

**THIS CIRCULAR/STATEMENT 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 adviser immediately.

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

Bursa Securities has not perused Part B of this Circular/Statement on the Proposed Renewal of Authority for the Company to Purchase Its Own Shares prior to its issuance as it is an exempt document pursuant to the provisions of Practice Note No 18 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Shareholders should rely on their own evaluation to assess the merits and risks of the Proposals as set out herein.



**DAYANG ENTERPRISE HOLDINGS BHD**

(Company No. 712243-U)  
(Incorporated in Malaysia)

**PART A**

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

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

**PART B**

**SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES**

**(COLLECTIVELY KNOWN AS THE “THE PROPOSALS”**

The above proposals will be tabled as Special Business at the 11th Annual General Meeting (“AGM”) of the Company which is to be held at Imperial Hotel, Lot 827, Jalan Pos, 98000 Miri, Sarawak on Wednesday, 24 May 2017 at 11.30 a.m. The Notice of the AGM together with the Form of Proxy are enclosed in the Annual Report 2016 which is dispatched together with this Circular/Statement.

The Form of Proxy should be lodged at the office of the Share Registrar, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No 8, Jalan Kerinchi, 59200 Kuala Lumpur not later than forty-eight (48) hours before the time set for holding the meeting. The lodging of Form of Proxy does 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, 22 May 2017 at 11.30 a.m.  
Date and time of AGM: Wednesday, 24 May 2017 at 11.30 a.m.

**This Circular/Statement is dated 28 April 2017**

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## DEFINITIONS

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

Act	:	Companies Act, 2016, as amended from time to time and any enactment thereof
AGM	:	Annual General Meeting
Board	:	Board of Directors of Dayang Enterprise Holdings Bhd
Bursa Securities or the Exchange		Bursa Malaysia Securities Berhad (635998-W)
Code		Malaysian Code on Take-Overs and Mergers 2010 as amended from time to time and includes any re-enactment thereof
Dayang or the Company	:	Dayang Enterprise Holdings Bhd (712243-U)
Director		Director of Dayang and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and for the purposes of RRPT under Chapter 10 of the Listing Requirements and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director of the company or any other company which is its subsidiary or holding company or the chief executive officer of Dayang, its subsidiary or holding company
Listing Requirements	:	Bursa Malaysia Securities Berhad Main Market Listing Requirements as amended from time to time
LPD		31 March 2017, being the last practicable date prior to the printing of this Circular/Statement
Major Shareholder(s)	:	<p>A person who has an interest or interests in one or more voting shares in the Company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares is :-</p> <ul style="list-style-type: none"><li>(a) 10% or more of the aggregate of the nominal amounts of all the voting shares in Dayang; or</li><li>(b) 5% or more of the aggregate of the nominal amounts of all the voting shares in Dayang where such person is the largest shareholder of Dayang</li></ul>
		<p>For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8 of the Act. A major shareholder includes any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, a major shareholder of Dayang or any other company which is its subsidiary or holding company</p>
Market day	:	Means a day on which the stock market of the Exchange is open for trading in securities

NA	:	Net Assets
Person connected	:	<p>In relation to the Director or a Major Shareholder, means such person or persons who falls under any one of the following categories:-</p> <ul style="list-style-type: none"> <li>(i) a member of the Director's or Major Shareholder's family means spouse, parent, child, including adopted child and stepchild, brother, sister and the spouse of the director's or major shareholder's child, brother or sister;</li> <li>(ii) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the Director, Major Shareholder or a family member of the Director or Major Shareholder is the sole beneficiary;</li> <li>(iii) a partner of the Director, Major Shareholder or a partner connected with that Director or Major Shareholder;</li> <li>(iv) 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;</li> <li>(v) 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;</li> <li>(vi) 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 directors, instructions or wishes of the Director or Major Shareholder;</li> <li>(vii) 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;</li> <li>(viii) 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 20% of the votes attached to voting shares in the body corporate; or</li> <li>(ix) a body corporate which is a related corporation</li> </ul>
Proposals		Proposed Renewal of Shareholders' Mandate and Proposed Renewal of Share Buy-Back
Proposed Renewal of Shareholders' Mandate		Proposed Renewal of Shareholders' Mandate for Dayang and/or its Group of Companies to enter into RRPT of a Revenue or Trading Nature for the period from AGM to the next AGM

Proposed Renewal of Share Buy-Back : Proposed renewal of authority for Dayang to purchase up to ten percent (10%) of its issued and paid-up capital of the Company pursuant to Section 127 of the Act.

Related Parties : A director, major shareholder or persons connected with such director or major shareholder. For the purpose of this definition, director and major shareholder shall have the same meanings given in Paragraph 10.02 of the Listing Requirements.

Recurrent Transaction(s) or RRPT : A related party transaction which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of Dayang or its subsidiaries which involves the interest, direct or indirect, of a Related Party.

RM and sen : Ringgit Malaysia and sen respectively

SC : Securities Commission

the Group : Dayang Enterprise Holdings Bhd and its subsidiaries

Treasury shares : Purchased shares that can be retained, distributed as dividend or resold.

