

**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**”) 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. Bursa Securities has not perused the contents of this Circular in relation to the Proposed Shareholders’ Mandate (as defined herein) prior to the issuance of this Circular.



**MGB BERHAD**

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

**PART A**

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF EXISTING SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**AND**

**PART B**

**SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

**(COLLECTIVELY, THE “PROPOSALS”)**

The above proposals will be tabled as Special Business at the Twenty-First Annual General Meeting (“**21st AGM**”) of MGB Berhad (“**MGB**” or “**the Company**”) will be conducted virtually through live streaming and online remote voting via Remote Participation and Voting (“**RPV**”) facilities which via remote participation and electronic voting via the online meeting platform at TIH Online website at <https://tiih.online> provided by Tricor Investor & Issuing House Services Sdn. Bhd. on Tuesday, 20 June 2023 at 10.00 a.m. The Notice of 21st AGM together with the Proxy Form are enclosed in the Company’s Annual Report for the financial year ended 31 December 2022.

Should you wish to appoint a proxy (proxies), you are advised to complete the instrument appointing of a proxy made in a hard copy form or by electronic form in the following manner and must be received by the Company not less than twenty-four (24) hours before the time appointed for holding the 21st AGM or adjourned Annual General Meeting at which the person named in the appointment proposes to vote:

i. In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Company’s Share Registrar at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

ii. By electronic form

The proxy form can be electronically lodged with the Share Registrar of the Company via TIH Online at <https://tiih.online> and steps to submit are summarized in the Administrative Guide for the 21st AGM.

Last day and time for lodging the Proxy Form : Monday, 19 June 2023 at 10.00 a.m.

Date and time of the 21st AGM : Tuesday, 20 June 2023 at 10.00 a.m.

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## DEFINITIONS

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

<b>Act</b>	:	Companies Act 2016, as amended from time to time and any re-enactment thereof.
<b>AGM</b>	:	Annual General Meeting.
<b>Board</b>	:	Board of Directors of MGB.
<b>Bursa Securities</b>	:	Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)].
<b>Circular</b>	:	This circular to the shareholders of MGB in relation to the Proposed Shareholders' Mandate dated 28 April 2023.
<b>Code</b>	:	Malaysian Code on Take-Overs and Mergers 2016 read together with the Rules on Take-Overs, Mergers and Compulsory Acquisition, including any amendment that may be made from time to time.
<b>Director(s)</b>	:	A person as defined in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the Company or any other company which is its subsidiary or holding company or a chief executive officer of the Company, its subsidiary or holding company.
<b>Gaterich</b>	:	Gaterich Sdn. Bhd. [Registration No. 200001014800 (517406-V)], being the ultimate holding company of MGB.
<b>LBGB</b>	:	LBS Bina Group Berhad [Registration No. 200001015875 (518482-H)], being the immediate holding company of MGB.
<b>LBGB Group</b>	:	LBS Bina Group Berhad and its subsidiaries.
<b>Listing Requirements</b>	:	Main Market Listing Requirements of Bursa Securities including any amendment(s) that may be made from time to time.
<b>LPD</b>	:	14 April 2023, being the latest practicable date prior to the printing of this Circular.
<b>Major Shareholder(s)</b>	:	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.
<b>Market Day(s)</b>	:	Any day on which Bursa Securities is open for trading of securities.
<b>MGB or Company</b>	:	MGB Berhad [Registration No. 200201021504 (589167-W)].
<b>MGB Group or Group</b>	:	MGB and its subsidiaries.
<b>MGB Share or Share</b>	:	Ordinary Shares in MGB.
<b>NA</b>	:	Consolidated Net Assets of the Group.

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**DEFINITIONS (Cont'd)**

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<b>Person Connected</b>	:	Shall have the same meaning as in Chapter 1.01 of the Listing Requirements.
<b>Proposals</b>	:	Proposed Shareholders' Mandate and Proposed Share Buy-Back Authority, collectively.
<b>Proposed Renewal of Shareholders' Mandate</b>	:	Proposed renewal of existing shareholders' mandate for MGB Group to enter into Recurrent Related Party Transactions.
<b>Proposed Renewal of Share Buy-Back Authority</b>	:	Proposed renewal of the existing authority granted to the Company to purchase up to ten per centum (10%) of its issued and paid-up share capital.
<b>Purchased Share(s)</b>	:	MGB share(s) that have been purchased by the Company pursuant to the Proposed renewal of Share Buy-Back Authority.
<b>Related Party(ies)</b>	:	Director(s), Major Shareholder(s) or Person(s) Connected with such Director(s) or Major Shareholder(s) of MGB.
<b>Recurrent Related Party Transaction(s) or RRPT(s)</b>	:	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.
<b>RM and sen</b>	:	Ringgit Malaysia and sen, respectively.
<b>Share(s)</b>	:	Ordinary Share(s) in MGB
<b>Statement</b>	:	This statement to the shareholders of MGB in relation to the Proposed Share Buy-Back Authority dated 28 April 2023.
<b>Substantial Shareholder</b>	:	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.
<b>Treasury Share(s)</b>	:	Purchased Share(s) retained as treasury shares as defined under Section 127 of the Act.
<b>WAP</b>	:	Weighted average market price.

