

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

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**SOLID AUTOMOTIVE BERHAD**

Registration No. 201201032237 (1016725-P)  
(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  
("PROPOSED SHAREHOLDERS' MANDATE")**

The resolution in respect of the Proposed Shareholders' Mandate of the Company will be tabled at the 8<sup>th</sup> Annual General Meeting (“AGM”) of Solid Automotive Berhad (“Solid” or “Company”) to be held at PLO 436, Jalan Gangsa, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor, Malaysia on Tuesday, 29<sup>th</sup> September 2020 at 10.00 a.m. The Notice of the AGM together with the Form of Proxy are enclosed in the 2020 Annual Report for the financial year ended 30<sup>th</sup> April 2020.

If you are unable to attend and vote at the meeting, you may complete the Form of Proxy and deposit it at the Registered Office of the Company at Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor, Malaysia not later than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof. 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.

The last date and time for lodging the Form of Proxy : Sunday, 27<sup>th</sup> September 2020 at 10.00 a.m.  
Date and time of the AGM : Tuesday, 29<sup>th</sup> September 2020 at 10.00 a.m.

This Circular is dated 28<sup>th</sup> August 2020

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## DEFINITIONS

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Unless otherwise stated, the following definitions shall apply throughout this Circular:

- “Act”** – Companies Act 2016 as may be amended from time to time and any re-enactment thereof
- “AGM”** – Annual General Meeting
- “Audit Committee”** – Audit Committee of Solid
- “Board”** – The Board of Directors of Solid
- “Bursa Securities”** – Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
- “Circular”** – Circular to Shareholders dated 28<sup>th</sup> August 2020 in relation to the Proposed Shareholders’ Mandate.
- “Director(s)”** – Shall have the meaning given in Section 2 of the Act and Section 2(1) of the Capital Markets and Services Act 2007 (“CMSA”) 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 -
- i. a director of Solid, its subsidiary or holding company; or
  - ii. a chief executive of Solid, its subsidiary or holding company; and
  - iii. in relation to a Special Purpose Acquisition Company (“SPAC”), a member of the SPAC’s management team
- “Listing Requirements”** – Main Market Listing Requirements of Bursa Securities including any amendments thereto that may be made from time to time
- “LPD”** – 7<sup>th</sup> August 2020, being the latest practicable date prior to the printing of this Circular
- “Major Shareholder”** – A person including 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, who has an interest or interests in any one or more voting shares in a company (or any other company which is its subsidiary or holding company or a subsidiary of its holding company) and the nominal amount of that share, or the aggregate of the nominal amounts of these shares, is:-
- (a) equal to or more than 10% of the aggregate of the nominal amounts of all the voting shares in the company; or
  - (b) equal to or more than 5% of the aggregate of the nominal amounts of all the voting shares in the company where such person is the largest shareholder of the company.
- For the purpose of this section, “interest in shares” shall have the meaning given in Section 8 of the Act.
- “Person(s) Connected”** – shall have the meaning ascribed thereto in accordance with Paragraph 1.01 of the Listing Requirements
- “Proposed Shareholders Mandate”** – Proposed renewal of shareholders’ mandate pursuant to Paragraph 10.09, Chapter 10 and Practice Note 12 of the Listing Requirements for the Solid Group to enter into Recurrent Transactions
- “Related Party”** – A Director, major shareholder and/or person connected with such director or major shareholder
- “Related Party Transaction”** – A transaction entered into by the Solid Group which involves the interest direct or indirect of a Related Party
- “Recurrent Transactions” or “RRPTs”** – Recurrent related party transactions of a revenue or trading nature which are necessary for daily operations and are in the ordinary course of business of the Solid Group
- “RM” and “sen”** – Ringgit Malaysia and sen respectively
- “Solid Automotive Berhad”, “Solid” or “the Company”** – Solid Automotive Berhad (Registration No. 201201032237 (1016725-P)), a public limited company incorporated in Malaysia
- “Solid Group” or “the Group”** – The Company and its subsidiaries as defined in Section 4 of the Act
- “Share(s)”** – Ordinary share(s) in Solid
- “Substantial Shareholder”** – shall have the meaning given in Section 136(2) of the Act

