate, it 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 company which is its subsidiary or holding company

DEFINITIONS (CONT'D)

MGB or Company	:	MGB Berhad [Registration No. 200201021504 (589167-W)]
MGB Group or Group	:	MGB and its subsidiaries
MGB Share or Share	:	Ordinary Shares in MGB
Proposal	:	Proposed New Shareholder' Mandate and Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions
Proposed Shareholders' Mandate	:	Proposal to be entered into by MGB Group from the date of the forthcoming AGM until the next AGM
Related Party(ies)	:	Director(s), Major Shareholder(s) or Person(s) Connected with such Director(s) or Major Shareholder(s) of MGB
Recurrent Related Party Transaction(s) or RRPT(s)	:	Recurrent Related Party Transactions of a revenue or trading nature with Related Parties in the ordinary course of business which are necessary for the Group's day-to-day operations
RM and sen	:	Ringgit Malaysia and sen, respectively
Substantial Shareholder	:	A person has a substantial shareholding in a company if the person has an interest in one or more voting shares in the company and the number or the aggregate number of such shares is not less than 5% of the total number of all the voting shares included in the company

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

All references to "you" in this Circular are to the shareholders of the Company.

Words incorporate the singular shall, where applicable, include the plural and vice versa and words incorporate the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

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MGB BERHAD

Registration No. 200201021504 (589167-W)
(Incorporated in Malaysia)

Registered Office
I-6, Sunway PJ@51A
Jalan SS9A/19
Seksyen 51A
47300 Petaling Jaya
Selangor Darul Ehsan

17 May 2021

Board of Directors

Dato' Abdul Majit bin Ahmad Khan	<i>(Independent Non-Executive Chairman)</i>
Tan Sri Dato' Sri Lim Hock San, JP	<i>(Group Managing Director)</i>
Datuk Wira Lim Hock Guan, JP	<i>(Executive Director)</i>
Datuk Lim Lit Chek	<i>(Executive Director & Chief Executive Officer)</i>
Mr Lim Kim Hoe	<i>(Executive Director & Deputy Chief Executive Officer)</i>
Mr Chin Sui Yin	<i>(Senior Independent Non-Executive Director)</i>
Dato' Beh Hang Kong	<i>(Independent Non-Executive Director)</i>
Puan Nadhirah binti Abdul Karim	<i>(Independent Non-Executive Director)</i>

To : The Shareholders of MGB

Dear Sir/Madam,

PROPOSED SHAREHOLDERS' MANDATE

1. INTRODUCTION

On 24 July 2020, the Company had at its Eighteenth (“18th”) AGM obtained a mandate from its shareholders for MGB Group to enter into RRPTs, which are necessary for its day-to-day operations and are in the ordinary course of business of MGB Group. This Mandate shall, in accordance with the Listing Requirements, expire at the conclusion of the forthcoming 19th AGM unless authority for the renewal is obtained from the shareholders.

In relation thereto, the Board had on 3 May 2021 announced that the Company is proposing to seek its shareholders' approval for the Proposed Shareholders' Mandate at the forthcoming 19th AGM.

The purpose of this Circular is to provide you with the relevant information on the Proposed Shareholders' Mandate and to seek your approval on the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming 19th AGM.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE TO BE TABLED AT THE FORTHCOMING 19TH AGM.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

2.1 Provisions under the Listing Requirements

Pursuant to Paragraph 10.09(2) of the Listing Requirements, a listed issuer may seek a mandate from its shareholders in respect of RRPT subject to the following:

- (a) 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;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of the transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold below in relation to a listed issuer with a share capital of RM60.0 million and above:
 - (i) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1.0 million or more; or
 - (ii) the percentage ratio of such RRPT is 1% or more,whichever is the higher.
- (c) the listed issuers' circular to shareholders for the shareholder mandate includes 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;
- (d) in a meeting to obtain shareholders' mandate, the interested Directors, interested Major Shareholders or interested Person Connected with Director or Major Shareholder; and where it involves the interest of an interested Person Connected with a Director or Major Shareholder, such Directors or Major Shareholder, must not vote on the resolution to approve the RRPT. An interested Director or interested Major Shareholder must ensure that persons connected with him abstain from voting on the resolution approving the RRPT; and
- (e) the listed issuer immediately announces 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 must include the information as may be prescribed by Bursa Securities in its announcement.