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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**

H-7, Sunway PJ@51A  
Jalan SS9A/19  
Seksyen 51A  
47300 Petaling Jaya  
Selangor Darul Ehsan

28 April 2023

### **Board of Directors**

Dato' Abdul Majit bin Ahmad Khan	<i>(Independent Non-Executive Chairman)</i>
Tan Sri Dato' Sri Lim Hock San, JP	<i>(Executive Vice Chairman)</i>
Datuk Wira Lim Hock Guan, JP	<i>(Group Managing Director)</i>
Datuk Lim Lit Chek	<i>(Executive Director &amp; Chief Executive Officer)</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,

### **PART A: PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE**

### **PART B: PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

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On 14 April 2023, our Board announced that our Company intends to seek our shareholders' approval at our forthcoming 21st AGM in respect of the following proposals:

- (a) Proposed Renewal of Shareholders' Mandate; and
- (b) Proposed Renewal of Share Buy-Back Authority.

The purpose of this Circular / Statement is to provide you with the relevant information on the Proposals and to seek your approval on the ordinary resolutions pertaining to the Proposals to be tabled at the forthcoming AGM. The Notice of AGM together with the Proxy Form are enclosed in the 2022 Annual Report of MGB.

**SHAREHOLDERS ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR / STATEMENT BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS AT THE FORTHCOMING 21ST AGM.**

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**PART A**

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

("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")

## 1. INTRODUCTION

On our last AGM held on 15 June 2022, the Company sought and 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. The said mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming 21st AGM unless authority for the renewal is obtained from the shareholders.

In relation thereto, the Board had on 14 April 2023 announced that the Company is proposing to seek its shareholders' approval for the Proposed Renewal of Shareholders' Mandate at the forthcoming 21st AGM.

The purpose of this Circular is to provide you with the relevant information on the Proposed Renewal of Shareholders' Mandate and to seek your approval on the ordinary resolution pertaining thereto, which will be tabled at the forthcoming 21st AGM and the Notice of AGM together with the Proxy Form are enclosed in the 2022 Annual Report.

## 2. DETAILS OF THE PROPOSED RENEWAL OF 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.

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## 2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (Cont'd)

### 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
<b>(i) Direct Subsidiaries of MGB</b>		
MGB Construction & Engineering Sdn. Bhd. ("MGBCE")	100	Civil engineering, design and build, general construction activities, trading of construction materials, management consultancy activities and investment holding
MGB Construction Sdn. Bhd. ("MGB Construction")	100	Civil engineering, design and build and general construction activities, provision of management services and investment holding, and operation of generation facilities that produce electric energy
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
MGB Water Solution Sdn. Bhd.	70	Dormant
Alunan Warta Sdn. Bhd.	51	Dormant
<b>(ii) Indirect Subsidiaries of MGB</b>		
<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 SANY (M) IBS Sdn. Bhd.	81	Manufacturing of Industrialised Building System precast products
<i>Subsidiaries of MGB Land</i>		
MGB Development Sdn. Bhd. (Formerly known as MGB Kampar Development Sdn. Bhd.)	100	Property development and operation of Generation Facilities that Produce Electric Energy
Delta Gallery Sdn. Bhd.	100	Property development
Multi Court Developers Sdn. Bhd.	100	Property development
Retro Court Sdn. Bhd.	100	Dormant
Idaman Aktif Sdn. Bhd.	100	Property development
Idaman Elegan Sdn. Bhd.	100	Dormant
Idaman Kukuh Sdn. Bhd.	100	Property development
Idaman Living Sdn. Bhd.	100	Property development
Idaman Rawang Sdn. Bhd.	100	Dormant
Sinaran Kencana Sdn. Bhd.	100	Dormant
<i>Subsidiaries of MGB Construction</i>		
MGB International For Industry	100	Dormant

## **2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (Cont'd)**

### **2.2 PRINCIPAL ACTIVITIES OF MGB GROUP (Cont'd)**

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 Renewal of 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.

