

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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Bursa Securities has perused 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.



DYNACIATE
DYNACIATE GROUP BERHAD
Registration No. 200601012544 (732294-W)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

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

The above proposals will be tabled at the Fifteenth (15th) Annual General Meeting ("**AGM**") of Dynaciate Group Berhad ("**DGB**" or "**the Company**"). The Notice of 15th AGM of the Company and the Form of Proxy are published on the Company's corporate website at www.dynaciategroup.com.my together with this Circular.

You are requested to complete the Form of Proxy for the 15th AGM and deposit it at the Registered Office of the Company at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang not less than forty-eight (48) hours before the time appointed for holding the AGM or at any adjournment thereof should you be unable to attend the meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy	:	Monday, 25 April 2022 at 9.30 am
Date and time of the AGM	:	Wednesday, 27 April 2022 at 9.30 am or at any adjournment thereof
Venue of the AGM	:	ME Hub Kota Damansara, 3rd Floor, 28-3, Jalan PJU 5/4, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor, Malaysia

This Circular is dated 30 March 2022

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular and the accompanying appendices:-

AC	:	Audit Committee of our Company presently comprising of Tan Siew Peng, Dato' Liang Chee Fong, Lim Peng Tong and Ng Keok Chai.
Act	:	The Malaysian Companies Act 2016 as amended from time to time and any re-enactment thereof.
Active Trio	:	Active Trio Deluxe Sdn. Bhd., a wholly-owned subsidiary of MGSB.
AGM	:	Annual general meeting.
Board or Board of Directors	:	The Board of Directors of our Company.
Bursa Securities	:	Bursa Malaysia Securities Berhad.
CCM	:	Companies Commission of Malaysia.
Circular	:	This circular to our shareholders dated 30 March 2022 in relation to the Proposed Change Name and Proposed Shareholders' Mandate.
Company or DGB	:	Dynaciate Group Berhad.
DGB Group or Group	:	Our Company and our subsidiaries and sub-subsidiaries, collectively (including all future subsidiaries which are acquired/incorporated by DGB before the next AGM of our Company) as defined in the Act.
Director	:	A natural person who holds a directorship in a company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007.
DSPI	:	Dynaciate SPI Sdn. Bhd., a wholly-owned subsidiary of our Company.
Family	:	Such person, in relation to a person means such person who falls within any one of the following categories: (a) Spouse; (b) Parent; (c) Child including an adopted child and step-child; (d) Brother or sister; and spouse of the person referred to in subparagraphs (c) and (d) above.
FYE	:	Financial year ended / ending.
HSESB	:	Hong Seng Energy Sdn. Bhd.
H&H Ecowood	:	H&H Ecowood Products Sdn. Bhd., a wholly-owned subsidiary of MGSB.
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities including any amendments that may be made from time to time.
LPD	:	15 March 2022, being the latest practicable date prior to the printing of this Circular or as indicated otherwise.

DEFINITIONS (cont'd)

- Major Shareholder : 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 voting shares in the company; or
 - (b) 5% or more of the number of voting shares in the company where such person is the largest shareholder of the company.

Major Shareholder 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 major shareholder of our Company as defined above (or any other company which is its subsidiary or holding company).

For the purpose of this definition, "interest in shares" shall have the meaning given in Section 8 of the Act.

MGSB : MGudang Sdn. Bhd.

MGSB Group : MGSB and its subsidiary companies (including all future subsidiaries which are acquired/incorporated by MGSB before the next AGM of our Company) as defined in the Act.

MMAG : MMAG Holdings Berhad.

MMAG Group : MMAG and its subsidiary companies (including all future subsidiaries which are acquired/incorporated by MMAG before the next AGM of the Company, wherever applicable), collectively, as defined in the Act.

MRSB : Magnitude Resources Sdn. Bhd., a wholly-owned subsidiary of our Company.

Person(s) Connected : In relation to a Director or a Major Shareholder, means such person who fall under any one of the following categories:

- (a) a family member of the Director's or Major Shareholder for the purpose of this definition, "family" means and includes spouse, parent, child including an adopted child and stepchild, brother or sister, spouse of child including an adopted child and step-child, and spouse of brother or sister);
- (b) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the Director, Major Shareholder or a member of the Director's or Major Shareholder's family is the sole beneficiary;
- (c) a partner of a Director, Major Shareholder or a partner of a Person Connected with that Director or Major Shareholder, means such person who falls within any one of the following categories:-
 - (i) a person with whom the Director, Major Shareholder or person connected with a Director or Major Shareholder is in or proposes to enter into partnership with. "Partnership" for this purpose is given the meaning under section 3 of the Partnership Act, 1961; and
 - (ii) a person with whom the Director, Major Shareholder or person connected to a Director or Major Shareholder has entered or proposes to enter into a joint venture, whether incorporated or not.

DEFINITIONS (cont'd)

- (d) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;
- (e) a person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;
- (f) a body corporate or its Directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;
- (g) a body corporate or its directors whose directions, instructions or wishes the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal, to act;
- (h) a body corporate in which the Director, Major Shareholder and/or persons connected with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or a body corporate which is a related corporation.

Proposed Shareholders' Mandate	:	Proposed New and Renewal of Existing Shareholders' Mandate For Recurrent Related Party Transactions of a Revenue or Trading Nature.
Proposed 20% Private Placement	:	Proposed Private Placement of New Ordinary Shares in DGB ("DGB Shares") pursuant to Sections 75 And 76 of the Companies Act 2016 ("Proposed Private Placement").
Recurrent Related Party Transactions or RRPT	:	Transactions with Related Parties involving recurrent transactions of a revenue or trading nature which are necessary for the DGB Group's day-to-day operations and are in the ordinary course of business of the DGB Group which involves the interest, direct or indirect, of a Related Party(ies), which are the subject of the Proposed New Shareholders' Mandate.
Related Party or Related Parties	:	Directors, Major Shareholders and/or Persons Connected with such Directors and/or Major Shareholders of the Group who are interested in the RRPT as set out under Section 2.5 of this Circular.
Substantial Shareholder(s)	:	A person who has interest or interests 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 voting shares of the Company.