In this Circular, words referring to the singular shall, where applicable, include the plural and vice versa, and words referring to the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

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

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



## **SOLID AUTOMOTIVE BERHAD**

Registration No. 201201032237 (1016725-P)  
(Incorporated in Malaysia)

**Registered Office**  
Suite 9D, Level 9  
Menara Ansar  
65, Jalan Trus  
80000 Johor Bahru  
Johor, Malaysia

28<sup>th</sup> August 2020

### **Board of Directors**

Kek Kok Swee (Independent Non-Executive Chairman)  
Ker Min Choo (Executive Managing Director)  
Ker Mong Keng (Executive Director)  
Ker Meng Oi (Executive Director)  
Chai Yee Man (Independent Non-Executive Director)  
Tan Lay Beng (Independent Non-Executive Director)

### **To: The Shareholders of Solid Automotive Berhad**

Dear Sir/Madam,

### **PROPOSED SHAREHOLDERS' MANDATE**

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#### **1. INTRODUCTION**

On 21<sup>st</sup> August 2020, the Board had announced that the Company intends to seek the shareholders' approval for the Proposed Shareholders' Mandate.

The purpose of this Circular is to provide you with the details of the Proposed Shareholders' Mandate together with your Directors' recommendation and to seek your approval for the ordinary resolution in respect of the Proposed Shareholders' Mandate to be tabled at the forthcoming 8<sup>th</sup> AGM of the Company. The Notice of the forthcoming 8<sup>th</sup> AGM together with the Form of Proxy are enclosed in the 2020 Annual Report, which is being sent to you together with this Circular.

**SHAREHOLDERS ARE ADVISED TO READ THE CONTENT OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE TO BE TABLED AT THE FORTHCOMING AGM.**

## 2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

### 2.1 Introduction

Pursuant to Paragraph 10.09, Chapter 10 of the Listing Requirements and Practice Note 12, Solid may seek a mandate from its shareholders for RRPTs subject to, inter-alia, the following:

- i. 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;
- ii. 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:
  - (a) in relation to a listed issuer with an issued and paid-up capital of RM60 million and above:
    - (aa) the consideration, value of assets, capital outlay or costs of the recurrent transactions is equal to or exceeds RM1 million; or
    - (bb) the percentage ratios of such recurrent transactions is equal to or exceeds 1%,whichever is the higher; or
  - (b) in relation to a listed issuer with an issued and paid-up capital which is less than RM60 million:
    - (aa) the consideration, value of assets, capital outlay or costs of the recurrent transactions is equal to or exceeds RM1 million; or
    - (bb) the percentage ratios of such recurrent transactions is equal to or exceeds 1%,whichever is the lower.
- iii. issuance of a circular to shareholders by the listed issuer which includes the information as may be prescribed by Bursa Securities;
- iv. in a meeting to obtain shareholders' mandate, the interested Director, interested Major Shareholder or interested person connected with the 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. An interested Director or interested Major Shareholder must ensure that person(s) connected with him abstain from voting on the resolutions approving the transactions; and
- v. the listed issuer immediately announces to the Bursa Securities when the actual value of a Recurrent Related Party Transaction entered into by the listed issuer, exceeds the estimated value of the Recurrent Related Party Transaction disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

In accordance with Paragraph 10.09 of the Listing Requirements above, the Board hereby seeks the approval of the shareholders of Solid for the Group to enter into RRPTs with the Related Parties set out in Section 2.3 of this Circular, provided that such transactions are entered into at arm's length and on normal commercial terms that are not more favourable to the Related Parties than those generally available to the public and which will not be to the detriment of the minority shareholders. The RRPTs are also subject to the review procedures set out in Section 2.4 of this Circular.