### **2.3 VALIDITY PERIOD OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE**

The Proposed Renewal of Shareholders' Mandate is subject to annual renewal. In this respect, any authority conferred by the Proposed Renewal of Shareholders' Mandate, if approved by the shareholders, shall take effect from the passing of the ordinary resolution proposed at the forthcoming 21st 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. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (Cont'd)

### 2.4 CLASSES OF RELATED PARTIES AND NATURE OF RRPPT(S)

- (a) Details of the Proposed Renewal of Shareholders' Mandate, including the classes of Related Parties with whom the RRPPTs 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 29 April 2022 (RM' million)	Actual value transacted (from date of AGM on 15 June 2022 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"> <li>Provision and/or receipt of contracts in relation to construction works and property development.</li> <li>Provision and/or receipt of services in relation to project management, project consultancy and property management.</li> <li>Supply and/or purchase of construction and building materials.</li> <li>Rental of premises from LBGB Group based on market value and is payable on an equal pro-rated monthly basis <sup>(i)</sup>.</li> </ul>	RM3,000	RM511.37	RM3,000	<ul style="list-style-type: none"> <li>LBGB is a Major Shareholder of MGB with a shareholding of 58.65%.</li> <li>Tan Sri Dato' Sri Lim Hock San, JP is the Executive Vice Chairman of MGB and a director of various subsidiaries in the MGB Group. He is also the Executive Chairman of LBGB and a major shareholder of LBGB.</li> <li>Datuk Wira Lim Hock Guan, JP is the Group Managing Director of MGB and a director of various subsidiaries in the MGB Group. He is also the Group Managing Director of LBGB and a major shareholder of LBGB.</li> <li>Mr Lim Kim Hoe is a son of Tan Sri Dato' Sri Lim Hock San, JP. He is also the Deputy Chief Executive Officer of MGB and a director of various subsidiaries in the MGB Group.</li> </ul>
<b>TOTAL</b>		RM3,000.5	RM511.5	RM3,000.5 <sup>(i)</sup>	

## 2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (Cont'd)

### 2.4 CLASSES OF RELATED PARTIES AND NATURE OF RRPPT(S)

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 2022 to 31 October 2023	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

\* As at LPD, MGB Group has yet to identify the types and location of any additional properties to be rented from LBG B Group. Nevertheless, all the rental of properties, if any, shall be payable on an equal pro-rated monthly basis based on prevailing market value.

- (ii) 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 2022 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.

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## 2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (Cont'd)

### 2.5 DETAILS OF RRPT RECEIVABLES

As at the financial year ended 31 December 2022, 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 year
Trade related Construction Contract Revenue	RM102,250,845.24	RM38,478,869.24	0	0
<b>Total</b>	RM102,250,845.24	RM38,478,869.24	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 RM44,822,770.69 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 Renewal of Shareholders' Mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to.
- (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.

## **2.6 REVIEW PROCEDURES FOR THE RRPT (Cont'd)**

- (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 Renewal of 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 Renewal of 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.
- (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 Renewal of 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.

## **2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (Cont'd)**

### **2.7 STATEMENT BY AUDIT COMMITTEE (Cont'd)**

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 2022 of the Company on the aggregate value of transactions conducted pursuant to the shareholders' mandate obtained at the 20th 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.

## **3. RATIONALE FOR THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE**

The Proposed Renewal of 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 RENEWAL OF SHAREHOLDERS' MANDATE**

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

## 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	%
<b><u>Directors of MGB Group</u></b>					
Tan Sri Dato' Sri Lim Hock San, JP <sup>(a)</sup>	1,189,300	0.20	347,029,329	(e)	58.65
Datuk Wira Lim Hock Guan, JP <sup>(b)</sup>	1,520,000	0.26	347,029,329	(e)	58.65
Mr Lim Kim Hoe <sup>(c)</sup>	-	-	-		
<b><u>Major Shareholders</u></b>					
LBGB <sup>(d)</sup>	347,029,329	58.65	-		-
Gaterich	-	-	347,029,329	(f)	58.65
Tan Sri Dato' Sri Lim Hock San, JP	1,189,300	0.20	347,029,329	(e)	58.65
Datuk Wira Lim Hock Guan, JP	1,520,000	0.26	347,029,329	(e)	58.65