**Name of Subsidiaries**

DESB : Dayang Enterprise Sdn. Bhd. (61505-V)

FTSB : Fortune Triumph Sdn. Bhd. (454430-H)

DMSSB : DESB Marine Services Sdn. Bhd. (634824-V)

PPB : Perdana Petroleum Berhad (372113-A)

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/Statement 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/Statement shall be a reference to Malaysian time, unless otherwise stated.

Any discrepancies in the tables included in this Circular/Statement between the amounts listed, actual figures and the totals thereof are due to rounding.

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**DAYANG ENTERPRISE HOLDINGS BHD**  
(Company No. 712243-U)  
(Incorporated in Malaysia under the Companies Act 1965)

**Registered Office:**  
Sublot 5-10, Lot 46, Block 10  
Jalan Taman Raja, MCLD,  
98000 Miri, Sarawak

Date: 28 April 2017

**Board of Directors**

Encik Ali Bin Adai	(Independent Non-Executive Chairman)
Datuk Ling Suk Kiong	(Executive Deputy Chairman)
Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin	(Managing Director)
Mr. Joe Ling Siew Loung @ Lin Shou Long	(Deputy Managing Director)
Ms Jeanita Anak Gamang	(Executive Director)
Ms Wong Ping Eng	(Non-Independent Non-Executive Director)
Mr. Gordon Kab @ Gudan Bin Kab	(Independent Non-Executive Director)
Mr Koh Ek Chong	(Independent Non-Executive Director)
Encik Azlan Shah Bin Jaffril	(Independent Non-Executive Director)

**To: The Shareholders of Dayang**

Dear Sir/Madam,

- (A) **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**
- (B) **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES**

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**INTRODUCTION**

In accordance with Part E, Chapter 10.09 of the Main Market Listing Requirements, the Company has obtained a general mandate to enter into Recurrent Related Party Transactions at the Company's General Meeting on 25 May 2016.

The said general mandate shall, in accordance with the Main Market Listing Requirements, lapse at the conclusion of the forthcoming 11th AGM which will be held at Imperial Hotel, Lot 827, Jalan Pos, 98000 Miri, Sarawak on Wednesday, 24th May 2017 at 11.30 a.m. or any adjournment thereof.

Accordingly on 11 April 2017, the Company announced to Bursa Securities its intention to seek shareholders' approval on the following Proposals at the forthcoming AGM :

- a) Proposed Renewal of Shareholders' Mandate and
- b) Proposed Renewal of Share Buy-Back

(Collectively known as "the Proposals").



The purpose of this Circular is to provide shareholders with the relevant information and seek shareholders' approval for the ordinary resolutions pertaining to the Proposals thereto to be tabled at the forthcoming AGM or any adjournment thereof. The Notice of the AGM together with the Form of Proxy is enclosed in the 2016 Annual Report of the Company for the financial year ended 31 December 2016.

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

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**PART A**

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

## **1.0 INFORMATION ON THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE**

### **1.1 DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE**

Pursuant to Paragraph 10.09(2) of Bursa Securities Main Market Listing Requirements, a listed issuer may seek a Shareholders' mandate in respect of RRPT i.e. transactions entered into by the Company and/or its subsidiary companies which involves the interest, direct or indirect, of Related Parties involving recurrent transactions of a revenue or trading nature which are necessary for its day-to-day operations 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 Shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where, in relation to a listed issuer with an issued and paid-up capital of RM60.0 million and above:-
  - (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) the listed issuer's circular to shareholders for the shareholder's mandate includes the information as may be prescribed by the Exchange, together with a checklist showing compliance with such information when submitting the circular to the Exchange;
- (d) in a meeting to obtain shareholders' 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 RRPT. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution to approve the RRPT; and
- (e) the listed issuer immediately announces to the Exchange 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 Exchange in its announcement.

Accordingly, the Board proposes to seek the shareholders' approval for the Proposed Renewal of Shareholders' Mandate. The Proposed Renewal of Shareholders' Mandate will allow the Dayang Group, in the ordinary course of business, to enter into the existing RRPTs referred to in Section 1.5 of Part A of this Circular, provided that such transactions are made at arm's length, on Dayang Group's normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of Dayang.

## 1.2 VALIDITY PERIOD OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Board proposes to renew its existing mandate from its shareholders to enter into Recurrent Transactions pursuant to Paragraph 10.09 of the Main Market Listing Requirements.

Pursuant to paragraph 3.1.4 of Practice Note No. 12 of the Main Market Listing Requirements, the Proposal, if approved by the shareholders at the forthcoming AGM, shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the said AGM, whereby the authority is renewed; or
- (b) the expiration of the period within which the next AGM is 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 a resolution passed by the shareholders in a general meeting;

whichever is the earlier.

