

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.

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 respect of the proposed renewal of shareholders' mandate (as defined herein) prior to its issuance as it is exempted pursuant to the provisions of Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.



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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

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

The above proposal will be tabled at the Fourteenth (14th) Annual General Meeting ("**AGM**") of Dynaciate Group Berhad ("**DGB**" or "**the Company**"). The Notice of AGM of the Company and the Form of Proxy are published at 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 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	:	Wednesday, 28 April 2021 at 11.00 am
Date and time of the AGM	:	Friday, 30 April 2021 at 11.00 am or at any adjournment thereof
Venue of the AGM	:	ME Hub Kota Damansara, 2nd Floor, 28-3, Jalan PJU 5/4, Dataran Sunway, Kota Damansara, 47810, Petaling Jaya, Selangor, Malaysia

This Circular is dated 5 April 2021

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 Ms Tan Siew Peng, Dato' Liang Chee Fong and Mr Lim Peng Tong
Act	:	The Malaysian Companies Act 2016 as amended from time to time and any re-enactment thereof
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 5 April 2021 in relation to the Proposed Shareholders' Mandate
Company or DGB	:	Dynaciate Group Berhad
DESB	:	Dynaciate Engineering Sdn Bhd (a major shareholder of our Company)
DGB Group or Group	:	Our Company and our subsidiaries, collectively
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)
EGM	:	Extraordinary general meeting
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
ICPS	:	Irredeemable convertible preference shares in our Company
Listing Requirements or MMLR	:	Main Market Listing Requirements of Bursa Securities including any amendments that may be made from time to time

DEFINITIONS (cont'd)

- LPD : 11 March 2021, being the latest practicable date prior to the printing of this Circular
- 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
- 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.
(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;

DEFINITIONS (cont'd)

- (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 Renewal of Shareholders' Mandate For Recurrent Related Party Transactions of a Revenue or Trading Nature
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 Shareholders' Mandate
Related Party or Related Parties	:	Directors, Major Shareholders and/or Persons Connected with such Directors or Major Shareholders of the Company who are interested in the RRPT as set out under Section 2.5 of this Circular

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.

(The remaining of this page is intentionally left blank)

TABLE OF CONTENTS

**CIRCULAR TO SHAREHOLDERS OF OUR COMPANY CONTAINING:
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED
PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

No.	Section	Pages
1.	Introduction	2
2.	Details of the Proposed Shareholders' Mandate	3
3.	Rationale for and the Benefits of the Proposed Shareholders' Mandate	10
4.	Effects of the Proposed Shareholders' Mandate	10
5.	Interest of Directors, Major Shareholders and/or Persons Connected to them	11
6.	Statement by the AC	11
7.	Approval Required	12
8.	Directors' Recommendation	12
9.	AGM	12
10.	Further Information	12
	APPENDIX I	13



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

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

5 April 2021

Board of Directors

Dato' Liang Chee Fong (*Independent Non-Executive Chairman*)
Woon Kok Kee (*Executive Director*) [or his alternate, Khoo Song Heng]
Tan Ooi Jin (*Executive Director*)
Lee Poay Keong (*Non-Independent Non-Executive Director*)
Lim Peng Tong (*Independent Non-Executive Director*)
Tan Siew Peng (*Independent Non-Executive Director*)

To: **Our Shareholders**

Dear Sir/Madam

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

1. INTRODUCTION

On 22 June 2020, our Company had, at our AGM held on same date, obtained a new and renewal of existing general mandate from the shareholders 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.

The said general mandate for RRPT shall, in accordance with Listing Requirements, be in force until:

- (i) the conclusion of the forthcoming 14th AGM at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed;
- (ii) 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
- (iii) revoked or varied by ordinary resolution passed by the shareholders in a general meeting, whichever is the earlier.

On 24 March 2021, our Board had announced that the Company proposed to seek renewal of the mandate in respect of the RRPT from our shareholders' for the DGB Group under Paragraph 10.09 of the Listing Requirements 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 AGM to be convened.

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 AGM TO BE CONVENED.

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 14TH 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:-

- (a) 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;
- (b) 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 above where the aggregate value is equal to or more than the threshold prescribed below:-
 - (i) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more; or
 - (ii) the percentage ratio of such RRPT is 1% or more,whichever is the higher;
- (c) 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;
- (d) 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
- (e) 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 AGM, will take effect from the date of the passing of the Ordinary Resolution proposed at the forthcoming AGM and shall continue to be in force until:

- (a) 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;
- (b) 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
- (c) 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 the Proposed Shareholders' Mandate for RRPT 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 its subsidiaries are as follows:

Subsidiaries of DGB	Interest held (%)	Principal activities
DSPI	100	Construction works which includes civil, structural, building, architectural and mechanical works, piping fabrication and installation works and steel fabrication works

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:

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.