All references to "we", "us", "our" and "ourselves" are to our Company, or where the context requires, are to our Group. All references to "you" in this Circular are references to the shareholders of our Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating 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. 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 day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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Registered Office:

170-09-01, Livingston Tower, Jalan Argyll,
10050 George Town, Pulau Pinang
T: +604 229 4390 | F: +604 226 5860

30 March 2022

Board of Directors

Dato' Liang Chee Fong (Independent Non-Executive Chairman)
Tan Ooi Jin (Executive Director)
Lim Peng Tong (Independent Non-Executive Director)
Tan Siew Peng (Independent Non-Executive Director)
Ng Keok Chai (Independent Non-Executive Director)
Dato' Seri Dr. Chen Chaw Min (Independent Non-Executive Director)

To: **Our Shareholders**

Dear Sir/Madam

PROPOSED SHAREHOLDERS' MANDATE

1. INTRODUCTION

Our Company had obtained approval from shareholders:

- (a) at the 14th AGM held on 30 April 2021 for renewal of existing shareholders' mandate for RRPT; and
- (b) at the EGM held on 16 November 2021 for new shareholders' mandate for new RRPT

for DGB Group to enter into RRPT of a revenue or trading nature which are necessary for DGB Group's day-to-day operations and are in the ordinary course of business and on terms that are not more favourable to the Related Parties than those generally available to the public.

These general mandates are still valid and subsisting and shall, in accordance with Listing Requirements, be in force until:

- (a) the conclusion of the forthcoming 15th AGM at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed;
 - (b) the expiration of the period within which the next AGM is required to be held under Section 340(2) of the Act (but must not extend to such extension as may be allowed under Section 340(4) of the Act); or
 - (c) revoked or varied by ordinary resolution passed by the shareholders in a general meeting,
- whichever is the earlier.

Our Company had, on the following dates, announced to Bursa Securities on the following corporate exercises undertaken and to be undertaken by our Company:

- (1) On 16 November 2021, our Board announced that our Company had obtained our shareholders' approval for the following Proposals at the EGM held on same date:
 - (a) proposed acquisition of 19,000,000 MGSB Shares, representing 74.51% equity interest in MGSB, by the Company from MMAG, for a total purchase consideration of RM17,830,000, to be satisfied via a combination of cash of RM534,900 and issuance of 180,157,290 new ordinary shares in the Company ("DGB Share(s)") ("Consideration Share(s)") at an issue price of RM0.0960 each ("Proposed Acquisition of MGSB from MMAG"); and
 - (b) proposed settlement of an amount owing by MGSB to MMAG of RM4,500,000 via issuance of 46,875,000 new DGB Shares ("Settlement Share(s)") at an issue price of RM0.0960 each upon completion of the Proposed Acquisition of MGSB from MMAG ("Proposed Settlement"),

(collectively referred to as "Proposals").

As at LPD, MMAG, being our substantial shareholder, holds 8.85% equity stake of our Company.

The shareholdings of MMAG in our Company have been diluted from 9.76% (as disclosed in the Circular to Shareholders dated 26 October 2021 in relation to the Proposed New Shareholders' Mandate) to 8.85% as at LPD following the issuance of 69,129,300 ordinary shares at the issue price of RM0.090 each on 23 November 2021 under the proposed 20% Private Placement.

- (2) On 31 January 2022, our Board had announced to Bursa Securities that DGB and MMAG had mutually agreed to further extend the period to fulfil the conditions precedent of MGSB SSA-MMAG to 21 April 2022. Save for the above, all provisions and terms of the MGSB SSA-MMAG and Supplemental MGSB SSA-MMAG shall remain unchanged and be in full force and effect. As at the LPD, the Proposed Acquisition of MGSB from MMAG and Proposed Settlement are pending completion.
- (3) On 1 March 2022, our Board had announced to Bursa Securities that DGB intends to undertake a proposed private placement of up to 467,585,600 Placement Shares (as defined), representing up to 40% of Shares in issue (excluding treasury shares, if any) ("Proposed 40% Private Placement"). Subject to the timing of fulfilling the conditions for the Proposed Acquisition of MGSB from MMAG and the Proposed Settlement, our Company may implement the Proposed 40% Private Placement before and/or after completion of the Proposed Acquisition of MGSB from MMAG and Proposed Settlement.

As at LPD, our Company has yet to obtain approval from Bursa Securities on the Proposed 40% Private Placement and the Additional Listing Application in relation to the Proposed 40% Private Placement.

Upon completion of the Proposed Acquisition of MGSB from MMAG and Proposed Settlement, our Company will issue and allot a total of 227,032,290 new ordinary shares to MMAG being the Consideration Shares and Settlement Shares of the Proposals. Following the issuance of the Consideration Shares and Settlement Shares, MMAG's shareholding in our Company will increase from 8.85% to 25.06% (under Minimum Scenario without considering the effect of completion of Proposed 40% Private Placement); upon completion of the Proposals. With equity stake of 25.06%, MMAG will become a Major Shareholder of our Company.

On 16 March 2022, our Board announced that our Company proposed to seek new mandate and renewal of existing mandate in respect of RRPT from our shareholders' for the DGB Group to enter into the RRPT of a revenue or trading nature which are necessary for DGB Group's day-to-day operations and are in the ordinary course of business and on terms that are not more favourable to the Related Parties than those generally available to the public at the forthcoming 15th AGM to be convened ("Proposed Shareholders' Mandate").

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED SHAREHOLDERS' MANDATE AS WELL AS TO SEEK THE APPROVAL FROM SHAREHOLDERS FOR THE RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE TO BE TABLED AT THE FORTHCOMING 15TH AGM TO BE CONVENED. THE NOTICE OF THE 15TH AGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE AT THE FORTHCOMING 15TH AGM.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

2.1 Provisions under the Listing Requirements

Pursuant to Paragraph 10.09(2) of Chapter 10 of the Listing Requirements, a listed issuer may seek a proposed mandate in respect of RRPT, subject to the following:

- (1) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public;
- (2) the proposed mandate is subject to annual renewal and disclosure is made in the annual report in respect of the aggregate value of transactions conducted pursuant to the proposed mandate during the financial year in relation to a listed issuer with an issued and paid-up capital of RM60 million and below where the aggregate value is equal to or more than the threshold prescribed below:-
 - (a) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more; or
 - (b) the percentage ratio of such RRPT is 1% or more,whichever is the lower
- (3) Our Company's circular to shareholders for purposes of the Proposed Shareholders' Mandate shall include information as set out in Annexure PN12-A of Practice Note 12 of the Listing Requirements of Bursa Securities. The draft circular must be submitted to the Bursa Securities together with a checklist showing compliance with such information;
- (4) in a meeting to obtain the shareholder mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution to approve the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (5) the listed issuer immediately announces to the 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 the Bursa Securities in its announcement.