The Proposed Shareholders' Mandate, if approved at the forthcoming 8<sup>th</sup> AGM, will continue to be in force until:

- i. the conclusion of the Company's Ninth (9<sup>th</sup>) AGM at which such ordinary resolution for the Proposed Shareholders' Mandate will be passed, at which time it will lapse, unless the authority for its renewal by a resolution is obtained from the shareholders at that meeting;
- ii. the expiration of the period within which the 9<sup>th</sup> AGM 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
- iii. revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

Thereafter, approval from shareholders for a renewal of the mandate in relation to the RRPTs will be sought at each subsequent AGM of the Company.

## 2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE (CONT'D)

### 2.2 Principal Activities of the Solid Group

Solid is principally involved in investment holding and provision of management services. The principal activities of its subsidiaries are as follows:

<b>Subsidiaries</b>	<b>Effective Equity Interest %</b>	<b>Principal activities</b>
Solid Autotech Sdn. Bhd. ("Autotech") Registration No. : 198901012518 (189827-A) (Incorporated in Malaysia)	100.00	Property and investment holding.
Twinco Far East Sdn. Bhd. ("Twinco") Registration No. : 199401038831 (324516-P) (Incorporated in Malaysia)	100.00	Trading and distribution of automotive engine and mechanical parts and components.
Auto Empire Impex Pte. Ltd. ("Auto Empire") (Company No. : 198703437E) (Incorporated in Singapore)	100.00	Trading and distribution of automotive engine and mechanical parts and components.
Solid Corporation Sdn. Bhd. ("Solid Corporation") Registration No. : 198201008464 (88187-A) (Incorporated in Malaysia)	100.00	Trading and distribution of automotive electrical parts and components.
Auto Electrical Systems Sdn. Bhd. ("AES") (Formerly known as Lukas Marketing Sdn. Bhd.) Registration No. : 198101006030 (72146-U) (Incorporated in Malaysia)	100.00	Trading and distribution of automotive electrical parts and components.
JBS Auto-Tech Sdn. Bhd. ("JBS") Registration No. : 200301006755 (609175-K) (Incorporated in Malaysia)	100.00	Trading and distribution of automotive electrical parts and components.
HKT Auto Electrical Parts Sdn. Bhd. ("HKT") Registration No. : 199701030669 (446168-W) (Incorporated in Malaysia)	100.00	Trading and distribution of automotive spare parts, lubricants and batteries.
Autoworld Parts Services Sdn. Bhd. ("Autoworld") Registration No. : 201601029998 (1200939-X) (Incorporated in Malaysia)	60.00	Trading, repairing and servicing of automotive electrical parts and components.
Win Soon Auto Suppliers Sdn. Bhd. ("WSKL") Registration No. : 200701025854 (783875-W) (Incorporated in Malaysia)	100.00	Trading and distribution of automotive spare parts and components.
Win Soon Auto Suppliers (JB) Sdn. Bhd. ("WSJB") Registration No. : 201301007524 (1037365-M) (Incorporated in Malaysia)	100.00	Trading and distribution of automotive spare parts and components.
Borneo Technical Co (M) Sdn. Bhd. ("Borneo") Registration No. : 197501003106 (24827-D) (Incorporated in Malaysia)	100.00	Trading and distribution of automotive spare parts, lubricants, batteries and industrial supplies.

## 2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE (CONT'D)

### 2.3 Classes of Related Parties and Nature of Transactions

The Proposed Shareholders' Mandate for RRPTs shall apply to the following transactions:

Company/ Subsidiaries Involved	Transacting Parties	Related Parties	Nature of relationship	Nature of Recurrent Transactions	Estimated Value of disclosed in preceding year's Circular to Shareholders dated 28.8.2019# RM	Actual Value transacted from date of last AGM on 25.9.2019 to LPD RM	Estimated Value of transactions from 29.9.2020 to next AGM# RM
Auto Empire	Ker Boon Kee ("KBK"), Ker Mong Keng ("KMK") and Ker Min Choo ("KMC")	KBK, KMK, KMC and Ker Meng Oi ("KMO")	KMK, KMC and KMO are Directors and Shareholders of Solid.  KBK is a substantial shareholder of Solid.  KBK is the brother of KMK, KMC and KMO.	Rental of warehouse and office owned by KBK, KMK and KMC to Auto Empire. <ul style="list-style-type: none"> <li>10 Admiralty Street #01-64, North Link Building, Singapore 757695</li> <li>Rental is payable on a monthly basis at SGD (Singapore Dollars) 5,700 (equivalent to RM18,000 per month)</li> <li>Tenure of the tenancy agreement is for a period of one (1) year commencing from 1<sup>st</sup> May 2019 until 30<sup>th</sup> April 2020. Thereafter the terms and conditions will be renegotiated and agreed upon by mutual consent</li> </ul>	280,000	179,404	280,000
Twinco	Tampoi Enterprise Sdn. Bhd. ("TE")	KBK, KMK, KMC and KMO	KMK, KMC and KMO are Directors and shareholders of Solid.  KBK is a Director and major shareholder of TE.  KBK is a substantial shareholder of Solid.  KBK is the brother of KMK, KMC and KMO.	Rental of warehouse and office owned by TE to Twinco. <ul style="list-style-type: none"> <li>No. 53 Jalan 2/57B, Segambut Light Industries, 51200 Segambut, Kuala Lumpur, Malaysia.</li> <li>Rental is payable on a monthly basis at RM3,800.00 per month.</li> <li>Tenure of the tenancy agreement is for a period of three (3) year commencing from 1<sup>st</sup> September 2015 until 31<sup>st</sup> August 2019 (including the 24 month extension period of the main tenancy agreement).</li> </ul> <p>Purchase of automotive spare parts by Twinco from TE.</p>	50,000	39,900	50,000
					50,000	2,184	50,000



## 2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE (CONT'D)

### 2.3 Classes of Related Parties and Nature of Transactions (Cont'd)

Company/ Subsidiaries Involved	Transacting Parties	Related Parties	Nature of relationship	Nature of Recurrent Transactions	Estimated Value of disclosed in preceding year's Circular to Shareholders dated 28.8.2019# RM	Actual Value transacted from date of last AGM on 25.9.2019 to LPD RM	Estimated Value of transactions from 29.9.2020 to next AGM# RM
Twincoco	PAM Machinery Components Sdn. Bhd. ("PAM")	KBK, KMK, KMC and KMO	KMK, KMC and KMO are Directors and shareholders of Solid.  KBK is a substantial shareholder and director of PAM.  KBK is a substantial shareholder of Solid.  KBK is the brother of KMK, KMC and KMO.	Purchase of automotive spare parts from PAM by Twincoco and sale of automotive spare parts by Twincoco to PAM.	200,000	16,932	200,000
AES	Tampoi Auto Supply Sdn. Bhd. ("TAS")	KBK, KMK, KMC and KMO	KMK, KMC and KMO are Directors and Shareholders of Solid.  KMC, KMK and KBK are major shareholders and directors of TAS.  KMO is a shareholder of TAS.  KBK is the brother of KMK, KMC and KMO.	Rental of warehouse and office owned by TAS to AES.  • No. 77 Jalan Glasiar, Taman Tasek, 80200 Johor Bahru, Johor, Malaysia.  • Rental is payable on a monthly basis at RM7,800 per month.  • Tenure of the tenancy agreement is for a period of three (3) year commencing from 1 <sup>st</sup> August 2016 until 31 <sup>st</sup> July 2019 (including the one year extension period of the main tenancy agreement).	96,000	93,600	96,000
Autoworld	KMK	KBK, KMC and KMO	KMC and KMO are Directors and shareholders of Solid.  KBK, KMC and KMO are siblings.	Rental of shop lot and office owned by KMK to Autoworld:  • No. 34 Jalan Rosmerah 2/17, Taman Johor Jaya, 81100 Johor Bahru, Johor.  • Rental is payable on a monthly basis at RM4,000 per month.  • Tenure of the tenancy agreement is for a period of 3 years commencing from 1 <sup>st</sup> June 2019 until 31 <sup>st</sup> December 2022.	52,000	40,000	52,000