Related Transacting Parties	Principal activities
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 Mohamed Faiz bin Mohamed Amin 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.

DESB and all its subsidiaries including an associate company are referred to, on a collective basis, as DESB Group.

DGB 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.

2.5 Nature of the RRPT and Class of Related Parties

The details of the nature and estimated annual value of the RRPT in respect of which DGB Group is seeking renewal 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 Circular to Shareholders dated 28 May 2020 (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	22,352,457	200,000,000	<p>Woon Kok Kee ("WKK") and his alternate, Khoo Song Heng ("KSH") are Directors and major shareholders of DESB.</p> <p>WKK and KSH are also Directors of our Company and DSPI as well as our major shareholders with equity interest of 9.98% by virtue of their interest in Dynaciate Holding Sdn Bhd.</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	65,598	3,000,000	<p>Woon Kok Kee ("WKK") and his alternate, Khoo Song Heng ("KSH") are Directors and major shareholders of DESB.</p> <p>WKK and KSH are also Directors of our Company and DSPI as well as our major shareholders with equity interest of 9.98% by virtue of their interest in Dynaciate Holding Sdn Bhd.</p>

Provider of goods and services	Nature of Transaction	Recipient of goods and services	Estimated aggregate value as disclosed in the Circular to Shareholders dated 28 May 2020 (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	1,177,230	8,000,000	Woon Kok Kee (“ WKK ”) and his alternate, Khoo Song Heng (“ KSH ”) are Directors and major shareholders of DESB. WKK and KSH are also Directors of our Company and DSPI as well as our major shareholders with equity interest of 9.98% by virtue of their interest in Dynaciate Holding Sdn Bhd.
DESB	Rental of corporate office ⁽³⁾	DGB	60,000	37,372	60,000	Woon Kok Kee (“ WKK ”) and his alternate, Khoo Song Heng (“ KSH ”) are Directors and major shareholders of DESB. WKK and KSH are also Directors of our Company and DSPI as well as our major shareholders with equity interest of 9.98% by virtue of their interest in Dynaciate Holding Sdn Bhd.

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 22 June 2020 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 anticipated monthly rental is about RM4,671.50.

2.6 Amount Due and Owing Under Recurrent Related Party Transactions

Pursuant to the Group's financial results for the financial year ended 30 November 2020, the total sum due and owing to the Group in relation to a RRPT is RM5.76 million. No late payment charges are imposed on the outstanding amounts as these are trade in nature. The management follows-up diligently with the debtors for timely settlement of outstanding amounts. The Audit Committee and the Board (save and except for Mr Woon Kok Kee and his alternate, Mr Khoo Song Heng) are of the opinion that there is no recoverability issue as the debtors are related party(ies) with cordial relationship with the Group and have proven to be creditworthy with a good payment record. A total sum of RM3.25 million has been collected as at the LPD for the total sum due.

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 Company 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 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:-

- (a) type of RRPT made;
- (b) 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 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.

In addition, the Proposed Shareholders' Mandate will facilitate the implementation and completion by DSPI of the sub-contracting works.

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 ended 30 November 2020. However, the Proposed Shareholders' Mandate is expected to contribute positively to the earnings and net assets of the Group in the current financial year.

(The remaining of this page is intentionally left blank)

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

Mr Woon Kok Kee and his alternate, Mr Khoo Song Heng are our major shareholders by virtue of their interest in DHSB pursuant to Section 8 of the Companies Act 2016.

Both Mr Woon Kok Kee and Mr Khoo Song Heng are also Directors and major shareholders of DESB, DSPL and DFSB.

The direct and indirect interest of the interested Major Shareholders and the interested Directors of our Company and Persons Connected with them as at LPD are summarised below:

Interested Directors and / or major shareholders	Direct Interest		Indirect Interest	
	No. of Ordinary Shares	%	No. of Ordinary Shares	%
Directors				
Woon Kok Kee	-	-	^(a) 66,300,000	^(a) 9.98
Khoo Song Heng (Alternate Director)	-	-	^(b) 66,300,000	^(b) 9.98
Major shareholders				
DHSB	66,300,000	9.98	-	-
Woon Kok Kee	-	-	^(a) 66,300,000	^(a) 9.98
Khoo Song Heng (Alternate Director)	-	-	^(b) 66,300,000	^(b) 9.98

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 his interest in DHSB.

Mr Woon Kok Kee and Mr Khoo Song Heng have abstained and will continue to abstain from Board deliberation and voting on the entry of the Recurrent Related Party Transactions under Section 2.5 of this Circular and voting on the Proposed Shareholders Mandate in respect of their direct and/or indirect shareholdings in our Company at the AGM to be convened. DHSB, Mr Woon Kok Kee and Mr Khoo Song Heng 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.