2.2 Principal Activities of MGB Group

The principal activities of MGB are provision of management services and investment holding. The details of MGB's subsidiaries as well as their principal activities as at LPD are set out in the table below:

Name of company	Effective equity interest (%)	Principal Activities
(i) Direct Subsidiaries of MGB		
MGB Construction & Engineering Sdn. Bhd. ("MGBCE")	100	Civil engineering, design and build, general construction activities, trading of construction materials and investment holding
MGB Construction Sdn. Bhd.	100	Civil engineering, design and build and general construction activities
MGB Land Sdn. Bhd. ("MGB Land")	100	Investment holding
Vintage Roofing & Construction Sdn. Bhd.	100	Dormant
Vintage Tiles Holdings Sdn. Bhd.	100	Dormant
Newsteel Building Systems Sdn. Bhd.	80	Dormant
Alunan Warta Sdn. Bhd.	51	Dormant
(ii) Indirect Subsidiaries of MGB		
<i>Subsidiaries of MGBCE</i>		
Prisma Kasturi Sdn. Bhd.	100	Dormant
Top Ace Solutions Sdn. Bhd.	100	Trading of building materials and general construction activities
MGB Geotech Sdn. Bhd.	100	Piling and foundation construction works
MGB SANY (M) IBS Sdn. Bhd.	81	Manufacturing of Industrialised Building System precast products
Prisma Craft Sdn. Bhd.	100	Dormant

2.2 Principal Activities of MGB Group (cont'd)

Name of company	Effective equity interest (%)	Principal Activities
(ii) Indirect Subsidiaries of MGB (cont'd)		
<i>Subsidiaries of MGB Land</i>		
Delta Gallery Sdn. Bhd.	100	Property development
Multi Court Developers Sdn. Bhd.	100	Property development
Idaman Aktif Sdn. Bhd.	100	Dormant
Idaman Elegan Sdn. Bhd.	100	Dormant
Idaman Kukuh Sdn. Bhd.	100	Dormant
Idaman Living Sdn. Bhd.	100	Dormant
Sinaran Kencana Sdn. Bhd.	100	Dormant

MGB Group has, in the ordinary course of business, entered into RRPT which are detailed in Section 2.4 of this Circular. The Board anticipates that such transactions will continue to occur with some degree of frequency and may arise at any point in time.

The Board is proposing to seek the shareholders' approval for the Proposed Shareholders' Mandate for MGB Group to enter into transactions in the ordinary course of business within the classes of Related Parties set out in Section 2.4 of this Circular, provided such transaction is entered into at arm's length and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and which will not be to the detriment of the minority shareholders. Such mandate will enable MGB Group to enter into the RRPT without the necessity, in most instances, to make the otherwise required announcement or to convene general meetings in order to procure specific prior approval from its shareholders. The RRPT will also be subject to the review procedures set out in Section 2.6 of this Circular.

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2.3 Validity Period of the Proposed Shareholders' Mandate

The Proposed Shareholders' Mandate is subject to annual renewal. In this respect, any authority conferred by the Proposed Shareholders' Mandate, if approved by the shareholders, shall take effect from the passing of the ordinary resolution proposed at the forthcoming 19th AGM and shall continue to be in force until:

- (a) the conclusion of the next AGM of MGB following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the general meeting, the mandate is renewed;
- (b) the expiration of the period within which the next AGM of MGB after the date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier.

Approval from shareholders will be sought for the renewal of the shareholders' mandate at the next AGM and at each subsequent AGM of the Company, subject to satisfactory review by the Audit Committee of the Company.