2.2 Validity of the Proposed Shareholders' Mandate

The Proposed Shareholders' Mandate, if approved at the forthcoming 15th AGM, will take effect from the date of the passing of the Ordinary Resolution proposed at the forthcoming 15th AGM and shall continue to be in force until:

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

whichever is the earlier.

Thereafter, the approval from the shareholders will be sought for the renewal of this Proposed Shareholders' Mandate at each subsequent AGM of the Company.

Transactions with any Related Parties, which do not fall within the ambit of the Proposed Shareholders' Mandate, will be subject to other applicable provisions of the Listing Requirements, the Act and/or any applicable law.

2.3 The principal business activity of the Company and its subsidiaries

The principal activity of our Company is investment holding whilst the principal activities of our subsidiaries (including those contemplated under the Proposed Acquisition of MGSB from MMAG) are as follows:

Subsidiaries of DGB	Interest held	Principal activities
DSPI	100.00%	Construction works which includes civil, structural, building, architectural and mechanical works, piping fabrication and installation works and steel fabrication works and investment holding
MRSB	100.00%	Investment holding, property development and construction
MGSB *	*25.49%	Investment holding
HSESB ^	100.00%	Property investment
H&H Ecowood #	100.00%	Property investment
Active Trio #	100.00%	Investment holding

Notes:

* As at date of the Circular, DGB holds 25.49% equity stake of MGSB which is represented by 6,500,000 ordinary shares of MGSB. The remaining 74.51% equity stake in MGSB representing 19,000,000 ordinary shares of MGSB under the Proposed Acquisition of MGSB from MMAG is pending completion. MGSB will become a wholly-owned subsidiary of our Company upon completion of Proposed Acquisition of MGSB.

^ On 4 January 2022, our Company had acquired 100% equity stake representing 2 ordinary shares of HSESB by way of transfer of shares from the Director of HSESB, Dato' Seri Teoh Hai Hin. Following such acquisition, HSESB is now the wholly-owned subsidiary of our Company.
On 10 January 2022, our Company had acquired an additional 1,999,998 ordinary shares in the capital of HSESB by way of subscription for new allotment of shares. HSESB is capitalised at RM2,000,000 represented by 2,000,000 ordinary shares of RM1.00 each.

Wholly-owned subsidiaries of MGSB.

2.4 The principal activities of the Related Transacting Parties

The principal activities of the Related Transacting Parties that will be entering into RRPT with our Group are as set out below:

2.4.1 Dynaciate Engineering Sdn. Bhd. and Subsidiaries

Dynaciate Engineering Sdn. Bhd. ("DESB") and all its subsidiaries including an associate company, as tabulated below, are referred to, on a collective basis, as DESB Group.

Related Transacting Parties	Principal activities
DESB	Civil and mechanical engineering services and construction of plant and facilities including civil, structural, architectural, mechanical, electrical and instrumentation work.
Dynaciate Fabricators Sdn. Bhd. (" DFSB ") ⁽¹⁾	Metal fabrication and mechanical engineering services including steel structure, tankage, piping and mechanical work.
Dyna Teknik Sdn. Bhd. ⁽¹⁾	Civil and mechanical engineering services.
OGTech Project Resources Sdn. Bhd. ⁽¹⁾	Construction support services.
Dynaciate (Kuantan) Sdn. Bhd. (" DKSB ") ⁽²⁾	Civil and mechanical engineering services.
Dynaciate (S) Pte Ltd (" DSPL ") ⁽³⁾	Steel fabrication work.
Dynaciate (Sarawak) Sdn. Bhd. ⁽¹⁾	Engineering and construction
PT Dynaciate Services Indonesia ⁽⁴⁾	Fabrication of tank, water tandons and containers of metal
Dynaciate E&C Sdn. Bhd. ⁽⁵⁾	Civil and mechanical engineering services
Vincotech NDT Inspection Sdn. Bhd. (" Vincotech ") ⁽⁶⁾	Technical testing and analysis services

Notes:

- (1) Private limited liability companies, incorporated and domiciled in Malaysia, which are wholly owned by DESB.
- (2) 90% owned subsidiary of Mr. Khoo Song Heng and Mr. Woon Kok Kee with remaining 10% held by unrelated third party, Mr. Lee Jun Soon.
- (3) Private limited liability company, incorporated and domiciled in Singapore which is wholly owned by DESB.
- (4) Private company, incorporated and domiciled in Batam, Indonesia, which is a 70% owned subsidiary of DESB with remaining 20% held by Mr. Cin Pen and 10% held by Mr. Fong Jone Tong with both being unrelated third parties.
- (5) Private limited liability company, incorporated and domiciled in Malaysia which is a 49% owned associate of DESB with remaining 37% held by Nor Zakiah Binti Misnan and 14% held by Muiz Dhiyauddin bin Arbi with both being unrelated third parties.
- (6) 70% owned subsidiary of DESB with remaining 30% is held by Mr. Muthukrishnan Maheswari being an unrelated third party.

DGB Group and DESB Group had entered into the RRPT referred to Section 2.5 of this Circular which are necessary for the day-to-day operations with the Related Parties in the ordinary course of business. Such RRPT will be carried out at arm's length basis, on the DGB Group's normal commercial terms and on terms 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 of DGB. The transactions may occur in periodic requirements and are not bound by any preceding agreements negotiated in advance.

These RRPT will also be subject to the review procedures set out in Section 2.6 below.

2.4.2 MMAG Group

MMAG and its subsidiaries and sub-subsidiary companies are as follow:

Related Transacting Parties	Principal activities
MMAG	Investment holding
M Jets International Sdn. Bhd. ⁽¹⁾	Provision of airline charter flights and providing all kinds of aviation facilities, product and services, cargo handlers, common carrier and operate warehouse and consultancy in aviation related fields and general aviation training, scientific and technical activities
MMatrix Sdn. Bhd. ⁽²⁾	Provision of courier and delivery services
MMantap Sdn. Bhd. ⁽²⁾	Dormant
Inventure Conglomerate Sdn. Bhd. ⁽²⁾	Distribution of telecommunication products, services, accessories and devices and other multimedia hardware and software
United ICT Consortium Sdn. Bhd. ⁽²⁾	Investment holding
VSurf Sdn. Bhd. ⁽²⁾	Provision of electronic commerce services related
Line Clear Ventures Holdings Sdn. Bhd. (formerly known as Line Clear Logistics Holdings Sdn. Bhd.) ⁽²⁾	Investment holding
MMAG Digital Sdn. Bhd. ⁽³⁾	Investment holding and distributor of information technology products
MMAG Online Sdn. Bhd. ⁽³⁾	Dormant
Inconnexion Communication Sdn. Bhd. ⁽³⁾	Dormant
Line Clear Express & Logistics Sdn. Bhd. ⁽⁷⁾	Provisions of courier services and delivery service.
Line Clear Freight Forwarding Sdn. Bhd. ⁽⁴⁾	Dormant
Line Clear Express & Logistics (S) Pte Ltd ⁽⁵⁾	Provisions of courier services and delivery services
Line Shield Sdn. Bhd. ⁽⁴⁾	Insurance agent
KMN Express Sdn. Bhd. ⁽⁴⁾	Provisions of courier and delivery services
Line Clear Express (KT) Sdn. Bhd. ⁽⁴⁾	Dormant
MMegah Sdn. Bhd. ⁽⁶⁾	Distribution of telecommunication products, services, accessories and devices and other multimedia hardware and software

Notes:

- (1) 80% owned by MMAG with remaining 20% held by unrelated third parties.
- (2) Private limited liability companies, incorporated and domiciled in Malaysia, which are wholly-owned by MMAG.
- (3) Private limited liability companies, incorporated and domiciled in Malaysia, which are wholly-owned by United ICT Consortium Sdn. Bhd..
- (4) Private limited liability companies, incorporated and domiciled in Malaysia, which are wholly-owned by Line Clear Ventures Holdings Sdn. Bhd..
- (5) 60% owned by Line Clear Ventures Holdings Sdn. Bhd. with remaining 40% held by unrelated third parties.
- (6) Private limited liability companies, incorporated and domiciled in Malaysia, which are wholly-owned by MMAG Digital Sdn. Bhd..
- (7) 85% owned by Line Clear Ventures Holdings Sdn. Bhd. with remaining 15% held by unrelated third parties.

DGB Group and MMAG Group will enter into RRPT, as referred in Section 2.5 of this Circular, which are necessary for the day-to-day operations, with the Related Parties in the ordinary course of business. Such RRPT will be carried out at arm's-length basis, on the DGB Group's normal commercial terms and on terms 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 of our Company. The transactions may occur in periodic requirements and are not bound by any preceding agreements negotiated in advance.

These RRPT will also be subject to the review procedures set out in Section 2.6 below.

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2.5 Nature of the RRPT and Class of Related Parties

2.5.1 Transactions where renewal of existing mandate is sought

The details of the nature and estimated annual value of the RRPT in respect of which DGB Group is seeking **renewal of existing mandate** from our shareholders as contemplated under the Proposed Shareholders' Mandate are as follows:

Provider of goods and services	Nature of Transaction	Recipient of goods and services	Estimated aggregate value as disclosed in the Circulars to Shareholders dated 5 April 2021 / 26 October 2021 (RM)	Actual Value transacted ⁽¹⁾ (RM)	Estimated value from forthcoming AGM to the next AGM ⁽²⁾ (RM)	Related Parties
DSPI	<p>Providing civil, structural, building and architectural works</p> <p>Mechanical works - inclusive of, piping & equipment, steel structure, fabrication & erection works and piping and tankage works</p>	DESB Group	200,000,000	8,044,328	200,000,000	<p>Mr. Woon Kok Kee ("WKK") and his alternate, Mr. Khoo Song Heng ("KSH") are the Directors of our wholly owned subsidiary, DSPI.</p> <p>WKK stepped down as Executive Director of our Company on 1 October 2021 and KSH, ceased as Alternate Director concurrent with the resignation of WKK on 1 October 2021.</p> <p>Dynaciate Holdings Sdn. Bhd. ("DHSB") is our Substantial Shareholder with equity interest of 8.91% as at LPD.</p> <p>WKK and KSH are Directors and shareholders of DHSB. By virtue of their interest in DHSB pursuant to Section 8 of the Companies Act 2016, WKK and KSH are deemed interested in our Company via DHSB.</p> <p>Both WKK and KSH are also Directors and Substantial Shareholders of DESB.</p>

Provider of goods and services	Nature of Transaction	Recipient of goods and services	Estimated aggregate value as disclosed in the Circulars to Shareholders dated 5 April 2021 / 26 October 2021 (RM)	Actual Value transacted ⁽¹⁾ (RM)	Estimated value from forthcoming AGM to the next AGM ⁽²⁾ (RM)	Related Parties
DESB Group	<p>Provision of civil, structural, building and architectural works</p> <p>Mechanical works - inclusive of, piping & equipment, steel structure, fabrication & erection works and piping and tankage works</p>	DSPI	200,000,000	Nil	200,000,000	<p>Mr. Woon Kok Kee (“WKK”) and his alternate, Mr. Khoo Song Heng (“KSH”) are the Directors of our wholly owned subsidiary, DSPI.</p> <p>WKK stepped down as Executive Director of our Company on 1 October 2021 and KSH, ceased as Alternate Director concurrent with the resignation of WKK on 1 October 2021.</p> <p>Dynaciate Holdings Sdn. Bhd. (“DHSB”) is our Substantial Shareholder with equity interest of 8.91% as at LPD.</p>
DESB Group	<p>Providing metal fabrication and mechanical engineering services including steel structure, tankage, piping and mechanical works</p> <p>Supplying of construction & fabrication material/consumable item for project such as steel pipes, concrete, doors, window frames, roller shutters and etc</p>	DSPI	3,000,000	Nil	3,000,000	<p>WKK and KSH are Directors and shareholders of DHSB. By virtue of their interest in DHSB pursuant to Section 8 of the Companies Act 2016, WKK and KSH are deemed interested in our Company via DHSB.</p> <p>Both WKK and KSH are also Directors and Substantial Shareholders of DESB.</p>

Provider of goods and services	Nature of Transaction	Recipient of goods and services	Estimated aggregate value as disclosed in the Circulars to Shareholders dated 5 April 2021 / 26 October 2021 (RM)	Actual Value transacted ⁽¹⁾ (RM)	Estimated value from forthcoming AGM to the next AGM ⁽²⁾ (RM)	Related Parties
DESB Group	Supply of manpower and/or labour services for project Carry out inspection services for fabricated products	DSPI	8,000,000	848,898	8,000,000	Mr. Woon Kok Kee (“WKK”) and his alternate, Mr. Khoo Song Heng (“KSH”) are the Directors of our wholly owned subsidiary, DSPI. WKK stepped down as Executive Director of our Company on 1 October 2021 and KSH, ceased as Alternate Director concurrent with the resignation of WKK on 1 October 2021.
DESB	Rental of corporate office ⁽³⁾	DGB	60,000	51,387	60,000	Dynaciate Holdings Sdn. Bhd. (“DHSB”) is our Substantial Shareholder with equity interest of 8.91% as at LPD. WKK and KSH are Directors and shareholders of DHSB. By virtue of their interest in DHSB pursuant to Section 8 of the Companies Act 2016, WKK and KSH are deemed interested in our Company via DHSB. Both WKK and KSH are also Directors and Substantial Shareholders of DESB.