## 1.3 PRINCIPAL ACTIVITIES OF DAYANG AND ITS GROUP OF COMPANIES

The principal activity of DAYANG is that of investment holding. The principal activities of its subsidiary companies are as set out below:-

Name of Subsidiaries	Equity Interest	Principal Activities
DESB	100%	Provision of offshore topside maintenance services, minor fabrication works and offshore hook-up and commissioning
FTSB	100%	Provision of rental equipment
DMSSB	100%	Charter of marine vessels and catering of food and beverage
PPB	98.01%	Provision of marine support services and charter of marine vessels

## 1.4 RELATED PARTIES

There are three classes of Related Parties for which the Proposal applies, namely:-

- a) Directors;
- b) Major Shareholders; and
- c) Persons Connected

## 1.5 INFORMATION ON RELATED PARTIES AND THE NATURE OF TRANSACTIONS

The Related Parties, details of the RRPT and their value to be incurred pursuant to the Proposed Renewal of Shareholders Mandate from the date of this AGM to the next AGM are set out as follows:-

## Renewal of Shareholders' Mandate for Recurrent Transactions

Related Parties which have recurrent transactions with Dayang Group	Nature of Transaction	Shareholders' Existing Mandate from 25 May 2016 to 28 April 2017 (Actual Value) RM'000)	Shareholders' Mandate Estimated in the preceding year's Circular to Shareholders (Estimated Value) (RM'000)	Renewal of Shareholders' Mandate Estimated value of transactions from this AGM to the next AGM (RM'000)	Duration of Tenancy Agreement
Datuk Ling Suk Kiong and Joe Ling Siew Loung @ Lin Shou Long	Rental of open yard warehouse and office situation at Lot No. CL205318752, Kg Ranca-Ranca, 87000 Labuan Federal Territory with an area size of approx 2.7 acres to DESB/DMSSB/FTSB Rental: RM60,000.00 pm.	704	720	612	Open Yard & Warehouse 01/05/15 – 30/04/17
Datuk Ling Suk Kiong and his spouse Datin Wong Siew Hong	Rental of office located at 1 <sup>st</sup> and 2 <sup>nd</sup> Floor of Lot 868, Jalan Permaisuri, 98000 Miri containing an area of approx 146.3 sq meters to DESB Rental: RM3,025.00 pm.	36	36	36	01/07/06 - 30/06/19
Kunci Prima Sdn Bhd (KP)	Rental of office located at Sublot 5 – 10 (Survey Lots 1130 – 1135) of Parent Lot 46 Block 10 MCLD Miri with an area of approx 874.0 sq meters to Dayang Enterprise Holdings Bhd. Rental: RM62,040.00 pm.	728	744	744	01/05/09 – 30/04/19

The rentals are payable on a monthly basis.

Notes:

The directors and shareholders of Kunci Prima Sdn Bhd are as follows:

Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin	50%
Datuk Ling Suk Kiong	20%
Datin Wong Siew Hong (spouse of Datuk Ling Suk Kiong)	15%
Mr Joe Ling Siew Loung @ Lin Shou Long (son of Datuk Ling Suk Kiong)	15%

## 1.6 REVIEW OF PROCEDURES IN RELATION TO THE RECURRENT RELATED PARTY TRANSACTIONS

The Group has established the following procedures to ensure that the rental of properties from Related Parties are undertaken at arm's length basis and are on terms that are not more favourable to the Related Parties than those generally available to the public and not detrimental to the minority shareholders of Dayang.

All Recurrent Related Party Transactions within the Group are subject to the approval of the shareholders subject to the provisions in the Listing Requirements and/or the Act, where necessary.

The procedures for the review of RRPT are as follows:-

(a) The rental is based on current market rental taking into consideration various factors as follows:-

- i) locality and accessibility of the premise;
- ii) size and floor level;
- iii) condition of the premise and
- iv) prevailing market rental, etc.

(b) Where practicable and feasible, at least 2 other contemporaneous transactions with unrelated third parties for similar rental of office or warehouse space 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 transactions.

In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, (for instance if there are no unrelated third party vendors/customers of similar products/services, or if the product/service is a proprietary item), the management will obtain prevailing market norms and practices to ensure that the RRPT's are not detrimental to the Company or the Group.

(c) There are no specific thresholds for approval of RRPT within the Dayang Group. However, all RRPT are subject to the approval of the appropriate levels of authority as determined by Senior Management and/or the Board from time to time, subject to the provisions in the Listing Requirements and/or the Act, where necessary.

(d) The Audit Committee shall review the related party transactions and report to the Board on a quarterly basis.

(e) Any member of the Audit Committee may, as he deems fit request for additional information pertaining to the transaction from independent sources or advisers, including obtaining valuation from professional valuers.

(f) Should any member of the Audit Committee has an interest in the RRPT, he and persons connected to him shall abstain from all deliberations and decision making in respect of such transactions and shall also abstain from voting on the resolution approving the transactions.

(g) When the actual value of the RRPT entered into by Dayang exceeds the estimated value of the RRPT disclosed in the Circular to shareholders by 10% or more, the Company will make an immediate announcement to Bursa Securities.

(h) All the rentals listed on page 6 above are supported by Valuation Report.

(i) There is no amount due and owing to the Dayang Group by its Related Parties which has exceeded the credit terms given arising from the RRPTs as per Section 1.5.

## **1.7 STATEMENT BY AUDIT COMMITTEE**

The Audit Committee has reviewed the procedures mentioned in Section 1.6 above and is of the view that the said procedures are sufficient to ensure that the RRPT are made at arms' length basis, generally acceptable commercial terms not more favourable to the mandated Related Parties than those generally available to the public and are not detrimental to the interests of minority shareholders.