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2.4 Classes of Related Parties and Nature of RRPT(s)

(a) Details of the Proposed Renewal of Existing Shareholders' Mandate, including the classes of Related Parties with whom the RRPTs will be carried out and the nature of such transactions contemplated shall include those described below:

Related Parties	Nature of Recurrent Transaction with MGB Group	Estimated aggregate value as disclosed in the previous Circular to shareholders dated 25 June 2020 (RM' million)	Actual value transacted (from date of AGM on 24 July 2020 up to the LPD) (RM' million)	Estimated value for the period from the forthcoming AGM to the next AGM (RM' million)	Nature of relationship between MGB Group and the Related Parties
LBGB Group	<ul style="list-style-type: none"> • Provision and/or receipt of contracts in relation to construction works and property development. • Provision and/or receipt of services in relation to project management, project consultancy and property management. • Supply and/or purchase of construction and building materials. 	RM3,000	RM 531.11	RM3,000*	<ul style="list-style-type: none"> • LBGB is a Major Shareholder of MGB with a shareholding of 55.66%. • Tan Sri Dato' Sri Lim Hock San is the Group Managing Director of MGB and Executive Chairman of LBGB. He is also a major shareholder of LBGB. • Datuk Wira Lim Hock Guan is an Executive Director of MGB and Managing Director of LBGB. He is also a major shareholder of LBGB. • Mr Lim Kim Hoe is a son of Tan Sri Dato' Sri Lim Hock San. He is also an Executive Director & Deputy Chief Executive Officer of MGB.

Notes:

* The estimated value is calculated based on the historical data and best estimation by the management. Due to the nature of the transactions, the actual values of the transactions may vary from the estimated values disclosed above. Disclosure will be made in 2021 Annual Report of the Company on the breakdown of the actual aggregate value of the transactions made pursuant to the shareholders' mandate obtained during the financial year.

2.4 Classes of Related Parties and Nature of RRPT(s) (cont'd)

(b) Details of the Proposed New Shareholders' Mandate, including the classes of Related Parties with whom the RRPTs will be carried out and the nature of such transactions contemplated shall include those described below:

Related Parties	Nature of Recurrent Transaction with MGB Group	Estimated value for the period from the forthcoming AGM to the next AGM (RM' million)	Nature of relationship between MGB Group and the Related Parties
LBGB Group	<ul style="list-style-type: none"> Rental of premises from LBGB Group based on market value and is payable on an equal pro-rated monthly basis ⁽ⁱ⁾. 	RM0.5 ⁽ⁱⁱ⁾	<ul style="list-style-type: none"> LBGB is a Major Shareholder of MGB with a shareholding of 55.66%. Tan Sri Dato' Sri Lim Hock San is the Group Managing Director of MGB and Executive Chairman of LBGB. He is also a major shareholder of LBGB. Datuk Wira Lim Hock Guan is an Executive Director of MGB and Managing Director of LBGB. He is also a major shareholder of LBGB. Mr Lim Kim Hoe is a son of Tan Sri Dato' Sri Lim Hock San. He is also an Executive Director & Deputy Chief Executive Officer of MGB.

Notes:

(i) Description of Properties

Postal Address	Rental Value per annum (RM)	Period of Tenancy	Landlord
G-1 to G-4, Sunway MASPJ@51A, Jalan SS 9A/19, Sungai Way, 47300 Petaling Jaya, Selangor Darul Ehsan	RM168,000.00	1 November 2020 to 31 October 2021	LBS Bina Holdings Sdn. Bhd. Registration No. 198201011456 (91181-K) Plaza Seri Setia, Level 1-4 No. 1, Jalan SS9/2, 47300, Petaling Jaya Selangor Darul Ehsan

(ii) The estimated value of RM0.5 million inclusive of the provision for the increase in rental for the renewal of the existing premises rented from LBGB Group and any other additional properties to be rented from LBGB Group during the period. As at LPD, MGB Group has yet to identify the types and location of the additional properties to be rented from LBGB Group. Nevertheless, all the rental of properties, if any, shall be payable on an equal pro-rated monthly basis based on prevailing market value.