Provider of goods and services	Nature of Transaction	Recipient of goods and services	Estimated aggregate value as disclosed in the Circulars to Shareholders dated 5 April 2021 / 26 October 2021 (RM)	Actual Value transacted ⁽¹⁾ (RM)	Estimated value from forthcoming AGM to the next AGM ⁽²⁾ (RM)	Related Parties
DGB Group	Rental of properties including storage and warehousing management and its other related services ⁽⁴⁾	MMAG Group	10,000,000	Nil	10,000,000	MMAG, with equity interest of 8.85% as at LPD in our Company, is our Substantial Shareholder. Accordingly, Chan Swee Ying, by virtue of her direct interest in MMAG pursuant to Section 8 of the Act will also be a Major Shareholder of our Company.
DSPI	Provision of civil, structural, building and architectural works and its other related services Mechanical works - inclusive of, piping & equipment, steel structure, fabrication & erection works and piping and tankage works and its other related services	MMAG Group	50,000,000	Nil	50,000,000	Chan Swee Ying is a Non-Independent Non-Executive Director of MMAG.

Notes:

- (1) The Actual Value transacted of RRPT is from the date of the shareholders' mandate obtained at the AGM of the Company held on 30 April 2021 and EGM held on 16 November 2021 up to the LPD before the printing of this Circular.
- (2) This for the period from the date of forthcoming AGM up to date of the next AGM. The estimated value for mandate is based on management forecast of transaction value that have been undertaken and anticipated. The estimated value is subject to changes.
- (3) A corporate office located at J-08-3A, Block J, Setiawalk, Persiaran Wawasan, Pusat Bandar Puchong, 47160, Puchong, Selangor owned by DESB. The area of the premises is approximately 2123.4 square feet. The current monthly rental is about RM4,671.50.

- (4) The following will form part of DGB Group's properties upon completion of the completion of the Proposed Acquisition of MGSB from MMAG and Proposed Settlement are as tabulated below:
- (a) A 1½ storey semi-detached factory bearing postal address at No. 18, Jalan Empayar 4, Taman Perindustrian Empayar, 81550 Gelang Patah, Johor owned by MGSB. The built-up area is approximately 8,244 square feet in area. The property is currently unoccupied.
 - (b) A 1½ storey semi-detached factory bearing postal address at No. 20, Jalan Empayar 4, Taman Perindustrian Empayar, 81550 Gelang Patah, Johor owned by MGSB. The built-up area is approximately 8,244 square feet in area. The property is currently rent at monthly rental of RM12,500.00.
 - (c) A 1½ storey semi-detached factory bearing postal address at No. 10, Jalan Empayar 2, Taman Perindustrian Empayar, 81550 Gelang Patah, Johor owned by MGSB. The built-up area is approximately 12,669 square feet in area. The property is currently unoccupied.
 - (d) A 1½ storey semi-detached factory bearing postal address at No. 12, Jalan Empayar 2, Taman Perindustrian Empayar, 81550 Gelang Patah, Johor owned by MGSB. The built-up area is approximately 12,669 square feet in area. The property is currently rent at monthly rental of RM17,500.00.
 - (e) A 3 storey shop house bearing postal address at No. 3, Jalan Melur 1, Taman Melur, Bandar Segamat, 85000 Segamat, Johor owned by H&H Ecowood. The built-up area is approximately 4,000 square feet in area. The property is currently rent at monthly rental of RM3,000.00.
 - (f) A 2 storey shop house bearing postal address at No. 36-2, Jalan Genuang, Bandar Segamat, 85000 Segamat, Johor owned by H&H Ecowood. The built-up area is approximately 2,500 square feet in area. The property is currently unoccupied.
 - (g) A 2 storey shop house bearing postal address at No. 36-3, Jalan Genuang, Bandar Segamat, 85000 Segamat, Johor owned by H&H Ecowood. The built-up area is approximately 2,500 square feet in area. The property is currently unoccupied.
 - (h) A 3½ storey shop office bearing postal address at B-G-06, B-1-06 and B-3-06, Block B, Jalan Bangau 11, Bandar Puchong Jaya, Off Jalan Puchong, 47170 Puchong, Selangor to be owned by MGSB. The built-up area is approximately 1,679 square feet in area. The property is currently unoccupied.*
 - (i) A 3 storey commercial building bearing postal address at No. 441, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah to be owned by MGSB. The built-up area is approximately 850 square meter in area. The property is currently unoccupied.®
 - (j) A 3 storey commercial building bearing postal address at No. 442, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah to be owned by MGSB. The built-up area is approximately 1,033 square meter in area. The property is currently unoccupied.#
- * Pursuant to a sale and purchase agreement dated 24 September 2020 entered into by MGSB and OCR Group Berhad for a cash consideration of RM1,800,000 for investment purpose. Legal and beneficial titles have not transferred to MGSB Group as completion of acquisitions is still pending as at the LPD.
- ® Pursuant to a sale and purchase agreement dated 18 February 2021 entered into by MGSB and PP Chin Hin Realty Sdn. Bhd. for a cash consideration of RM1,950,000 for investment purpose. Legal and beneficial titles have not transferred to MGSB Group as completion of acquisitions is still pending as at the LPD.
- # Pursuant to a sale and purchase agreement dated 18 February 2021 entered by MGSB and PP Chin Hin Realty Sdn. Bhd. for a cash consideration of RM2,100,000 for investment purpose. Legal and beneficial titles have not transferred to MGSB Group as completion of acquisitions is still pending as at the LPD.