The Audit Committee is also of the view that the Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner. These procedures and processes will be reviewed on a quarterly basis together with the review of quarterly results or such frequency as the Audit Committee considers appropriate having regard to the value and frequency of the related party transactions.

## **1.8 DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS**

Disclosure will be made in the annual report of Dayang in accordance with Paragraph 3.1.5 of Practice Note 12 of Listing Requirements, which requires a breakdown of the aggregate value of the Recurrent Related Party Transactions entered into during the financial year based on the following information:

- i) types of the Recurrent Related Party Transactions made, and
- ii) names of the Related Parties involved in each type of the Recurrent Related Party Transaction made and their relationship with the Company.

The above disclosure will be made in the Company's annual report for each subsequent financial year after the Proposed Renewal of Shareholders' Mandate has been obtained.

## **2.0 RATIONALE**

The RRPT entered into by the Dayang Group are all in the ordinary course of business. They are recurring transactions of a revenue or trading nature made at arms' length basis not more favourable to the Related Parties than those generally available to the public, which are necessary for the day-to-day operations of Dayang Group and are in the ordinary course of business. The RRPT are expected to enhance Dayang Group's business operations via an established relationship between Dayang Group and the Related parties. Such relationship has in the past given Dayang Group the advantage of renting properties located at strategic locations from Related Parties without capital commitment to acquire the properties.

The Proposed Renewal of Shareholders Mandate would also reduce the administrative time, inconvenience and expenses of having to frequently convene a separate general meeting for approval of each transaction while still maintaining the objective of keeping shareholders informed of the extent of RRPT occurring within the Group.

## **3.0 FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE**

The Proposed Renewal of Shareholders' Mandate will have no effect on the issued and paid up share capital of Dayang or the shareholdings of the substantial shareholders of Dayang and is not expected to have any material effect on the NA, gearing and earnings per share of Dayang and/or the Group (whichever is applicable).

## **4.0 APPROVALS REQUIRED**

The Proposed Renewal of Shareholders' Mandate is subject to the approval of the shareholders of Dayang at the forthcoming AGM to be convened.

## 5.0 DIRECTORS' AND MAJOR SHAREHOLDERS INTERESTS IN THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Directors and Major Shareholders and the person connected, as named below, are interested in the Proposed Renewal of Shareholders' Mandate as identified in paragraph 1.5 above.

Datuk Ling Suk Kiong, Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin and Joe Ling Siew Loung @ Lin Shou Long have and shall continue to abstain from all Board deliberations and voting on the resolution pertaining to the Proposed Renewal of Shareholders' Mandate and they will also not vote in respect of their direct and indirect shareholdings on the resolution approving the RRPT at the AGM.

Datuk Ling Suk Kiong, Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin and Joe Ling Siew Loung @ Lin Shou Long have undertaken to ensure that the person connected with them shall accordingly abstain from voting in respect of their direct and indirect shareholdings, deliberation or approving the resolution at the AGM.

Save as disclosed in this Circular, none of the other Directors and/or Major Shareholders and/or persons connected to the Directors and/or Major Shareholders of Dayang has any interest, direct or indirect, in the Proposed Renewal of Shareholders' Mandate.

The following table illustrates the direct and indirect interests of the interested Directors, Major Shareholders and Person Connected to them as at 31 March 2017, being the LPD :-

Name	Direct		Indirect	
	Shares	%	Shares	%
<b>Major Shareholder/Director</b>				
Datuk Ling Suk Kiong	77,279,130	8.81	102,726,512*	11.71
Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin	65,916,675	7.52	0	0
<b>Director</b>				
Joe Ling Siew Loung @ Lin Shou Long	41,463,825	4.73	138,541,817**	15.80
<b>Person connected</b>				
Datin Wong Siew Hong (spouse of Datuk Ling Suk Kiong) *	44,500	0	179,961,142*	20.52

\* Deemed interest pursuant to Section 8 and 197 of the Act, held through Vogue Empire Sdn Bhd, spouse and child.

\*\* Deemed interest pursuant to Section 197 of the Act, held through parents.

## 6.0 DIRECTORS' RECOMMENDATION

The Directors of Dayang, save for Datuk Ling Suk Kiong, Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin and Mr. Joe Ling Siew Loung @ Lin Shou Long having considered all aspects of the Proposed Renewal of Shareholders' Mandate is of the opinion that the Proposed Renewal of Shareholders' Mandate is in the best interest of the Company and therefore recommend that the shareholders of the Company vote in favour of the resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming AGM.

## 7.0 AGM

The Eleventh Tenth AGM of Dayang will be held at the Imperial Hotel, Lot 827, Jalan Pos, 98000 Miri, Sarawak on Wednesday, 24 May 2017 at 11.30 a.m. for the purpose of considering and, if thought fit, passing the resolution pertaining to the Proposed Renewal of Shareholders' Mandate as described herein.



If you are unable to attend and vote in person at the AGM, you are requested to complete, sign and deposit the Form of Proxy which is enclosed in this Circular, at the office of the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No 8, Jalan Kerinchi, 59200 Kuala Lumpur not later than forty-eight hours before the time fixed for the AGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the forthcoming AGM should you subsequently wish to do so.

## **8.0 FURTHER INFORMATION**

Shareholders are advised to refer to the attached APPENDIX I for further information.

