

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, solicitor, accountant, bank manager or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has only conducted limited review on Part B of this Circular pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities. Bursa Securities takes no responsibility for the contents of this Circular, valuation certificate and report, if any, and 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.



**MINETECH
RESOURCES
BERHAD**

MINETECH RESOURCES BERHAD
Registration No. 200201007880 (575543-X)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-

PART A

- I. PROPOSED ACQUISITION OF A PARCEL OF FREEHOLD LAND FOR A PURCHASE CONSIDERATION OF RM60,000,000 TO BE SATISFIED ENTIRELY IN CASH;**
- II. PROPOSED DIVERSIFICATION OF THE EXISTING PRINCIPAL ACTIVITIES OF MINETECH RESOURCES BERHAD ("MINETECH") AND ITS SUBSIDIARIES TO INCLUDE THE BUSINESS OF TRADING IN FOOD AND BEVERAGE; AND**
- III. PROPOSED VARIATION TO THE UTILISATION OF PROCEEDS ARISING FROM THE RIGHTS ISSUE AND PRIVATE PLACEMENT**

PART B

PROPOSED GRANTING OF OPTIONS UNDER THE SHARE ISSUANCE SCHEME TO MR LOKE KIM MENG, A NON-INDEPENDENT NON-EXECUTIVE DIRECTOR OF MINETECH

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser for Part A

UOBKayHian

UOB Kay Hian Securities (M) Sdn Bhd
Registration No. 199001003423 (194990-K)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("**EGM**") of Minetech, will be conducted as a fully virtual meeting through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities vide the online meeting platform of TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration no. with MYNIC: D1A282781) on Friday, 22 April 2022 at 10.00 a.m., or at any adjournment thereof, is enclosed herewith together with the Form of Proxy in this Circular.

A member entitled to attend and vote at the EGM is entitled to appoint a proxy/ proxies to attend and vote on his/ her behalf. The Form of Proxy must be completed and deposited at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur. Alternatively, to be submitted electronically, vide TIIH Online website at <https://tiih.online> not less than forty-eight (48) hours before the time set for holding the EGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so. However, you will not be allowed to participate in the EGM together with a proxy appointed by you.

Last date and time for lodging the Form of Proxy : Wednesday, 20 April 2022 at 10.00 a.m.
Date and time of the EGM : Friday, 22 April 2022 at 10.00 a.m.

DEFINITIONS

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

| | |
|-----------------------------|--|
| "Act" | : Companies Act 2016 |
| "Anticipated Proceeds" | : Anticipated gross proceeds of up to RM55.94 million to be raised from the Private Placement |
| "Appraisal" or the "Valuer" | : Appraisal (Malaysia) Sdn Bhd [Registration No. 197201000331 (11943-W)] |
| "Balance Proceeds" | : Unutilised balance gross proceeds of RM11.25 million from the Rights Issue |
| "Board" | : Board of Directors of Minetech |
| "Bursa Securities" | : Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)] |
| "By-Laws" | : Rules, terms and conditions of the SIS as may be modified, varied and/or amended from time to time, which is stipulated in Appendix II of the circular to shareholders of Minetech dated 4 June 2021 |
| "Circular" | : This circular dated 6 April 2022 |
| "Director(s)" | : Director(s) of Minetech and shall have the meaning given in Section 2(1) of the Capital Markets And Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the Proposed Acquisition were agreed upon:- i. a director of Minetech, its subsidiaries or holding company; and ii. a chief executive of Minetech, its subsidiaries or holding company |
| "DKSCSB" | : Diman KS Chin Sdn Bhd [Registration No. 200501008799 (685846-T)], a 95%-owned subsidiary of Minetech |
| "EGM" | : Forthcoming Extraordinary General Meeting of Minetech |
| "Eligible Person(s)" | : Directors or employees of Minetech and its non-dormant subsidiaries who meet the criteria of eligibility for participation in the SIS as set out in the By-Laws |
| "EPS" | : Earnings per Share |
| "FPE" | : Financial period ended |
| "FYE" | : Financial year ended/ ending |
| "F&B" | : Food and beverage |
| "Grantee" | : An Eligible Person who has accepted the Offer, in accordance with the By-Laws |
| "ICPS" | : Irredeemable convertible preference share(s) of Minetech |
| "Listing Requirements" | : Main Market Listing Requirements of Bursa Securities |
| "LPD" | : 31 March 2022, being the latest practicable date prior to the printing and despatch of this Circular |

DEFINITIONS (CONT'D)