2.5.2 Transactions where new mandate is sought

The details of the nature and estimated annual value of the recurrent related party transactions in respect of which the Company is seeking a **new mandate** from its shareholders as contemplated under the Proposed Shareholders' Mandate are as follows:-

Provider of goods and services	Nature of Transaction	Recipient of goods and services	Estimated value from forthcoming AGM to the next AGM ⁽¹⁾ (RM)	Related Parties
DSPI	Rental of factory and equipment for fabrication work ⁽²⁾	DESB Group	3,500,000	<p>Mr. Woon Kok Kee ("WKK") and his alternate, Mr. Khoo Song Heng ("KSH") are the Directors of our wholly owned subsidiary, DSPI.</p> <p>WKK stepped down as Executive Director of our Company on 1 October 2021 and KSH, ceased as Alternate Director concurrent with the resignation of WKK on 1 October 2021.</p> <p>Dynaciate Holdings Sdn. Bhd. ("DHSB") is our Substantial Shareholder with equity interest of 8.91% as at LPD.</p> <p>WKK and KSH are Directors and shareholders of DHSB. By virtue of their interest in DHSB pursuant to Section 8 of the Companies Act 2016, WKK and KSH are deemed interested in our Company via DHSB.</p> <p>Both WKK and KSH are also Directors and Substantial Shareholders of DESB.</p>

Notes:

⁽¹⁾ This is for the period from the date of forthcoming AGM up to date of the next AGM of the Company. The values are merely estimated and are based on management's forecast of transaction values that have been undertaken and anticipated. The estimated value is subject to changes.

⁽²⁾ DSPI is registered owner of the two factories including the equipment described below:

- (a) A factory lot located at Lot 136A, Jalan Gebeng 2/6, Kawasan Perindustrian Gebeng, 26080 Kuantan, Pahang. The land area is approximately 13,851 square meters whilst the built-up area measured at 4,342 square meters.
- (b) A factory lot located at PLO 670, Zone 12B, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor. The land area is approximately 16,187 square meters whilst the built-up measured at 5,000 square meters.

The Group is seeking mandate in the event opportunities for tenancy(ies) materialise(es) whereupon negotiation for rental sum shall commence.

2.6 Amount Due and Owing Under Recurrent Related Party Transactions

As at the financial year ended 30 November 2021 and the LPD, the total sum due and owing to the Group by DESB Group in relation to a RRPT is RM7,166,218 and RM5,678,433.

In keeping with the normal business practice of the Group, late payment charges of 1.5% per month were imposed on all overdue trade receivables. The management conducts monthly review and diligently follows up with reminders for settlement of aforesaid outstanding amounts.

The aggregate principal amount of outstanding RRPT which have exceeded the credit term for one year or less as at 30 November 2021 and at the LPD are RM6,877,704 and RM5,386,928 respectively.

The Audit Committee and the Board are of the opinion that there is no recoverability issue presently as the debtors are related party(ies) with cordial relationship with the Group. A sum of RM1,487,785 has been collected as at the LPD for the total sum due.

The breakdown of the principal amount of the total outstanding amount due and owing to the Group under the recurrent related party transactions which have exceeded the credit term as at LPD are as set out below:-

Related Party with whom the Group is transacting	Company within the Group involved in RRPT	Total outstanding amount due and owing to the Group under the recurrent related party transactions which have exceeded the credit term as at LPD	
		Principal Sum (RM'000)	Interest (RM'000)
DESB Group	DSPI	5,387	704

2.7 Method or Procedures on Which Transaction Prices are Determined / Review Procedures for Recurrent Party Transactions

The Group had established the guidelines and procedures to ensure that the RRPT contemplated under the Proposed Shareholders' Mandate are undertaken on transaction prices and terms which are generally not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders:

- (1) **Methods for Determination of Transaction Price**
 - (a) The transaction prices, terms and conditions are determined by current market forces, under similar commercial terms for transaction with third parties, which are dependent on the demand and supply of the products/ services.
 - (b) The Group shall ensure at least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities.
 - (c) In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, for instance where the vendor is the sole distributors/ agents or an in-depth knowledge, understanding and evaluation of the requirements of the industry are critical for the products/services offered, the transaction price will be determined based on the usual business practice and policies of the Group to ensure the RRPT is not detrimental to the minority shareholders of the Group.

(2) **Thresholds for Approval of RRPT**

There are no specific thresholds for approval of RRPT within the Group. All RRPT will be monitored by the management and reviewed by the AC on a quarterly basis and approved by the Board. Where the RRPT has not obtained the shareholders' mandate or has exceeded the shareholders' mandate, an announcement shall be made to Bursa Securities. Our AC and the Board are aware of and will diligently ensure due compliance with all the prescribed requirements under Paragraph 10.09(1)(a) of the Listing Requirements.

(3) **Monitoring of RRPT**

- (a) A list of Related Parties shall be circulated within the Group from time to time for reference and at the same time, the Related Party will be notified to ensure that all RRPT are undertaken in accordance with the policies.
- (b) All operating divisions and subsidiary companies shall review the existing information systems to ensure that information on Related Party Transactions is captured at source.
- (c) Records will be maintained by the management for AC's review in order to capture all RRPT which are entered into pursuant to the Proposed Shareholders' Mandate.
- (d) The annual internal audit plan shall incorporate a review of all RRPT 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.
- (e) Our AC shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor RRPT have been complied with.
- (f) Our AC shall have overall responsibility for the determination of the review procedures with authority to sub-delegate to individuals or committees within the Company as they deem appropriate. If a member of our AC has an interest, as the case may be, he will abstain from any decision making by our AC in respect of the said transaction.
- (g) Additional quotations, if relevant, from third parties will be obtained and will be evaluated based on ranking on the price, delivery, services and other terms and conditions before entering into such transactions.

If it is determined that the guidelines and/or procedures stated in Section 2.7 of this Circular are inadequate and to ensure that:-

- (a) the RRPT will be conducted at arm's length and on normal commercial terms which are not favourable to the Related Parties than those generally available to the public; and
- (b) such transactions are not to the detriment of the minority shareholders of our Company or prejudicial to the interests of the shareholders,

our Company will obtain a fresh proposed mandate based on new guidelines and procedures.

The AC shall also have the discretion to request for limits to be imposed or for additional procedures to be followed if it considers such a request to be appropriate. In that event, such limits or procedures may be implemented without the approval of shareholders.

Pursuant to Paragraph 10.09(2) of the Listing Requirements, in a meeting to obtain the Proposed New 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 person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions.

2.8 Deviation from mandate

The actual value of RRPT did not exceed 10% of the estimated value as approved under the previous shareholders' mandate granted to our Company at the last AGM.