Notes:

- Tan Sri Dato' Sri Lim Hock San, JP is the Executive Vice Chairman of MGB and a director of various subsidiaries in the MGB Group. He is also the Executive Chairman of LBGB and a major shareholder of LBGB.
- Datuk Wira Lim Hock Guan, JP is the Group Managing Director of MGB and a director of various subsidiaries in the MGB Group. He is also the Group Managing Director of LBGB and a major shareholder of LBGB.
- Mr Lim Kim Hoe is a son of Tan Sri Dato' Sri Lim Hock San, JP. He is also the Deputy Chief Executive Officer of MGB and a director of various subsidiaries in the MGB Group.
- LBGB is a Major Shareholder of MGB with a shareholding of 58.65%.
- 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, JP, Datuk Wira Lim Hock Guan, JP 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 Renewal of Shareholders' Mandate at Board meetings and will abstain from voting in respect of their direct and/or indirect shareholdings in MGB at the forthcoming 21st AGM on the resolution pertaining to the Proposed Renewal of Shareholders' Mandate.

The interested Major Shareholders, namely LBGB, Gaterich, Tan Sri Dato' Sri Lim Hock San, JP and Datuk Wira Lim Hock Guan, JP ("Interested Major Shareholders") will abstain from voting in respect of their direct and/or indirect shareholdings in MGB at the forthcoming 21st AGM on the resolution pertaining to the Proposed Renewal of 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 Renewal of Shareholders' Mandate at the forthcoming 21st AGM.

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

## 6. APPROVAL REQUIRED

The Proposed Renewal of Shareholders' Mandate is conditional upon the approval of the shareholders of MGB being obtained at the forthcoming 21st AGM to be convened or any adjournment thereof.



## 7. RECOMMENDATION FROM THE DIRECTORS

The Board (with the exception of the Directors as set out in Paragraph 5 above) having considered the rationale and all aspects of the Proposed Renewal of Shareholders' Mandate and after careful deliberation, are of the opinion that the Proposed Renewal of Shareholders' Mandate is fair, reasonable and in the best interest of the Company and accordingly, the Board (with the exception of the Directors as set out in Paragraph 5 above) recommends that the shareholders of MGB to vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming 21st AGM.

## 8. DETAILS OF AGM

The ordinary resolution to approve the Proposed Renewal of Shareholders' Mandate is set out as Special Business in the Notice of 21st AGM contained in the Annual Report of MGB for the financial year ended 31 December 2022, which is available for download from the Company's website at [www.mgbgroup.com.my](http://www.mgbgroup.com.my) and Bursa Securities's website at [www.bursamalaysia.com](http://www.bursamalaysia.com). The 21st AGM of MGB will be conducted virtually via remote participation and electronic voting via the online meeting platform at TIIH Online website at <https://tiih.online> provided by Tricor Investor & Issuing House Services Sdn. Bhd. on Tuesday, 20 June 2023 at 10.00 a.m..

If you wish to appoint a proxy or proxies to attend and vote on your behalf, you are requested to complete the instrument appointing of a proxy made in a hard copy form or by electronic form in following manner and must be received by the Company not less than twenty-four (24) hours before the time appointed for holding the 21st AGM or adjourned AGM at which the person named in the appointment proposes to vote:-

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Company's Share Registrar at 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.

(ii) By electronic form

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online> and steps to submit are summarised in the Administrative Guide for the 21st AGM.

If you as a member wish to attend, participate and vote at the 21st AGM yourself, please do not submit any Proxy Form. The submission of Proxy Form shall preclude you from participating and voting in the meeting together with your proxy(ies) 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

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**PART B**

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**SHARE BUY-BACK STATEMENT IN RELATION TO THE  
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

**(“PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY”)**

## 1. INTRODUCTION

At the Company's Twentieth Annual General Meeting held on 20 June 2022, the Company had obtained approval from the shareholders of the Company to purchase its own shares up to ten per centum (10%) of the total number of shares of the Company. The said authority will lapse at the conclusion of this forthcoming 21st AGM unless renewed authority is obtained from the shareholders.

Accordingly, the Board of Directors of MGB had on 14 April 2023 announced that the Company proposed to seek authority from its shareholders for the Proposed Renewal of Share Buy-Back Authority subject to Sections 112, 113 and 127 of the Companies Act, Chapter 12 of the Listing requirements and any other laws, rules, regulations, orders, guidelines and requirements ("**Prevailing Laws**") issued by the relevant authorities at the time of purchase.