## 2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE (CONT'D)

### 2.3 Classes of Related Parties and Nature of Transactions (Cont'd)

Company/ Subsidiaries Involved	Transacting Parties	Related Parties	Nature of relationship	Nature of Recurrent Transactions	Estimated Value of disclosed in preceding year's Circular to Shareholders dated 28.8.2019# RM	Actual Value transacted from date of last AGM on 25.9.2019 to LPD RM	Estimated Value of transactions from 29.9.2020 to next AGM# RM
Borneo	TE	KBK, KMK, KMC and KMO	KMK, KMC and KMO are Directors and Shareholders of Solid.  KBK is a Director and major shareholder of TE.  KBK is a substantial shareholder of Solid.  KBK is the brother of KMK, KMC and KMO.	Sale of automotive spare parts by Borneo to TE and purchase of automotive spare parts by TE from Borneo.	1,200,000	-	1,200,000
JBS	TE	KBK, KMK, KMC and KMO	KMK, KMC and KMO are Directors and Shareholders of Solid.  KBK is a Director and major shareholder of TE.  KBK is a substantial shareholder of Solid.  KBK is the brother of KMK, KMC and KMO.	Sale of automotive spare parts by JBS to TE.	500,000	-	500,000
Solid Corporation	TE	KBK, KMK, KMC and KMO	KMK, KMC and KMO are Directors and Shareholders of Solid.  KBK is a Director and major shareholder of TE.  KBK is a substantial shareholder of Solid.  KBK is the brother of KMK, KMC and KMO.	Purchase of automotive spare parts by Solid Corporation from TE and sale of automotive spare parts to TE by Solid Corporation	600,000	384,045	800,000

**Note:**

# The estimated values of the RRPTs from the date of the forthcoming AGM to the next AGM are based on historical records and/or management estimates. Such values may vary and are subject to changes, and are based on the timeframe from the forthcoming AGM to the next AGM.

## 2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE (CONT'D)

### 2.4 Methods or Procedures on which transactions prices are determined and Review Procedures for Recurrent Related Party Transactions

The Group has established the following procedures to ensure that the RRPTs are undertaken at arm's length, on transaction prices and normal commercial terms consistent with the Group's usual business practices and policies, which are generally no more favourable to the Related Parties than those generally available to the public and are not detrimental to Solid's minority shareholders.

These procedures include the following:

- (i) all companies within the Group have been informed of the definition of Related Party(ies) and that all RRPTs are required to be undertaken on arm's length basis and on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public;
- (ii) all RRPTs are necessary for day-to-day operations. Where practical and/or feasible, at least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, 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. For rental of warehouse and office, the rental is determined based on per square foot basis at prevailing market rates after taking into consideration of the building structural conditions and is on terms that are not more favourable to the Related Party than those generally available to the public and not detrimental to the minority shareholders. In the event that comparative is not obtainable, the pricing of products/services shall be determined based on the usual business practices and policies of the Group to ensure that the transactions are not detrimental to the Group;
- (iii) where applicable, the terms of the pricing of the RRPTs will be consistent with the Group's usual business practices and policies and will take into consideration the terms and conditions, level of service and expertise required, quality, reliability and consistency of products and services as compared with the prevailing market rate of prices and general practices by other service providers of similar capacity and capability;
- (iv) all RRPTs will be reviewed by the Audit Committee of the Company on a quarterly basis. Any member of the Audit Committee may as he deems fit, request for additional information pertaining to the RRPTs from independent sources or advisers. The Audit Committee will report its findings to the Board for further action if during the quarterly review, the Audit Committee is of the view that the guidelines and procedures are not sufficient to ensure that the RRPTs are carried on normal commercial terms and/or the RRPTs are deemed detrimental to the minority shareholders of the Company;
- (v) the Audit Committee shall review the procedures annually, and shall continue to review the procedures, as and when required, with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate;
- (vi) the annual internal audit plan shall incorporate procedures to ensure that the RRPTs have been entered into in accordance with the review procedures. Any divergence will be reported to the Audit Committee;
- (vii) All Directors and Major Shareholders have been informed and briefed on the procedures put in place for the Group by the management of the Group in relation to RRPTs entered/to be entered into by the Group;
- (viii) if a member of the Board or the Audit Committee has an interest in the transaction, he will abstain from any deliberation and any decision making by the Board or the Audit Committee in respect of the transaction;
- (ix) there is no specific threshold for approval of RRPTs. However, all RRPTs are reviewed and approved by at least two non-interested authorised personnel(s) (a Director of the subsidiary company, General Manager, Chief Financial Officer and/or Financial Controller);
- (x) all RRPTs entered into pursuant to the Shareholders' Mandate have been/will be recorded in a register to be maintained by the Company;
- (xi) records pertaining to the RRPTs will be analysed and monitored by the management. The status of these RRPTs (including debt settlement/collection) will be analysed, scrutinised and monitored by the management; and
- (xii) all RRPTs will be reviewed by the External Auditors of the Company on an annual basis.