2.9 Disclosure in the Annual Report

Disclosure will be made in our Company's Annual Report in accordance with Paragraph 3.1.5 of the Practice Note 12 of the Listing Requirements, which requires a breakdown of the aggregate value of the RRPT made during the financial year based on the following information:

- (1) type of RRPT made;
- (2) names of the Related Parties involved and their relationship with the Group pursuant to the Proposed Shareholders' Mandate in accordance with Paragraph 10.09(2) and Practice Note No. 12 of the Listing Requirements.

3. RATIONALE FOR AND THE BENEFITS OF THE PROPOSED NEW SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate, which is subject to annual review will enable the Group to enter into RRPT which are in the ordinary course of the Group's businesses, on normal commercial terms, in a timely manner. This will enable the Group to continue to carry out RRPT necessary for the Group's day-to-day operations thus enhancing the Group's ability to pursue business opportunities which are time-sensitive in nature in a more efficient manner by transacting with the Related Parties.

The Group will have an advantage of familiarity with the background, management and the financial well-being of the Related Parties which will enable a more informed commercial decision to be made by the Group in a timely manner.

By obtaining the shareholders' mandate and the renewal thereof on an annual basis would eliminate the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such RRPT of a revenue or trading nature arise, thereby reducing substantial administrative time and costs associated with the convening of such general meetings, without compromising the corporate objective or adversely affecting the business opportunities available to DGB Group.

The RRPT are essential to provide DGB Group with the support for its operational business opportunities and further enhance its ability to explore beneficial business opportunities.

Other benefits to be derived from the Proposed Shareholders' Mandate are as follows:

- (a) facilitate transactions with Related Parties which are in the ordinary course of business of the 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 the Company;
- (b) facilitate transactions with Related Parties in an expeditious manner to meet business needs for the supply and/or provision of goods and services which are necessary for its day-to-day operations, particularly business needs which are time sensitive in nature; and

- (c) eliminate the need to announce and convene separate general meetings to seek proposed mandate for each transaction and as such, substantially reduce expenses, time and other resources associated with the making of announcements and convening of general meetings on an ad hoc basis, improve administrative efficiency considerably and allow financial and manpower resources to be channeled to attain more productive objectives.

The Proposed Shareholders' Mandate will also facilitate the implementation and completion by DSPI of its sub-contracting works.

Our Group is constantly seeking for opportunities to expand our construction segment. Following the venture of the Group into property sector, the Proposed Shareholders' Mandate could potentially provide our Group with additional source of income stream via rental income from buildings held and/or to be held by our Group which are either currently available for rental purpose or upon completion of respective sales and purchase agreements as well as upon completion of the on-going construction of warehouses.

4. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate is not expected to have any effect on the share capital and the substantial shareholders' shareholdings of the Company and is also not expected to have any material effect on the gearing of the Group for the financial year ending 30 November 2022. However, the Proposed Shareholders' Mandate is expected to contribute positively to the future earnings and net assets of the Group.

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

Mr. Woon Kok Kee and his alternate, Mr. Khoo Song Heng are the Directors of DSPI. Mr. Woon Kok Kee stepped down as Executive Director of our Company on 1 October 2021 and Mr. Khoo Song Heng ceased as his Alternate Director simultaneously. Both Mr. Woon Kok Kee and Mr. Khoo Song Heng are our substantial shareholders by virtue of their interests in DHSB pursuant to Section 8 of the Act. They are also Directors and Major Shareholders of DESB, a Related Party.

As at LPD, MMAG holds 8.85% of equity stake of our Company. As such, MMAG is not regarded as our Major Shareholder presently. Upon completion of the Proposed Acquisition of MGSB from MMAG and Proposed Settlement, MMAG will hold 25.06% equity interest in our Company. Accordingly, Ms Chan Swee Ying, being Director and Major Shareholder of MMAG, will then be our Major Shareholder by virtue of her interest in MMAG pursuant to Section 8 of the Act.

The direct and indirect interest of the interested Substantial Shareholders and the interested Directors of our Group (including those anticipated upon conclusion of the Proposed Acquisition of MGSB from MMAG and Proposed Settlement) and/or Persons Connected with them as at LPD are summarised below:

Interested Directors and / or Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Ordinary Shares	%	No. of Ordinary Shares	%
Director of DSPI				
Woon Kok Kee ("WKK")	-	-	^(a) 66,300,000	^(a) 8.91

Interested Directors and / or Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Ordinary Shares	%	No. of Ordinary Shares	%
Substantial Shareholders (including those anticipated upon conclusion of the Proposed Acquisition of MGSB from MMAG and Proposed Settlement)				
DHSB	66,300,000	8.91	-	-
WKK	-	-	^(a) 66,300,000	^(a) 8.91
Khoo Song Heng	-	-	^(a) 66,300,000	^(a) 8.91
MMAG	65,885,500	8.85	-	-
Chan Swee Ying	-	-	^(b) 65,885,500	^(b) 8.85

Note:

^(a) Deemed interest pursuant to Section 8 of the Act by virtue of his interest in DHSB.

^(b) Deemed interest pursuant to Section 8 of the Act by virtue of her interest in MMAG.

DHSB, Mr. Woon Kok Kee and Mr. Khoo Song Heng will abstain from voting on the Proposed Shareholders' Mandate in respect of their direct and/or indirect shareholdings in our Company at the AGM to be convened. They have undertaken and will ensure that the Persons Connected with them (if any) will abstain from voting in respect of their direct and/or indirect shareholdings in our Company on the ordinary resolution pertaining to the Proposed Shareholders' Mandate at the AGM of our Company.

MMAG and Ms. Chan Swee Ying being our Substantial Shareholders, will abstain and have also undertaken and will ensure that the Persons Connected with them (if any) will abstain from voting in respect of their direct and/or indirect shareholdings in our Company on the ordinary resolution pertaining to the Proposed Shareholders' Mandate at the AGM of our Company.

Save as disclosed above, none of the other Directors and Substantial Shareholders of our Company and/or Persons Connected with them, has any interest, direct or indirect, in the Proposed Shareholders' Mandate.

6. STATEMENT BY THE AC

Our AC is of the opinion that the Proposed Shareholders' Mandate is fair, reasonable and is in the best interest of the Company and its shareholders. The AC has seen and reviewed the procedures mention in Section 2.7 above and is of the view that:

- (a) the procedures and processes are sufficient to ensure that the RRPT are carried out on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders; and
- (b) the Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner, and such procedures and processes are reviewed on a yearly basis or whenever the need arises.