The purpose of this Statements is to set out the details of the Proposed Renewal of Share Buy-Back Authority as well as to seek your approval for the ordinary resolution pertaining to the same to be tabled at the forthcoming 21st AGM.

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

The Board proposes to seek shareholders' approval for the authority to purchase the Company's own shares up to a maximum of 10% of the issued and paid-up to a maximum of 10% of the issued and paid-up share capital of the Company subject to the Prevailing Laws issued or to be issued by the relevant authorities.

The approval from the shareholders, if granted, shall be effective immediately upon the passing of the ordinary resolution for the Proposed Renewal of Share Buy-Back at the forthcoming 21st AGM and shall remain in force until:-

- (i) the conclusion of the next AGM of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within the next AGM after that date is required to be held; or
- (ii) revoked or varied by ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first.

The shareholders' approval for the Proposed Renewal of Share Buy-Back Authority does not impose an obligation on the Company to purchase its own shares. Rather, it will allow the Board to exercise the power of the Company to purchase its own shares at any time within the abovementioned period.

### 2.1 QUANTUM AND FUNDING

As at LPD, the total issued and paid-up share capital of the Company is RM388,185,706 represented by 591,652,605 ordinary shares. The Proposed Renewal of Share Buy-Back will enable the Company to purchase not more than ten per centum (10%) of the issued and paid-up share capital of the Company at any point in time. The shares will be purchased from open market on Bursa Securities through stockbroker(s) to be appointed at a later date.

For illustration purpose, the maximum number of MGB Shares which may be purchased and/or held by our Company shall not be more than 59,165,260 Shares based on the total number of issued shares as at LPD, representing up to 10% of its issued shares as at the LPD.

The actual number of shares to be purchased, the total amount of funds to be utilised for each purchased will depend on, inter alia, the market conditions and sentiments of the stock market, the availability of financial resources and the availability of the retained earnings reserve of the Company at the time of the purchase(s).

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 profits of our Company. As at the LPD, we have not determined the source of funding for the Proposed Renewal Share Buy-Back Authority.

The actual amount of funds to be utilised for the Proposed Renewal Share Buy-Back Authority will only be determined later depending on the actual number of MGB Shares to be purchased, the availability of funds at the time of purchase(s) and other relevant cost factors.

## **2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (Cont'd)**

### **2.1 QUANTUM AND FUNDING (Cont'd)**

The maximum amount of funds to be allocated for the Proposed Renewal of Share Buy-Back Authority shall not exceed the aggregate of the retained profits of our Company. Based on our Company's latest audited financial statements for the FYE 31 December 2022, the accumulated losses of the Company were RM34,977,861.

The Proposed Renewal of Share Buy-Back Authority, if funded through internally generated funds, is not expected to have a material impact on the cash flow position of our Company. In the event the Proposed Renewal of Share Buy-Back Authority is to be financed by bank borrowings, our Company will ensure our capabilities of repaying such borrowings and that such repayment will not have a material effect on our cash flow position. In addition, our Board will ensure that our Company satisfies the solvency test as stated in Section 112(2) of the Act before execution of the Proposed Renewal of Share Buy-Back Authority.

### **2.2 TREATMENT OF PURCHASED SHARES**

Pursuant to Section 127 of the Act, where the Company has purchased the shares, the Board may, at their discretion, resolve:-

- (i) to cancel the Purchased Shares;
- (ii) to retain the Purchased Shares as Treasury Shares for distribution as share dividends to the shareholders and/or resell through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or transfer the Treasury Shares for the purposes of or under an employees' share scheme and/or as purchase consideration and/or cancel subsequently; or
- (iii) to retain part of the Purchased Shares as Treasury Shares and cancel the remainder of the shares;
- (iv) In such manner as may be permitted pursuant to Section 127 of the Act, the provision of Listing Requirements and any other relevant authorities.

The decision whether to retain the Purchased Shares as Treasury Shares, to cancel the Purchased Shares, to distribute the Treasury Shares as share dividends or to resell the Treasury Shares on Bursa Securities will be made by the Board at the appropriate time. The distribution of Treasury Shares as share dividends may be applied as a reduction of the retained profits of the Company.

While the Purchased Shares are held as Treasury Shares, the rights attached to them in relation to voting, dividends and participation in any distribution and otherwise are suspended. The Treasury Shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

The Company will make an immediate announcement to Bursa Securities of any purchase and resale of the shares and whether the Purchased Shares will be cancelled or retained as Treasury Shares or a combination of both.