2.5 Details of RRPT Receivables

As at the financial year ended 31 December 2020, the amount due and owing to MGB Group by its Related Party which has exceeded the credit term given arising from the existing RRPT stated in Section 2.4 are as follows :

Nature RRPT	Aging of the Outstanding Amount			
	< 1 year	1 < 3 years	3 < 5 years	> 5 years
Trade related Construction Contract Revenue	RM 185,086,618.33	RM 4,309,996.40	0	0
Total	RM 185,086,618.33	RM 4,309,996.40	0	0

There were no interest and late payment charges imposed by MGB Group on the above outstanding as the late payment charges/interest will only be determined upon settlement of the principal sum, the quantum of which will be decided/negotiated on case to case basis after considering *inter-alia* the following:

- (a) Length of business relationship;
- (b) Volume of existing and potential trade; and
- (c) Other benefits to be derived from continuous business relationship.

The Management is constantly following up the outstanding amount with the said Related Party. Appropriate actions such as discussions with the Related Party for early settlement of outstanding amounts are taken to recover the outstanding amounts. The Board had reviewed the outstanding amounts and is of the opinion that there will be no recoverability issue as the Related Party is the Group's long term trading partners with good credit standing. As at LPD, the Company has collected RM106,646,782.61 from its Related Party for the settlement of the above outstanding.

2.6 Review Procedures for the RRPT

MGB Group has established various methods and procedures to ensure the RRPT(s) are undertaken at arms' length and on normal commercial terms, which are consistent with MGB Group's usual business practices and policies and on terms which are not more favourable to the Related Parties than those extended to the public and are not detrimental to the minority shareholders.

To monitor the RRPTs, the procedures established by MGB Group are as follows: -

- (a) Monthly updated list of Related Parties will be circulated within MGB Group to notify and remind all departments that all RRPTs are required to be carried out on an arm's length basis and on normal commercial terms not more favourable to the Related Parties than those extended to the public and are not detrimental to the minority shareholders.
- (b) Records will be maintained by the Company to capture all RRPT(s) entered into pursuant to the Proposed Shareholders' Mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to.

2.6 Review Procedures for the RRPT (cont'd)

- (c) Relevant Heads of Department are required to ascertain, monitor, update and control the value for each transaction entered into with the Related Parties from time to time for disclosure in the annual report.
- (d) Wherever practicable and/or feasible, at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison for determining whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by unrelated third parties. In the event that quotation or comparative pricing from unrelated parties cannot be obtained (for instance, if there are no unrelated third party vendors/customers of similar products/services, or if the product/service is a proprietary item), the transaction price will be determined in accordance with the Group's usual business practices and policies, consistent with the usual margin of the Group for the same or substantially similar type of transaction made by the Group with unrelated third parties on terms which are generally in line with industry norms in order to ensure the RRPTs are not detrimental to the Group.
- (e) Where RRPT(s) value equal to or in excess of RM1,000,000 to be entered by the Group, it shall be subject to the review and approval of Audit Committee or Board or shareholders of the Company before the transactions are carried out except for RRPTs where general mandate to enter into such transaction has been obtained from the shareholders at general meeting.
- (f) Records of RRPTs will be made available by the Management of MGB to the Audit Committee for review on a quarterly basis.
- (g) An audit shall be conducted by the internal auditors to review RRPTs to ascertain that the relevant approvals have been obtained and the procedures in respect of such transactions are adhered to, if required.
- (h) The Board and Audit Committee shall review on the internal audit reports whenever available and to establish that all transactions with the Related Parties have been undertaken in accordance with the procedures put in place by the Management of MGB Group.
- (i) RRPTs disclosure will be made in the annual report of the Company in accordance with Paragraph 3.1.5 of Practice Note 12 of Listing Requirements, which requires the breakdown of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year. RRPTs disclosure will also be made in the annual reports for the subsequent financial years during which the Proposed Shareholders' Mandate remains in force, amongst others, based on the following information:
 - i) the type of the RRPTs made; and
 - ii) the names of the Related Parties involved in each type of the RRPTs made and their relationship with the Company.