## **2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE (CONT'D)**

### **2.5 Amount Due and Owing by Related Parties**

As at 30<sup>th</sup> April 2020, i.e. the latest financial year end, there were no amounts due and owing to the Group under the Recurrent Related Party Transactions which exceeded the credit term.

### **2.6 Disclosure in Annual Report**

Disclosure will be made in the annual report of the Company of the aggregate value of the RRPTs conducted under the shareholders' mandate during the financial year, the nature of transactions, the names of the Related Parties and their relationship with the Company.

### **2.7 Statement by Audit Committee**

The Audit Committee has reviewed the procedures for the RRPTs mentioned in Section 2.4 of this Circular and is satisfied that the said procedures are sufficient to ensure that the RRPTs as well as the annual reviews by the Audit Committee in relation thereto, are carried out on normal commercial terms which are not prejudicial to the interests of shareholders, and the terms are not more favourable to the Related Parties than those generally available to the public and such transactions are not detrimental to the interests of the minority shareholders of Solid.

The Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner. The Audit Committee shall review the procedures and processes on a quarterly basis and also review the established guidelines and procedures annually to ascertain their compliance. If during the periodic reviews, the Audit Committee is of the opinion that the guidelines and procedures are not sufficient to ensure that the RRPTs:

- (i) will be conducted on an arm's length basis;
- (ii) are on normal commercial terms in the ordinary course of business;
- (iii) are not more favourable to the Related Parties than those generally available to the public;
- (iv) are not more prejudicial to the interests of shareholders; and
- (v) are not detrimental to the interests of minority shareholders,

the Company will seek a fresh mandate based on new guidelines and procedures.

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

The RRPTs to be entered into by Solid Group under the Proposed Shareholders' Mandate with the Related Parties are in the ordinary course of business on normal commercial terms for the Group's day-to-day operations. They are recurring transactions of a revenue or trading nature which are likely to occur with some degree of frequency and arise at any time and from time to time.

As these transactions are either recurring transactions of a revenue or trading nature which will generate income and profitability to the Group and the Related Parties or the receipt of support services which are necessary to facilitate the requirements and functions of the Group, hence, they are of benefit to the Solid Group.

By obtaining the Proposed Shareholders' Mandate on an annual basis, the need to convene separate general meetings from time to time to seek shareholders' approval as and when such RRPTs occur, would not arise. This will substantially improve administrative efficiency and avoid expenses associated with the convening of such general meetings on an ad hoc basis without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

The RRPTs are intended to meet the business needs of the Group at the best possible terms. By transacting with the Related Parties, the Group would have an advantage of familiarity with the background and management of the Related Parties, thus enabling more informed commercial decisions to be made. In most dealings with the Related Parties, the Group and the Related Parties have close co-operation and a good understanding of each other's business needs thus providing a platform where all parties can benefit from conducting the RRPTs.