### **2.3 PURCHASE PRICE**

Pursuant to Paragraph 12.17 of the Listing Requirements, the Company may only purchase its own shares at a price which is not more than 15% above the WAP for the shares for the 5 market days immediately before the purchase.

Pursuant to Paragraph 12.18 of the Listing Requirements, the Company may only resell treasury shares on the Bursa Securities or transfer treasury shares pursuant to section 127(7) of the Act, at:-

- (i) a price not less than WAP for the shares for the five (5) Market Days immediately prior to the resale or transfer; or
- (ii) a discounted price of not more than 5% to the WAP for the shares for the five (5) Market Days immediately prior to the resale provided that the resale takes place no earlier than thirty (30) days from the date of purchase and the resale or transfer price is not less than the cost of purchase of the shares being resold or transferred.

## **2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (Cont'd)**

### **2.4 PUBLIC SHAREHOLDING SPREAD**

Pursuant to the Listing Requirements, 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 of twenty-five (25%) public spread. Based on the Company's Record of Depositors as at LPD, the public spread of the Company was 25.57%. The Board will endeavor to ensure that the Company complies with the public spread requirements and shall not buy back the Company's own shares if the purchase would result in the public spread requirements not being met.

### **2.5 POTENTIAL ADVANTAGES AND DISADVANTAGES**

The Proposed Renewal of Share Buy-Back Authority, if implemented, is expected to have the following potential advantages and disadvantages to the Company:-

#### **2.5.1 POTENTIAL ADVANTAGES**

- (i) Allow the Company to utilise its surplus financial resources to enhance the value of shareholders' investments in our Company if there are no immediate use, to purchase MGB Shares;
- (ii) Allow the Company to take preventive measures against speculation particularly when its shares are undervalued, which would in turn, stabilise its market price and hence, enhance investors' confidence;
- (iii) Allow the Company the flexibility in achieving the desired capital structure, in terms of debt and equity composition and size of equity;
- (iv) Allow the Company to utilise the Treasury Shares as purchase consideration in corporate transactions thereby reducing the financial outflow and/or preserve the working capital of MGB;
- (v) MGB may distribute any shares held as Treasury Shares as share dividends to reward our shareholders; and
- (vi) MGB may realise potential gains from the resale of the Treasury Shares, if the Purchased Shares which are retained as Treasury Shares are resold at a higher price.

#### **2.5.2 POTENTIAL DISADVANTAGES**

- (i) The Proposed Renewal of Share Buy-Back Authority will reduce the financial resources of MGB and may result in the Group foregoing other investment opportunities that may emerge in the future;
- (ii) As the Proposed Renewal of Share Buy-Back Authority can only be made out of retained earnings of our Company, it may result in the reduction of financial resources available for distribution to shareholders in the immediate future; and
- (iii) The Proposed Renewal of Share Buy-Back Authority if implemented is expected to temporarily reduce the immediate financial resources of MGB Group.

Nevertheless, the Board is of the view that the Proposed Renewal of Shares Buy-Back Authority is not expected to have any potential material disadvantages to the shareholders of the Company as the Group as it will be implemented only after careful consideration of the financial resources of the Group and the resultant impact on the shareholders of the Company.

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

The procurement of the shareholders' approval for the Proposed Renewal of Share Buy-Back Authority would enable the Company to purchase MGB Shares as and when appropriate and at prices which the Board views favourable.

The Proposed Renewal of Share Buy-Back Authority may enable to MGB to utilise any of its surplus financial resources, which is not immediately required for other uses, to purchase its own Shares from the market. The Proposed Renewal Shares Buy-Back Authority is expected to stabilise the supply and demand, as well as the price of MGB Shares.

### 3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (Cont'd)

If the Purchased Shares are subsequently cancelled, the Proposed Renewal Shares Buy-Back Authority may strengthen the EPS of MGB. Consequently, long-term and genuine investors are expected to enjoy a corresponding increase in the value of their investment in the Company.

The Purchased Shares can also be held as Treasury Shares and resold on Bursa Securities at a higher price therefore realising a potential gain. Should any treasury shares be distributed as share dividends, this would serve as reward to the shareholders of the Company.

The Proposed Renewal of Share Buy-Back Authority is not expected to have any potential material disadvantage to the Company and its shareholders, and it will be implemented only after due consideration of the financial resources of MGB Group, and of the resultant impact on the shareholders of the Company. The Board will be mindful of the interest of MGB and its shareholders in undertaking the Proposed Renewal of Share Buy-Back Authority.