2.6 Review Procedures for the RRPT (cont'd)

- (j) Where any Director has an interest (direct or indirect) in any Recurrent Transactions, such director (or his alternate) shall abstain from deliberation. Where any member of the Audit Committee is interested in any transaction, that member shall abstain from deliberation and voting on any matter relating to any decisions to be taken by the Audit Committee with respect to such transactions.
- (k) Pursuant to Paragraph 10.09 of Listing Requirements, in a meeting to obtain the Proposed Shareholders' Mandate, the interested Director, interested Major Shareholder or interested Persons Connected with a Director or Major Shareholder and where it involves the interest of an interested persons connected with a Director or Major Shareholder, such Director or Major Shareholder, must abstain from deliberation and voting on resolution approving the transactions.
- (l) An interested Director or interested Major Shareholder must also ensure that persons connected with him abstain from voting on the resolution approving the transactions.
- (m) The Board and the Audit Committee will have the overall responsibility for the determination of the review procedures, including any addition or variation thereto, where applicable.

2.7 Statement by Audit Committee

The Audit Committee has the overall responsibility of determining whether the procedures for reviewing all RRPT(s) are appropriate. The Audit Committee will review and ascertain at least once a year whether the procedures established to monitor RRPT(s) have been complied with. If it is determined that the procedures stated in Section 2.6 are inadequate to ensure that (i) the RRPT(s) will be conducted at arms' length and on normal commercial terms and (ii) such transactions are not prejudicial to the interest of the shareholders, the Company will obtain a fresh shareholders' mandate based on the new procedures.

The Audit Committee will also have the discretion to request for limits to be imposed or for additional procedures to be followed if it considers such requests to be appropriate. In that event, such limits or procedures may be implemented without the approval of shareholders, provided that they are more stringent than the existing limits or procedures.

The Audit Committee will review the existing procedures and processes, on an annual basis and as and when required, to ensure that the RRPT(s) are at all times carried out on commercial terms consistent with the MGB Group's usual business practices and policies.

The Audit Committee of the Company has reviewed the above procedures and is satisfied that the said procedures are adequate to monitor, track and identify RRPT(s) in a timely and orderly manner and are sufficient to ensure that the RRPT(s) will be carried out on commercial terms consistent with the MGB Group's usual business practices and policies and on terms not more favourable to the Related Parties than those generally available to and/or from the public, where applicable, and are not, in the Company's opinion, detrimental to the minority shareholders. Any member of the Audit Committee who is interested in any transaction shall abstain from reviewing and deliberating on such transaction.

2.8 Disclosure of RRPT

Disclosure has been made in the Annual Report 2020 of the Company on the aggregate value of transactions conducted pursuant to the shareholders' mandate obtained at the 18th AGM. Similar disclosure will be made in the Annual Report of the Company for the subsequent financial year during which the mandate is in force, providing amongst others, the following information:

- (a) the type of the RRPT(s) made; and
- (b) the names of the Related Parties involved in each type of the RRPT(s) made and their relationships with MGB Group.

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3. RATIONALE FOR THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate will enable MGB Group to carry out RRPT(s) necessary for the Group's day-to-day operations, which are time sensitive in nature, and will eliminate the need to make announcements to Bursa Securities or to convene separate general meetings (if applicable) from time to time to seek shareholders' approval for each transaction. This will substantially reduce the expenses, time and other resources associated with convening of general meetings on an ad hoc basis, improve administrative efficiency considerably and allow financial, manpower resources and time to be channeled towards attaining the Group's corporate objectives and business opportunities.