Save as disclosed above, none of the other Directors and Major 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 shareholders of our Company at the forthcoming AGM.

8. DIRECTORS' RECOMMENDATION

Our Board (save and except for Mr Woon Kok Kee and Mr Khoo Song Heng who had abstained from expressing any opinion and making any decision in relation to the Proposed Shareholders' Mandate), 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. AGM

The AGM, the notice of which is set out in the Company's Annual Report 2020 which published at the Company's corporate's website at www.dynaciategroup.com.my together with this Circular, will be held at ME Hub Kota Damansara, 2nd Floor, 28-3, Jalan PJU 5/4, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor, Malaysia 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 AGM.

If you are unable to attend the AGM in person, you are requested to complete the Form of Proxy (as published at the Company's corporate's 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

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given 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

As at the LPD, 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.

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) Sale and Purchase Agreement ("SPA") dated 18 October 2019 entered into between DSPI (as vendor) and Mgudang Sdn Bhd ("MGSB") (as purchaser) for the proposed disposal by DSPI of 2 parcels of contiguous freehold land held under Geran Mukim 448 Lot 1628 and Geran Mukim 450 Lot 1630, both in Tempat Ladang Valdor, Mukim 12, Daerah Seberang Perai Selatan, Negeri Pulau Pinang together with all buildings bearing postal address at No. 1564, Jalan Nafiri, Kawasan Perusahaan Valdor, 14200 Sungai Jawi, Pulau Pinang erected thereon to MGSB for a total cash consideration of RM41.00 million;
- (b) SPA dated 12 February 2020 entered into between DSPI (as purchaser) and DESB (as vendor) for the following Proposed Acquisition (as defined herein) for a total cash consideration of RM17,786,431:
 - (i) to acquire a piece of leasehold industrial land located in Johor Bahru, State of Johor together with a factory erected thereon for a cash consideration of RM16,000,000 ("Proposed Johor Premises Acquisition"); and
 - (ii) to acquire machineries and equipment for a cash consideration of RM1,786,431 ("Proposed M&E Acquisition");

(Collectively, the Proposed Johor Premises Acquisition and Proposed M&E Acquisition referred to as "Proposed Acquisitions");
- (c) SPA dated 12 February 2020 entered into between DSPI (as purchaser) and DKSB (as vendor) to acquire a piece of leasehold industrial land located in Kuantan, State of Pahang together with a factory erected thereon) for a cash consideration of RM9,000,000 ("Proposed Pahang Premises Acquisition"); and
- (d) Shares Sale Agreement ("SSA") dated 17 February 2020 entered into between DSPI (as vendor) and Mr. Siah Chin Pin (NRIC No. 820121-07-5433) of 6 Lorong Tambun Indah 5, 14100 Simpang Ampat, Penang (as purchaser) for the disposal of of the entire 40% equity interest in PT. Indo Bestinox Industri (Company No. 11.01.1.24.09839) comprising 224,000 shares to Mr. Siah Chin Pin for a total cash consideration of RM100 only. The said disposal was completed on 3 March 2020.

- (e) On 27 May 2020, the Company entered into SSA with Dato' Siah Kok Poay and Mr Sia Chin Pin to dispose of its 100% equity interest represented by 7,000,000 ordinary shares in Superinox Max Fittings Industry Sdn Bhd for a total cash consideration of RM2.
- (f) On 28 May 2020, the Company entered into SSA with Nippon Steel Corporation and Hanwa Co. Ltd., to dispose of its 27.12% equity interest represented 8,814,500 ordinary shares in Nippon EGalv Steel Sdn. Bhd. for a total cash consideration of RM2.
- (g) On 5 October 2020, the Company entered into SSA with Dato' Siah Kok Poay and Mr Sia Chin Hoo respectively to dispose of its entire equity interest represented 20,000,000 ordinary shares in a subsidiary, Tatt Giap Hareware Sdn Bhd for a total cash consideration of RM2.
- (h) On 24 February 2021, the Company entered into Shares Subscription Agreement with MGudang Sdn Bhd ("MGSB") in relation to the subscription of 4,000,000 ordinary shares in MGSB for a total cash consideration of RM4,000,000.00.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang during normal business hours From Monday to Friday (excluding public holidays) for the period commencing from the date of this Circular up to and including the date of our forthcoming AGM:

- (i) our Constitution;
- (ii) our Group's audited financial statements for the past 18-month financial period ended 30 November 2019 and FYE2020; and
- (iii) the material contracts referred to in Section 3.

(The remaining of this page is intentionally left blank)