Yours faithfully

**For and on behalf of Dayang Enterprise Holdings Bhd**

Koh Ek Chong  
Independent Non-Executive Director

## APPENDIX I

### FURTHER INFORMATION

#### 1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Directors of Dayang who collectively and individually accept full responsibility for the accuracy and correctness of the information contained in this Circular and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make this statements herein misleading.

#### 2. MATERIAL LITIGATION

Save as disclosed below, Dayang and/or its subsidiaries are not presently engaged in any material litigation, claims or arbitration, either as plaintiff or defendant. The Directors of Dayang are not aware of any proceedings, pending or threatened against Dayang and/or its subsidiaries or of any facts likely to give rise to proceedings which may materially or adversely affect the financial position or business of the Company and/or its subsidiaries.

##### A. Perdana Petroleum Berhad

- i) Tengku Dato' Ibrahim Bin Tengku Petra, Wong Fook Heng and Tiong Young Kong (collectively "the Applicants") have applied for leave to appeal to the Federal Court against the decision of the Court of Appeal on 25 August 2015. The Federal Court had on 1 March 2016 allowed the leave applications by the Applicants and the Applicants will proceed with the filing of the appeal papers for Case Management and the hearing dates were fixed on 10 October 2016 and 2 February 2017. On 2 February 2017, the Federal Court had heard all the parties for the hearing and deferred the decision to a later date which is yet to be determined.
- ii) Petra Offshore Limited ("POL") has on 1 December 2016 sent a notification to Nam Cheong International Ltd ("NCIL") of the cancellation of the Memorandum of Agreement ("MoA") on the acquisition of the accommodation work barge identified as Vessel Hull No. SK 317 as NCIL had not fulfilled the conditions of delivery of the Vessel in accordance with the terms and conditions of the MoA. POL had on 9 December 2016 through its solicitor issued a letter of demand to NCIL for the return of the deposit paid of USD8.4 million ("Deposit").

Accordingly, POL had on 22 December 2016 received from the solicitor of NCIL a Notice of Arbitration dated 22 December 2016 that NCIL had filed with the Kuala Lumpur Regional Centre for Arbitrations as Claimant against POL as the Respondent in respect of disputes arising out of the MoA. NCIL was seeking, inter alia, the relief that POL's purported termination of the MoA on 1 December 2016 was wrongful and unwarranted and the forfeiture of the Deposit together with damages arising from failure and/or refusal and/or neglect of POL to take delivery of the Vessel.

On 18 January 2017, POL had via its solicitor issued a Response to Notice of Arbitration to NCIL and counterclaimed that NCIL's claim against POL was misconceived and erroneous as the Vessel was not in every aspect physically ready for delivery and therefore the relief or remedy sought by NCIL did not arise and the cancellation of the MoA by POL was valid. POL continues to seek the immediate return of the Deposit paid. The date of the arbitration is yet been fixed.

### **3. MATERIAL CONTRACTS**

Save as disclosed below, Dayang and/or its subsidiaries have not entered into any material contracts, other than that entered into in the ordinary course of business during the two (2) years preceding the date of this Circular/Statement.

- (a) Conditional Sale of Shares Agreement dated 14 May 2015 entered between Dayang and Affin Hwang Asset Management Berhad (formally known as Hwang Investment Management Berhad) to acquire 42,965,100 ordinary shares of RM0.50 each in PPB for a total cash consideration of RM66,595,905 or RM1.55 per PPB share. The Conditional Sale of Shares Agreement was completed in accordance with its terms and conditions on 7 July 2015.

### **4. DOCUMENTS FOR INSPECTION**

The following documents are available for inspection at the Registered Office of Dayang at Sublot 5-10, Lot 46, Block 10, Jalan Taman Raja, 98000 Miri, Sarawak following the date of this Circular during normal office hours up to and including the date of the AGM:-

- a) Memorandum and Articles of Association of Dayang;
- b) Audited Financial Statements of Dayang for the past two (2) financial years ended 31 December 2015 & 31 December 2016
- c) Relevant court papers in respect of material litigation referred to in Section 2 above
- d) Valuation Report and Tenancy Agreement of the rented properties and
- e) Agreement referred to in Section 3 above.

**PART B**

**SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED  
RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS  
OWN SHARES**

## **1.0 INFORMATION ON THE PROPOSED RENEWAL OF SHARE BUY-BACK**

### **1.1 DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK**

The Board had, during the Company's 10th AGM held on 25 May 2016 obtained the approval of its shareholders to purchase up to 10% of the Company's total issued and paid-up share capital. In accordance with the Main Market Listing Requirements governing the purchase of own shares by a listed company, the aforesaid approval will continue in force until the conclusion of the Company's forthcoming AGM unless a new mandate is obtained from its shareholders.

In connection thereto, the Company had on 11 April 2017 announced its intention to seek approval of its shareholders on the Proposed Renewal of Share Buy-Back at the forthcoming AGM of the Company.

The Board proposes to seek approval from the shareholders for a renewal of authorization to enable the Company to purchase up to 10% of its total number of issued shares as quoted on the Bursa Securities as at the point of purchase.

As at LPT, the total number of issued shares of Dayang is 877,099,935 ordinary shares. The maximum number of Dayang shares which may be purchased by the Company will not exceed 87,709,994 ordinary shares or 10% of the total issued share capital of the Company at the point of purchase.