7. APPROVAL REQUIRED

The Proposed Shareholders' Mandate is subject to the approval of the non-interested shareholders of our Company at the forthcoming AGM.

8. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, having considered all relevant aspects of the Proposed Shareholders' Mandate, is of the opinion that the Proposed Shareholders' Mandate is in the best interest of the Group and accordingly, recommends that you vote **IN FAVOUR** of the Ordinary Resolution on the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

9. 15TH AGM

The 15th AGM, the notice of which is set out in the Circular and published on corporate website at www.dynaciategroup.com.my, will be held at ME Hub Kota Damansara, 3rd Floor, 28-3, Jalan PJU 5/4, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor, Malaysia on Wednesday, 27 April 2022 at 9.30 am for the purpose of considering and, if thought fit, passing with or without any modifications to the Ordinary Resolution so as to give effect to the Proposed Shareholders' Mandate at the 15th AGM.

If you are unable to attend the 15th AGM in person, you are requested to complete the Form of Proxy (as published on corporate website at www.dynaciategroup.com.my) in accordance with the instructions contained therein and forward it to the Registered Office of the Company at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang so as to arrive not later than forty-eight (48) hours before the time set for the holding of the AGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

10. FURTHER INFORMATION

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

Yours faithfully
For and on behalf of the Board of
DYNACIATE GROUP BERHAD

TAN SIEW PENG

Independent Non-Executive Director
Chairman of the Audit Committee

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

Save as disclosed below, as at the LPD, our Board confirms neither our Company nor our subsidiaries are engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the financial position of our Company and our Group and our Board is not aware of any proceedings pending or threatened, or of any facts likely to give rise to any proceedings, which might materially and adversely affect the business or financial position of our Group:

(a) Sanki Construction (“**Plaintiff**”) vs DSPI (“**Defendant**”)

On 23 December 2021, DSPI was served with a Writ and Statement of Claim dated 3 November 2021 and 1 November 2021, respectively, filed by the Plaintiff at the Johor Bahru High Court (Suit No.: JA-22C-5-11/2021) in respect of the alleged failure of DSPI to settle the outstanding progress claim due and payable in the alleged sum of RM1,194,724.38. The Plaintiff's alleged claim against DSPI includes the following:

- (i) the sum of RM1,194,724.38;
- (ii) interest rate of 5% per annum on RM1,194,724.38 from date of judgment until date of full settlement;
- (iii) costs; and
- (iv) any other reliefs as the Court thinks fit and proper.

DSPI had elected to invoke and/or enforce its rights under the arbitration agreement as agreed upon between both parties. Accordingly, DSPI had applied for a stay pending reference to arbitration application in accordance with Section 10 of the Arbitration Act 2005. As a result of stay application, any dispute between parties shall be stayed pending reference and determination by way of arbitration.

As at to-date, the Writ and Statement of Claim had been struck off with award of RM1,000 in legal cost in favour of DSPI.

3. MATERIAL CONTRACTS

Save as disclosed below, our Board confirms that there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Company and our subsidiary companies within the two (2) years immediately preceding the date of this Circular:

- (a) shares sale agreements dated 27 May 2020 entered into between our Company (as vendor) and Siah Kok Poay and Siah Chin Pin (both as purchasers) for the disposal of our Company's 100% equity interest in Superinox Max Fittings Sdn. Bhd. for a total cash consideration of RM2. The said disposal was completed on 29 May 2020;
- (b) shares sale agreement dated 28 May 2020 entered into between our Company (as vendor) and Nippon Steel Corporation and Hanwa Co., Ltd. (both as purchasers) for the disposal of our Company's 27.12% equity interest in Nippon Egalv Steel Sdn. Bhd. for a total cash consideration of RM2. The said disposal was completed on 14 July 2020;

- (c) shares sale agreement dated 5 October 2020 entered into between our Company (as vendor) and Siah Kok Poay and Siah Chin Hoo (both as purchasers) for the disposal of our Company's 100% equity interest in Tatt Giap Hardware Sdn. Bhd. for a total cash consideration of RM2. The said disposal was completed on 13 October 2020;
- (d) shares subscription agreement dated 24 February 2021 entered into between our Company and MGSB for the subscription of 4,000,000 MGSB Shares (representing 15.69% of the enlarged issued share capital in MGSB) for a cash consideration of RM4,000,000. The MGSB Shares were allotted and issued to our Company on 26 February 2021;
- (e) MGSB SSA-VCB pursuant to the Acquisition of MGSB from VCB which was completed on 14 July 2021;
- (f) MGSB SSA-MMAG pursuant to the Proposed Acquisition of MGSB from MMAG. This transaction has yet to be completed as at the LPD;
- (g) Settlement Agreement pursuant to the Proposed Settlement. This transaction has yet to be completed as at the LPD; and
- (h) Sale and purchase agreement dated 16 July 2021 entered into between Magnitude Resources Sdn. Bhd. (a wholly-owned subsidiary of our Company and as purchaser) and Tan Book Teck, Tan Kim Long and Dewah Realty Sdn. Bhd. (as vendors) for the Proposed Acquisition of Tangkak Land for a total cash consideration of RM7,000,000. The Proposed Acquisition of Tangkak Land entailed the acquisition of a piece of freehold industrial land held under GRN 523534 (previously known as HSD 10355), Lot 33820 (previously known as PTD 29303), Mukim of Tangkak, District of Tangkak (previously known as District of Ledang), State of Johor. This transaction has been completed on 21 January 2022.
- (i) Sale and purchase agreement dated 7 October 2021 entered into between Magnitude Resources Sdn. Bhd. (as purchaser) and Brem Construction Sdn. Bhd. (as vendor) for the Proposed Acquisition of Serendah Land for a total cash consideration of RM10,105,920.00. The Proposed Acquisition of Serendah Land entailed the acquisition of a piece of leasehold industrial land held under PN 119894, Lot 40907 (previously known as HSD 54822 PT 17400), Seksyen 20, Bandar Serendah, District of Ulu Selangor, State of Selangor. This transaction has yet to be completed as at the LPD.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9.00 am to 5.00 pm from Monday to Friday (excluding public holidays and days on which the registered office of the Company is closed due to regulations imposed by the Malaysian government to curb the spread of the Covid-19 pandemic) at the registered office of the Company at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang, for the period commencing from the date of this Circular up to and including the date of our forthcoming 15th AGM:

- (a) our Constitution;
- (b) our Group's audited financial statements for the FYE 30 November 2020 and 30 November 2021; and
- (c) the material contracts referred to in Section 3.