The RRPT(s) entered or to be entered into by MGB Group with the Related Parties are intended to meet business needs and to ensure the smooth running of business within the Group at the best possible terms which will be of benefit to all the companies within MGB Group. The relationships and close co-operation with the Related Parties are expected to reap mutual benefits, which is expected to be beneficial to MGB Group. Some of the benefits to be derived from the RRPT(s) are:

- (a) provide flexibility and choice of parties to enter into such transactions, whether with Related Parties or non-Related Parties;
- (b) to facilitate transactions with Related Parties which are in the ordinary course of business of MGB Group undertaken at arm's length basis, normal commercial terms and on 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 MGB;
- (c) to facilitate transaction with Related Parties in an expeditious manner to meet business needs for the supply/provision and/or purchase/receipt of goods and services which are necessary for its day-to-day operations, particularly business needs which are time sensitive in nature; and
- (d) to facilitate transaction with Related Parties where it is vital that confidentiality be maintained, where it will not be viable for prior shareholders' mandate to be obtained as this will entail the release of details of the transactions which may adversely affect the interests of MGB Group and place the Group at a disadvantage position to its competitors who may not require shareholders' mandate to be obtained.

4. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate will not have any effect on the share capital of the Company as well as the consolidated net assets, gearing, earnings per share and the shareholdings of the Substantial Shareholders of MGB.

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5. INTEREST OF DIRECTORS AND/OR MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED

Shareholdings of the interested Directors, interested Major Shareholders and Persons Connected with them as at LPD are as follows: -

Interested Directors and / or Major Shareholders	Direct		Indirect		
	No of Shares	%	No of Shares	Notes	%
<u>Directors of MGB</u>					
Tan Sri Dato' Sri Lim Hock San ^(a)	1,076,800	0.22	279,217,129	(e)	55.66
Datuk Wira Lim Hock Guan ^(b)	1,520,000	0.30	279,217,129	(e)	55.66
Mr Lim Kim Hoe ^(c)	-	-	-		
<u>Major Shareholders</u>					
LBGB ^(d)	279,217,129	55.66	-		-
Gaterich	-	-	279,217,129	(f)	55.66
Tan Sri Dato' Sri Lim Hock San	1,076,800	0.22	279,217,129	(e)	55.66
Datuk Wira Lim Hock Guan	1,520,000	0.30	279,217,129	(e)	55.66

Notes:

- Tan Sri Dato' Sri Lim Hock San is the Group Managing Director of MGB and Executive Chairman of LBGB. He is also a major shareholder of LBGB.
- Datuk Wira Lim Hock Guan is an Executive Director of MGB and Managing Director of LBGB. He is also a major shareholder of LBGB.
- Mr Lim Kim Hoe is a son of Tan Sri Dato' Sri Lim Hock San. He is also an Executive Director & Deputy Chief Executive Officer of MGB.
- LBGB is a Major Shareholder of MGB with a shareholding of 55.66%.
- Deemed interests pursuant to Section 8 of the Companies Act, 2016, by virtue of shareholdings in LBGB through Gaterich.
- Deemed interests pursuant to Section 8 of the Companies Act, 2016, by virtue of shareholdings in LBGB.

Accordingly, Tan Sri Dato' Sri Lim Hock San, Datuk Wira Lim Hock Guan and Mr Lim Kim Hoe (collectively referred to as "**Interested Directors**") have and will continue to abstain from all deliberations and voting on matters relating to the Proposed Shareholders' Mandate at Board meetings and will abstain from voting in respect of their direct and/or indirect shareholdings in MGB at the forthcoming 19th AGM on the resolution pertaining to the Proposed Shareholders' Mandate.

The interested Major Shareholders, namely LBGB, Gaterich, Tan Sri Dato' Sri Lim Hock San and Datuk Wira Lim Hock Guan ("**Interested Major Shareholders**") will abstain from voting in respect of their direct and/or indirect shareholdings in MGB at the forthcoming 19th AGM on the resolution pertaining to the Proposed Shareholders' Mandate.

The above Interested Directors and Interested Major Shareholders have undertaken that they shall ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings on the resolution, deliberating or approving the Proposed Shareholders' Mandate at the forthcoming 19th AGM.