The authority from shareholders, shall be effective immediately upon the passing of the ordinary resolution for the Proposed Renewal of Share Buy-Back at the forthcoming AGM, up to the conclusion of the next AGM of Dayang or until the expiry of the period within which the next AGM is required by law to be held or revoked or varied by an ordinary resolution of the shareholders in general meeting whichever occurs first.

The Company may only purchase its own shares on Bursa Securities at a price which is not more than fifteen percent (15%) above the weighted average market price for the shares for the five (5) market days immediately prior to the date of purchase.

The Board may deal with the shares bought back by the Company in accordance with Section 127 of the Act in the following manner:-

- a) cancel the shares so purchased;
- b) retain the shares so purchased as Treasury Shares for distribution as dividends to shareholders and/or resale on the market of Bursa Securities and/or to be subsequently cancelled.

The price for the resale of treasury shares shall:

- a) not be less than the weighted average price of Dayang shares for the five (5) market days immediately prior to the date of resale; or
- b) not more than five percent (5%) to the weighted average market price for the shares for the five (5) market days immediately before the resale provided that-
  - i) the resale takes place not earlier than 30 days from the date of purchase; and
  - ii) the resale price is not less than the cost of purchase of the shares being resold.

## **2.0 RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK**

The Proposed Renewal of Share Buy-Back, if exercised, will enable Dayang to utilize any of its surplus financial resources to purchase its own shares from the open market in order to enhance the return on equity.

The Proposed Renewal of Share Buy-Back may provide an opportunity for the Company to purchase its own Shares when the market prices are below the intrinsic value in order to realize potential capital gain in the event that the market prices of the Shares appreciate in the future. Therefore, the Proposed Renewal of Share Buy-Back is to enhance value for shareholders from a resultant reduction in the number of shares in the market.

In the event that the treasury shares are distributed as dividends by Dayang, the distribution may then serve to reward the shareholders of the Company.

### **3.0 POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK**

#### **3.1 Potential Advantages**

- (i) The Dayang Group will be able to utilize its financial resources when it has no immediate usage for the purchase of Dayang shares;
- (ii) Dayang may be able to stabilize the supply and demand of Dayang shares in the open market and thereby support its fundamental value;
- (iii) The Proposed Renewal will help enhance value for shareholders and may increase the earnings per share when the purchased shares are cancelled, thereby making the shares more attractive to investors.
- (iv) Dayang may utilize the Treasury Shares as future dividend payout to Dayang shareholders and/or for resale in the open market should opportunities arise in the future.

#### **3.2 Potential Disadvantages**

The Proposed Renewal of Share Buy-Back will require utilization of the financial resources of Dayang and may need to be balanced against investment opportunities that may emerge in the future.

Nevertheless, The Proposed Renewal of Share Buy-Back is not expected to have any potential material disadvantage to the Company and the shareholders as it will be implemented only after careful consideration of the financial resources of the Group and its resultant impact.

### **4.0 FUNDING**

The maximum amount of funds to be allocated for the Proposed Renewal of Share Buy-Back will be subject to the retained earnings of the Company. As at 31 December 2016, the accumulated losses and share premium account of the Company were RM39.62 million and RM146.68 million respectively.

The funding of the Proposed Renewal of Share Buy-Back will be through internally generated funds and/or external borrowings, the proportion of which will depend on the quantum of purchase consideration as well as the availability of internally generated funds and the borrowings and repayment capabilities of the Company at the time of purchase(s). As at 31 December 2016, the audited cash and cash equivalents of the Company were RM56.98 million.

### **5.0 APPROVALS REQUIRED**

The Proposed Renewal of Share Buy-Back is subject to the approval of the shareholders of Dayang at the forthcoming AGM to be convened.

### **6.0 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS**

Save for the proportionate increase in the percentage of shareholdings and/or voting rights of shareholders of the Company as a result of the Proposed Renewal of Share Buy-Back, none of the Directors and Substantial Shareholders of the Company and persons connected with them have any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back and in the resale of treasury shares, if any.

The following table illustrates the direct and indirect interests of Directors and Substantial shareholders of the Company on 31 March 2017:-