### 4. PREVIOUS PURCHASES, RESALE AND CANCELLATION OF TREASURY SHARES

There were no purchase, resale, transfer or cancellation of shares made by MGB in the previous twelve (12) months preceding the date of this Circular.

### 5. FINANCIAL EFFECT

#### 5.1 SHARE CAPITAL

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

The Proposed Renewal of Share Buy-Back Authority will however, result in the reduction of the issued share capital of our Company if the Purchased Shares are cancelled. Based on the issued share capital of our Company as at LPD, and assuming that the maximum number of MGB Shares (of up to ten per centum (10%) of the total number of issued shares) authorised under the Proposed Renewal of Share Buy-Back Authority are purchased and cancelled, the effect of the Proposed Renewal of Share Buy-Back Authority is set out as follows:-

	<b>No. of Shares</b>
Issued share capital as at LPD	591,652,605
Maximum number of purchased shares cancelled	(59,165,260)
Resultant total number of issued shares	532,487,345

However, if the Purchased Shares are retained as Treasury Shares, resold or distributed to shareholders, the Proposed Renewal of Share Buy-Back Authority will not have any effect on the total number of issued shares of MGB.

#### 5.2 NA

The effect of the Proposed Renewal of Share Buy-Back Authority on the NA will depend on the actual number of Purchased Shares, the purchase prices of the shares, the effective cost of funding or any loss in interest income to the Company, and the treatment of the shares so purchased.

The Proposed Renewal of Share Buy-Back Authority will reduce the NA per share when the purchase price exceeds the NA per share of the Company at the time of purchase. On the contrary, the NA per share will increase when the purchase price is less than the NA per share of the Company at the time of purchase.

If the Purchased Shares under the Proposed Renewal of Share Buy-Back Authority are held as Treasury Shares and subsequently resold on Bursa Securities, the NA per share would increase if the Group realise a gain from the resale or vice versa. If the Treasury Shares are distributed as share dividends, it will decrease the NA by the cost of the Treasury Shares redistributed.

If the Purchased Shares are cancelled, the Proposed Renewal of Share Buy-Back Authority will reduce the NA per share if the purchase price per share exceeds the NA per share at the relevant point in time, and vice-versa.

## **5. FINANCIAL EFFECT (Cont'd)**

### **5.3 WORKING CAPITAL**

The implementation of the Proposed Renewal of Share Buy-Back Authority is likely to reduce the working capital of the Group, the quantum being dependent on the number of the Purchased Shares, the purchase price(s) and the amount of financial resources to be utilised for the purchase of the shares.

The Proposed Renewal of Share Buy-Back Authority will affect the cash flow of the Group if it is wholly and/or partly financed by internally generated funds and results in a lower amount of cash reserves available for dividends to be declared to shareholders and business operations as funds are utilised to purchase shares.

For the Purchased Shares retained as Treasury Shares as per Section 127 of the Act, upon its resale, the working capital of the Company will increase. Again, the quantum of the increase in the working capital will depend on the actual selling price of the Treasury Shares resold, the effective gain or interest saving arising and the gain or loss from the disposal.

### **5.4 EARNINGS**

The effect of the Proposed Renewal of Share Buy-Back Authority on the EPS of the Group will depend on the actual purchase price of MGB Shares, the number of shares purchased and any effective funding cost of the purchase, if applicable, or any loss of interest income to the Company resulting from funds used for the Proposed Renewal of Share Buy-Back Authority.

Generally, all else being equal, the Proposed Renewal of Share Buy-Back Authority will have a positive impact on the EPS of the Group as the Purchased Shares, whether cancelled or retained as Treasury Shares, will effectively reduce the total share capital used for the computation of EPS.

In the event that the Treasury Shares are subsequently resold on Bursa Securities, the EPS will increase if the purchase price and associated costs incurred are less than the actual selling price of the Treasury Shares, and vice versa.

### **5.5 GEARING**

The effect of the Proposed Renewal of Share Buy-Back Authority on the gearing of the Company will depend on the proportion of borrowings utilised to fund any purchase of shares. Any borrowing utilised to purchase MGB Shares may increase the gearing of the Company.