Save as disclosed above, none of the other Directors and/or Major Shareholders and/or Persons Connected with Director or Major Shareholders have any interest, directly or indirectly in the Proposed Shareholders' Mandate.

6. APPROVAL REQUIRED

The Proposed Shareholders' Mandate is conditional upon the approval of the shareholders of MGB being obtained at the forthcoming 19th AGM to be convened or any adjournment thereof.

7. RECOMMENDATION FROM THE DIRECTORS

The Directors of MGB (save for Tan Sri Dato' Sri Lim Hock San, Datuk Wira Lim Hock Guan and Mr Lim Kim Hoe) having considered the rationale and all aspects of the Proposed Shareholders' Mandate and after careful deliberation, are of the opinion that the Proposed Shareholders' Mandate is fair, reasonable and in the best interest of the Company and accordingly, the Board (save for Tan Sri Dato' Sri Lim Hock San, Datuk Wira Lim Hock Guan and Mr Lim Kim Hoe) recommends that the shareholders of MGB to vote in favour of the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming 19th AGM.

8. DETAILS OF AGM

The ordinary resolution to approve the Proposed Shareholders' Mandate is set out as Special Business in the Notice of 19th AGM which is being sent to you together with this Circular. The 19th AGM will be held at Greens III, Sports Wing, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 15 June 2021 at 10.00 a.m.

If you decide to appoint a proxy(ies) to attend and vote on your behalf at the 19th AGM, you should complete, sign and deposit the Proxy Form at the office of the Share Registrar of our Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur on or before Monday 14 June 2021 at 10.00 am. The lodging of the Proxy Form will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

9. FURTHER INFORMATION

Shareholders are requested to refer to Appendix I contained in this Circular for further information.

Yours faithfully,
For and on behalf of the Board of
MGB BERHAD

DATO' ABDUL MAJIT BIN AHMAD KHAN
Independent Non-Executive Chairman

APPENDIX I – FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board who individually and collectively accept full responsibility for the accuracy of the information contained in this Circular. The Board confirms that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or incorrect.

2. MATERIAL CONTRACTS

Saved as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Group within the two (2) years immediately preceding the date of this Circular:-

- 1) Sale and Purchase Agreements dated 5 June 2020 entered into between Prisma Kasturi Sdn Bhd, an indirect wholly-owned subsidiary of the Company and AZ Avenue Sdn Bhd for the disposal of sixty (60) units of service apartment and three (3) units of shoplot located at Taman Cameron Golden Hills, Cameron Highlands for a total consideration of RM28,700,400. This transaction has been completed on 5 June 2020.
- 2) Sale and Purchase Agreements dated 9 September 2020 entered into between MGB Construction & Engineering Sdn Bhd (formerly known as MITC Engineering Sdn Bhd), a wholly-owned subsidiary of the Company and Utuh Sejagat Sdn Bhd for the acquisition of eighteen (18) units of serviced apartment in BSP 21 at Bandar Saujana Putra, Selangor Darul Ehsan for total consideration amount of RM6,848,460.00. This transaction has been completed on 2 October 2020.

3. MATERIAL LITIGATION

None of the companies in MGB Group is engaged in any material litigation, claim or arbitration, either as plaintiff or defendant to be disclosed and to the best knowledge of the Board, there are no any proceedings pending or threatened, by or against MGB Group or of any facts likely to give rise to any proceedings which might materially affect the position or business of MGB Group.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection by the shareholders of MGB at the Registered Office of MGB at I-6, Sunway PJ@51A, Jalan SS9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor Darul Ehsan during normal office hours between Monday and Friday (except public holidays) from the date of this Circular up to and including the date of the 19th AGM:

- (i) The Constitution of the Company;
- (ii) The material contracts referred to in Section 2 of this Appendix I; and
- (iii) The audited consolidated financial statements of MGB Group for the past two (2) financial years ended 31 December 2019 and 31 December 2020.