	Before the Proposed Renewal of Share-Buy-Back*		After the Proposed Renewal of Share Buy-Back#	
	Direct	Indirect	Direct	Indirect
<b>Directors</b>				
Datuk Ling Suk Kiong	77,279,130 (8.81%)	<b>102,726,512<sup>(a)</sup></b> <b>(11.71%)</b>	<b>77,279,130</b> <b>(9.79%)</b>	102,726,512 <sup>(a)</sup> (13.01%)
Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin	65,916,675 (7.52%)	Nil	<b>65,916,675</b> <b>(8.35%)</b>	Nil
Joe Ling Siew Loung @ Lin Shou Long	41,463,825 (4.73%)	<b>138,541,817<sup>(b)</sup></b> <b>(15.80%)</b>	<b>41,463,825</b> <b>(5.25%)</b>	138,541,817 <sup>(b)</sup> (17.55%)
Gordon Kab@ Gudan Bin Kab	4,500 (0.00%)	Nil	4,500 (0.00%)	Nil
Ali Bin Adai	1,000 (0.00%)	Nil	1,000 (0.00%)	Nil
<b>Substantial shareholders</b>				
Datuk Ling Suk Kiong	77,279,130 (8.81%)	102,726,512 <sup>(a)</sup> (11.71%)	77,279,130 (9.79%)	102,726,512 <sup>(a)</sup> (13.01%)
Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin	65,916,675 (7.52%)	Nil	65,916,675 (8.35%)	Nil
Joe Ling Siew Loung @ Lin Shou Long	41,463,825 (4.73%)	138,541,817 <sup>(b)</sup> (15.80%)	41,463,825 (5.25%)	138,541,817 <sup>(b)</sup> (17.55%)
Naim Holdings Berhad	254,921,952 (29.06%)	Nil	254,921,952 (32.29%)	Nil
Vogue Empire Sdn. Bhd.	61,218,187 (6.98%)	Nil	61,218,187 (7.76%)	Nil
Kumpulan Wang Persaraan (Diperbadankan)	82,775,400 (9.44%)	Nil	73,445,100 (10.49%)	Nil
Lembaga Tabung Haji	77,701,500 (8.86%)	Nil	76,367,600 (9.85)	Nil
Datuk Hasmi Bin Hasnan	960,937 (0.11%)	254,921,952 <sup>(c)</sup> (29.06%)	960,937 (0.12%)	254,921,952 <sup>(c)</sup> (32.29%)
Datuk Amar Abdul Hamed Bin Haji Sepawi	Nil	254,921,952 <sup>(c)</sup> (29.06%)	Nil	254,921,952 <sup>(c)</sup> (32.29%)
Datin Wong Siew Hong	44,500 (0.00%)	179,961,142 <sup>(d)</sup> (20.52%)	44,500 (0.00%)	179,961,142 <sup>(d)</sup> (22.80%)

Notes:

- (a) Deemed interest by virtue of the interest of his spouse and child in the Company pursuant to Section 8 and 197 of the Act.
- (b) Deemed interest by virtue of Section 197 of the Act, held through his parents.
- (c) Deemed interest by virtue of Section 8 of the Act, held through Naim Holdings Berhad.
- (d) Deemed interest by virtue of Section 8 and 197 of the Act, held through Vogue Empire Sdn Bhd, spouse and child.

Save for the resulting increase in percentage shareholdings as a consequence of the share buy-back, none of the Directors, Substantial Shareholders and/or Persons Connected to them has any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back, if any.

## 7.0 EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

The following are the financial effects of the Proposed Renewal of Share Buy-Back, if the Proposed Renewal of Share Buy-Back is carried out in full:-

### i. Share Capital

The Proposed Renewal of Share Buy-Back will have no impact on the issued and paid-up share capital of Dayang if all of the shares purchased are held as Treasury Shares. The impact on the share capital of the Company if the Treasury Shares are subsequently cancelled is as below:-

<b>Issued and paid up share capital</b>	<b>No. of shares</b>
Existing share capital as at LPD	877,099,935
Less: Maximum number of Shares that may be purchased	87,709,994
Issued and paid-up share capital after the Proposed Renewal of Share Buy-Back	789,389,941

### ii. Earnings

Depending on the number of Dayang shares purchased and the purchase prices of the shares, the Proposed Renewal of Share Buy-Back may increase the earnings per share of the Group. Similarly, on the assumption that the Dayang shares so purchased are treated as Treasury Shares, the extent of the effect of the earnings of the Group will depend on the actual selling price, the number of Treasury Shares resold and the effective gain or interest saving arising thereon.

### iii. NA

The effect of the Proposed Renewal of Share Buy-Back on the NA per share of the Group is dependent on the number of Dayang shares which the Company buys back, the purchase price of the Dayang shares at the time of purchase and the treatment of the Dayang shares so purchased.

The Proposed Renewal of Share Buy-Back is likely to reduce the NA per share of the Group if the purchase price exceeds the audited NA per share of the Group at the time of purchase, and will increase the NA per share of the Group if the purchase price is less than the audited NA per share of the Group at the time of purchase.

### iv. Working Capital

The Proposed Renewal of Share Buy-Back will reduce the working capital of the Group, the quantum of which depends on, amongst others, the number of Dayang shares eventually purchased and the purchase price of Dayang shares. The cash flows of the Group will be reduced relatively to the number of Dayang shares eventually purchased and the purchase price of the shares.

Upon resale of the Treasury Shares, the working capital and cash flows of the Group will increase. Again, the quantum of the increase in the working capital and cash flow will depend on the actual selling price of Treasury Shares and the number of Treasury Shares resold.

## 8.0 PUBLIC SHAREHOLDING SPREAD

The Board is mindful of the requirement that the Proposed Renewal of Share Buy-Back must not result in the number of Dayang shares which are in the hands of the public falling below 25% of the issued and paid-up capital of Dayang. As at LPD, the public shareholdings spread of the Company was 34.41% of its issued and paid-up share capital.