### **5.6 DIVIDEND**

The Proposed Renewal of Share Buy-Back Authority may have an impact of the Company's dividend payment, if any, it may reduce the cash available which may otherwise be used for dividend payments. Any dividend to be declared in the immediate future will depend on the performance and cash resources of MGB Group. However, as stated in Section 2.5.1 above, the Board may have the option to distribute future dividends in the form of the share dividends from the Treasury Shares.

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

Save for the proportionate increase in the percentage shareholdings and/or voting rights of the shareholdings as a consequence of the Proposed Renewal Share Buy-Back Authority, none of the Directors, major shareholders of MGB, and/or person connected to them, as defined in the Listing Requirements, have any interest, whether directly or indirectly, in the Proposed Renewal Share Buy-Back Authority.

## 7. IMPLICATION OF THE CODE

Pursuant to Rule 4 of the Code, a person and any parties acting in concert with him/her will be required to make a mandatory offer for the remaining MGB Shares not already owned by him/her/them if his/her/their stake in the Company is increased to beyond 33% or if his/her/their shareholdings is between 33% and 50% and increases by another 2% in any six (6) months period.

However, an exemption from mandatory offer obligation may be granted by the SC under the Code subject to the parties acting in concert complying with the conditions stipulated in the Code.

The Company intends to implement the Proposed Renewal Share Buy-Back Authority in the manner that will not result in any of the shareholders having to undertake a mandatory offer pursuant to the Code. In this respect, the Board will be mindful of the requirements of the Code when implementing the Proposed Renewal Share Buy-Back Authority.

## 8. HISTORICAL SHARE PRICE

The monthly highest and lowest market price of MGB Shares as traded on the Bursa Securities for the past twelve (12) months from April 2022 to March 2023 are set out below:-

<b>2022</b>	<b>High (RM)</b>	<b>Low (RM)</b>
April	0.73	0.61
May	0.65	0.60
June	0.64	0.57
July	0.58	0.50
August	0.59	0.51
September	0.54	0.45
October	0.50	0.42
November	0.54	0.46
December	0.55	0.48
<b>2023</b>		
January	0.59	0.47
February	0.63	0.51
March	0.74	0.56

The last transacted price of MGB Shares on 14 April 2023, being the LPD, was RM0.71.

## 9. APPROVAL REQUIRED

The Proposed Renewal Share Buy-Back Authority is subject to and conditional upon the approval of MGB's shareholders at the forthcoming AGM.

## 10. DIRECTORS' RECOMMENDATION

The Directors, having considered all aspects of the Proposed Renewal of Share Buy-Back Authority, are of the opinion that the Proposed Renewal of Share Buy-Back Authority is fair, reasonable and in best interest of MGB Group and its shareholders. Accordingly, the Directors recommend that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal Share Buy-Back Authority to be tabled at the forthcoming 21st AGM.

## 11. DETAILS OF AGM

The ordinary resolution to approve the Proposed Renewal Share Buy-Back Authority is set out as Special Business in the Notice of 21st AGM contained in the Annual Report of MGB for the financial year ended 31 December 2022, which is available for download from the Company's website at [www.mgbgroup.com.my](http://www.mgbgroup.com.my) and Bursa Securities's website at [www.bursamalaysia.com](http://www.bursamalaysia.com). The 21st AGM of MGB will be conducted virtually via remote participation and electronic voting via the online meeting platform at TIIH Online website at <https://tiih.online> provided by Tricor Investor & Issuing House Services Sdn. Bhd. on Tuesday, 20 June 2023 at 10.00 a.m..

If you wish to appoint a proxy or proxies to attend and vote on your behalf, you are requested to complete the instrument appointing of a proxy made in a hard copy form or by electronic form in following manner and must be received by the Company not less than twenty-four (24) hours before the time appointed for holding the 21st AGM or adjourned AGM at which the person named in the appointment proposes to vote:-

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Company's Share Registrar at 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.

(ii) By electronic form

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online> and steps to submit are summarised in the Administrative Guide for the 21st AGM.

If you as a member wish to attend, participate and vote at the 21st AGM yourself, please do not submit any Proxy Form. The submission of Proxy Form shall preclude you from participating and voting in the meeting together with your proxy(ies) should you subsequently wish to do so.

## 12. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix I 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 / Statement has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy and completeness of the information given and confirm 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**

Neither MGB nor any of its subsidiaries has entered into any other contracts which are or may be material (not being contracts entered into in the ordinary course of business of MGB and/or any its subsidiaries) within the past two (2) years immediately preceding the date of this Circular.

### **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 H-7, 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 21st 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 2021 and 31 December 2022.