## **4. FINANCIAL EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE**

The Proposed Shareholders' Mandate will not have any effect on the share capital and shareholdings of Major Shareholders. The Proposed Shareholders' Mandate also will not have any material effect on the net assets, earnings or gearing of the Solid Group save for the cost efficiencies arising from the general mandate received.

## 5. APPROVAL REQUIRED

The Proposed Shareholders' Mandate is conditional upon approval being obtained from the shareholders of Solid at the forthcoming 8<sup>th</sup> AGM.

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

Save as disclosed below, none of the other Directors and Major Shareholders of Solid or person(s) connected to them has any interest, direct or indirect, in the Proposed Shareholders' Mandate:

Interested Directors and/or Major Shareholders	Ordinary Shares as at 7 <sup>th</sup> August 2020			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Ker Min Choo ("KMC")	97,555,203	24.05	11,982,964 <sup>(9)</sup>	2.95
Ker Mong Keng ("KMK")	85,691,841	21.12	56,000 <sup>(10)</sup>	0.01
Ker Meng Oi ("KMO")	12,904,595	3.18	-	-
<b>Persons connected to Interested Directors and/or Major Shareholders</b>				
Ker Boon Kee ("KBK") <sup>(1)</sup>	32,683,617	8.06	1,593,666 <sup>(11)</sup>	0.39
Ker Soo Ha ("KSH") <sup>(2)</sup>	16,834,972	4.15	-	-
Ker Hong (KH) <sup>(3)</sup>	4,114,733	1.01	-	-
Ker Yun ("KY") <sup>(4)</sup>	5,564,899	1.37	-	-
Ker Yan Ling ("KYL") <sup>(5)</sup>	1,766,666	0.44	-	-
Ker Jing ("KJ") <sup>(6)</sup>	536,666	0.13	-	-
Ker Shiloong ("KS") <sup>(7)</sup>	56,000	0.01	-	-
Tan Mary ("TM") <sup>(8)</sup>	1,593,666	0.39	32,683,617 <sup>(12)</sup>	8.06

### Notes (Ordinary Shares):

- <sup>(1)</sup> Ker Boon Kee is the brother of Ker Min Choo, Ker Mong Keng, Ker Meng Oi and Ker Soo Ha
- <sup>(2)</sup> Ker Soo Ha is the sister of Ker Min Choo, Ker Mong Keng, Ker Meng Oi and Ker Boon Kee
- <sup>(3)</sup> Ker Hong is the son of Ker Min Choo
- <sup>(4)</sup> Ker Yun is the son of Ker Min Choo.
- <sup>(5)</sup> Ker Yan Ling is the daughter of Ker Min Choo.
- <sup>(6)</sup> Ker Jing is the son of Ker Min Choo.
- <sup>(7)</sup> Ker Shiloong is the son of Ker Mong Keng
- <sup>(8)</sup> Tan Mary is the spouse of Ker Boon Kee
- <sup>(9)</sup> Deemed interested through his children, Ker Hong, Ker Yun, Ker Yan Ling and Ker Jing.
- <sup>(10)</sup> Deemed interested through his son, Ker Shiloong
- <sup>(11)</sup> Deemed interested through his spouse, Tan Mary
- <sup>(12)</sup> Deemed interested through her spouse, Ker Boon Kee

Interested Directors and/or Warrant holders	Warrants as at 7 <sup>th</sup> August 2020			
	Direct		Indirect	
	No. of Warrants	%	No. of Warrants	%
Ker Min Choo ("KMC")	-	-	29,166 <sup>(3)</sup>	0.01
Ker Mong Keng ("KMK")	-	-	29,166 <sup>(4)</sup>	0.01
<b>Persons connected to Interested Directors and/or Warrant holders</b>				
Ker Hong (KH) <sup>(1)</sup>	29,166	0.01	-	-
Ker Shiloong ("KS") <sup>(2)</sup>	29,166	0.01	-	-

### Notes (Warrants):

- <sup>(1)</sup> Ker Hong is the son of Ker Min Choo.
- <sup>(2)</sup> Ker Shiloong is the son of Ker Mong Keng.
- <sup>(3)</sup> Deemed interested through his son, Ker Hong.
- <sup>(4)</sup> Deemed interested through his son, Ker Shiloong.