The public shareholding spread of the Company as at LPD and after incorporating the effects of the Proposed Renewal of Share Buy-back are as follows:

	Public Shareholding Spread	
	No of shares	%
As at LPD	301,821,166	34.41
After the Proposed Renewal of Share Buy-Back *	214,111,172	27.12

\* Assuming that 87,709,994 shares being the maximum number of shares representing ten percent (10%) of the issued and paid-up ordinary share capital that may be bought back by the Company are bought back and subsequently cancelled and the shares are acquired from the minority shareholders of Dayang.

The Board will ensure that prior to any share buy-back exercise, the required Public Shareholding Spread of at least 25% is maintained at all times.

## 9.0 IMPLICATION RELATING TO THE CODE

Pursuant to the Code, a person or a group of persons acting in concert will be required to make a mandatory general offer if his/their stake(s) in the Company is/are increased to beyond 33% of its issued and paid-up share capital or if his/their existing shareholding(s) is/are more than 33% but less 50% and it exceeds by another 2 % in any six (6) months' period.

In the event that the Proposed Renewal of Share Buy-Back results in any of the above parties being affected, the said person or group of persons acting in concert will be obliged to make a mandatory general offer for the remaining Dayang shares not held by him/them. However, an exemption from a mandatory offer obligation may be granted by SC under the Code, subject to the affected person and the parties acting in concert complying with certain conditions, if the obligation is triggered as a result of action outside their direct participation.

As it is not intended for the share buy-back exercise to trigger the obligation to undertake a mandatory general offer by any of its substantial shareholders and/or parties acting in concert with them, the Company is mindful that only such number of shares are purchased, retained as Treasury Shares, cancelled or distributed such that the Code will not be triggered.

However, in the event that an obligation to undertake a mandatory offer should arise with respect to any parties from the share buy-back exercise, the relevant parties shall make necessary application to SC for an exemption from undertaking a mandatory offer under the Code before a mandatory offer is triggered.

## 10.0 DIRECTORS' RECOMMENDATION

The Board of Dayang, having taken into consideration all aspects of the Proposed Renewal of Share Buy-Back, is of the opinion that the Proposed Renewal of Share Buy-Back is in the best interest of the Company and its shareholders. Accordingly, the Board recommends that shareholders vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back to be tabled at the forthcoming AGM.

## 11.0 AGM

The Eleventh AGM of Dayang will be held at Imperial Hotel, Lot 827, Jalan Pos, 98000 Miri, Sarawak on Wednesday 24th May 2017 at 11.30 a.m. for the purpose of considering and, if thought fit, passing the resolution pertaining to the Proposed Renewal of Share Buy-back as described therein. An extract of the Notice of the Eleventh AGM is enclosed in this Circular.

If you are unable to attend and vote in person at the AGM, you are requested to complete, sign and deposit the Form of Proxy which is enclosed in this Circular, at the office of the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No 8, Jalan Kerinchi, 59200 Kuala Lumpur not later than forty-eight hours before the time fixed for the AGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the forthcoming AGM should you subsequently wish to do so.

**DAYANG ENTERPRISE HOLDINGS BHD**  
**(712243-U)**  
**(Incorporated in Malaysia)**

**EXTRACT OF NOTICE OF ELEVENTH ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT the 11th Annual General Meeting of the Company will be held at Imperial Hotel, Lot 827, Jalan Pos, 98000 Miri, Sarawak on Wednesday 24th May 2017 at 11.30 a.m. to transact the following purposes:-

**Ordinary Resolution 8**

**Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions (RRPT) of a Revenue or Trading Nature**

“**THAT**, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a Revenue or Trading Nature which is necessary for the day to day operations with the related parties as set out in Section 1.5 of the Circular to Shareholders dated 28 April 2017 provided that such transactions are undertaken in the ordinary course of business, on arm’s length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders.

**AND THAT** such approval shall continue to be in force until:-

- i) the conclusion of the next Annual General Meeting (“AGM”) at which time it will lapse, unless the authority is renewed by a resolution passed at the next AGM;
- ii) the expiration of the period within the next AGM of the Company to be held pursuant to Section 340(2) of the Companies Act 2016 (“the Act”) (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
- iii) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

**AND THAT** the Directors of the Company be authorized to complete and do all such acts and things (including executing all such documents as may be required) as may consider expedient or necessary to give effect to the Proposed Shareholders’ Mandate.”

**Ordinary Resolution 9**

**Proposed Renewal of Authority To Purchase Its Own Shares**

“**THAT**, subject always to the Companies Act 2016, the provisions of the Constitution of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and all other applicable laws, guidelines, rules and regulations, the Company be and are hereby authorized to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company provided **THAT** :-

- i) the aggregate number of shares to be purchased does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;
- ii) the amount of fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest Audited Financial Statements of the Company at the time of the purchase; and

iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends;

**THAT** authority be and is hereby given to the Directors of the Company to act and to take all such steps as are necessary or expedient to implement and finalize and give full effect to the aforesaid purchase;

**THAT** the authority conferred by this resolution shall commence immediately and shall continue to be in force until the conclusion of the next Annual General Meeting of the Company following the passing of this ordinary resolution, unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting but not so as to prejudice the completion of a purchase by the Company before the aforesaid expiry date and, in any event in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authority;

**AND THAT** authority be and is hereby given to the Directors of the Company to act and take all such steps and do all things as are necessary or expedient to implement, finalise and give full effect to the aforesaid purchase.”