Accordingly, the interested Directors, namely KMC, KMK, and KMO, have abstained and will continue to abstain from all Board deliberations and voting in respect of the transactions in which they have an interest as detailed in Section 2.3 of this Circular. The interested Directors and interested Major Shareholders will abstain from voting in respect of their direct and indirect shareholdings on the resolution approving the Proposed Shareholders' Mandate at the forthcoming 8<sup>th</sup> AGM.

## 6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM (CONT'D)

KBK and KSH are siblings of KMC, KMK and KMO. KH, KY, KYL and KJ are the children of KMC. KS is the son of KMK. TM is the spouse of KBK. Therefore, they are persons connected to a Director/Major Shareholder of the Company and will also abstain from voting in respect of their direct and indirect shareholdings on the resolution approving the Proposed Shareholders' Mandate at the forthcoming 8<sup>th</sup> AGM.

The interested Directors and interested Major Shareholders have also undertaken to ensure that persons connected or associated to them will abstain from voting in respect of their direct and indirect shareholdings on the resolution, deliberating or approving pertaining to the Proposed Shareholders' Mandate at the forthcoming 8<sup>th</sup> AGM.

## 7. DIRECTORS' RECOMMENDATION

The Board (with the exception of the interested Directors who have abstained from giving any opinion and making any recommendation in respect of the transactions in which they have an interest in), having considered all aspects of the Proposed Shareholders' Mandate, is of the opinion that the Proposed Shareholders' Mandate is in the best interest of the Company and accordingly recommend that you vote in favour of the resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming 8<sup>th</sup> AGM.

## 8. AGM

The AGM will be held at PLO 436, Jalan Gangsa, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor, Malaysia on Tuesday, 29<sup>th</sup> September 2020 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the ordinary resolution to give effect to the Proposed Shareholders' Mandate, with or without modification.

If you are unable to attend and vote in person at the AGM, you are requested to complete, sign and return the Form of Proxy in accordance with the instructions contained therein as soon as possible and in any event so as to arrive at the registered office of Solid at Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor, Malaysia not less than 48 hours before the time set for the meeting or any adjournment thereof.

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.

## 9. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix 1 for further information.

Yours faithfully

For and on behalf of the Board of Directors  
**SOLID AUTOMOTIVE BERHAD**

**KEK KOK SWEE**

Independent Non - Executive Chairman

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**FURTHER INFORMATION**

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**1. DIRECTORS' RESPONSIBILITY STATEMENT**

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

**2. MATERIAL CONTRACTS**

Solid and its subsidiaries have not entered into any contract which is or may be material (not being contracts entered into in the ordinary course of business of Solid Group) within the two (2) years preceding the date of this Circular.

**3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

As at the latest practicable date prior to the issuance of this Circular, the Board has confirmed that the Solid Group is not engaged in any litigation, claims or arbitration, either as plaintiff or defendant, which may have a material effect on the financial position of the Solid Group and the Board has no knowledge of any proceedings, pending or threatened, against the Solid Group or of any fact which is likely to give rise to any proceeding which may materially and adversely affect the business or financial position of the Solid Group.

**4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal office hours from Mondays to Fridays (except for public holidays) at the Registered Office of the Company at Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor, Malaysia from the date of this Circular up to and including the date of the forthcoming 8<sup>th</sup> AGM:

- (i) Constitution of Solid; and
- (ii) The audited consolidated financial statements of Solid Group for the past two (2) financial year ended 30th April 2019 and 2020.
- (iii) The latest unaudited quarterly results for the quarter ended 30<sup>th</sup> April 2020.