| | | |
|-----------------------------------|---|--|
| "Market Day(s)" | : | Any day from Mondays to Fridays (inclusive of both days), which is not a public holiday and on which Bursa Securities is open for trading of securities |
| "MFRS 2" | : | Malaysian Financial Reporting Standard 2 on Share Based Payment as issued by the Malaysian Accounting Standards Board |
| "MGSB" or the "Vendor" | : | M & GA Sdn Bhd [Registration No. 198401012489 (125045-P)] |
| "Minetech" or the "Company" | : | Minetech Resources Berhad [Registration No. 200201007880 (575543-X)] |
| "Minetech Group" or the "Group" | : | Minetech and its subsidiaries, collectively |
| "Minetech Share(s)" or "Share(s)" | : | Ordinary share(s) of Minetech |
| "MRBPSB" or the "Purchaser" | : | MRB Property Sdn Bhd [Registration No. 201701017092 (1231257-V)], a wholly-owned subsidiary of Minetech |
| "NA" | : | Net assets attributable to the owners of Minetech |
| "New Business" | : | Trading of processed food (e.g., ramen, snacks, dairy products and Korean sauces) in Malaysia from a South Korean food manufacturer, namely Samyang Food Co Ltd |
| "Offer" | : | A written offer made by the SIS Committee from time to time to an Eligible Person to participate in the SIS in the manner provided in the By-Laws |
| "Options" | : | Rights of a Grantee to subscribe for new Minetech Shares pursuant to the contract constituted by the acceptance of an Offer by an Eligible Person in the manner provided in the By-Laws |
| "Placement Share(s)" | : | Up to 349,598,600 new Minetech Shares to be issued pursuant to the Private Placement |
| "Private Placement" | : | Private placement of up to 30% of Minetech's existing number of issued Shares (excluding treasury shares), which was announced on 15 March 2021 and subsequently approved by the shareholders on 28 June 2021 Minetech has up to 19 May 2022 to complete the Private Placement, of which no Placement Shares have been issued as at the LPD |
| "Proposals" | : | Proposed Acquisition, Proposed Diversification and Proposed Variation, collectively |
| "Proposed Acquisition" | : | Proposed acquisition by MRBPSB of the Subject Land from MGSB for the Purchase Consideration |
| "Proposed Diversification" | : | Proposed diversification of the principal activities of Minetech Group to include the business of trading in F&B |
| "Proposed Granting of Options" | : | Proposed granting of Options under the SIS to Mr Loke Kim Meng, a Non-Independent Non-Executive Director of Minetech |
| "Proposed Variation" | : | Proposed variation to the utilisation of proceeds arising from the Rights Issue and Private Placement |

DEFINITIONS (CONT'D)

| | |
|--------------------------|--|
| "Purchase Consideration" | : Purchase consideration of RM60,000,000 to be satisfied entirely in cash |
| "Rights Issue" | : Renounceable rights issue of 582,664,397 new ICPS, which was completed on 25 October 2021 |
| "RM" and "sen" | : Ringgit Malaysia and sen, respectively |
| "SA" | : Supplemental agreement dated 19 November 2021 entered into between MRBPSB and MGSB to set out further conditions on the plot ratio of the Subject Land |
| "Scheme" or "SIS" | : Share issuance scheme implemented by Minetech on 18 November 2021 |
| "SIS Committee" | : A committee duly authorised and appointed by the Board to administer the SIS, in accordance with the provisions of the By-Laws |
| "SPA" | : Conditional sale and purchase agreement dated 19 November 2021 entered into between MRBPSB and MGSB for the Proposed Acquisition |
| "Subject Land" | : A parcel of freehold land held under Geran Mukim 277, Lot 11615, Tempat 4 th Mile Ampang Road, Mukim Ampang, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur |
| "Teaming Agreement" | : Teaming agreement dated 7 January 2022 entered into between DKSCSB and V2SB for the New Business |
| "Total Proceeds" | : Balance Proceeds and Anticipated Proceeds, collectively |
| "VWAP" | : Volume weighted average market price |
| "V2SB" | : Vitamin 2U Sdn Bhd [Registration No. 201401004056 (1080130-U)] |
| "UOBKH" or the "Adviser" | : UOB Kay Hian Securities (M) Sdn Bhd [Registration No. 199001003423 (194990-K)] |

All references to "**we**", "**us**", "**our**" or "**ourselves**" are made to Minetech, and where the context requires, shall include our subsidiaries.

All references to "**you**" or "**your(s)**" in this Circular are made to our shareholders, who are entitled to attend and vote at the EGM.

Unless specifically referred to, words denoting incorporating the singular shall, where applicable include the plural and vice versa and words denoting incorporating the masculine gender shall where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, 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 and date in this Circular shall be a reference to Malaysian time and date, respectively, unless otherwise specified. Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding adjustments.

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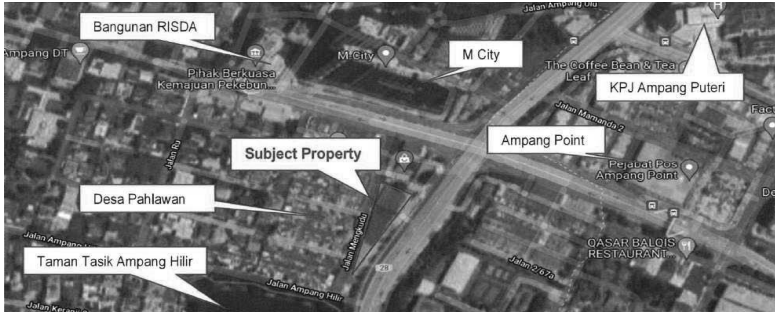
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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the proposals. Shareholders are advised to read this Circular in its entirety (Part A and Part B) for further details of the proposals and not to rely solely on this Executive Summary in arriving at a decision on the proposals before voting at the EGM.

| Key information | Description | Reference to Part A | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|------------------|--------|---------------------|----------------------|---|----------|---------------------------|-------|----------|---|---|--------------------------------|--|-------|---|---|-------|-------|---|-------|-------|---|-------|-------|--|--------|-------|-------------------------------|---------------|---------------|
| PART A: PROPOSALS | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Summary | <u>Proposed Acquisition</u> | Section 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Proposed acquisition by MRBPSB (a wholly-owned subsidiary of Minetech) of the Subject Land for a purchase consideration of RM60,000,000 to be satisfied entirely in cash | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <u>Proposed Diversification</u> | Section 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Proposed diversification of the existing principal activities of Minetech Group to include the business of trading in F&B | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <u>Proposed Variation</u> | Section 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Proposed variation to the utilisation of Total Proceeds of up to RM67.19 million, arising from the Rights Issue and Private Placement | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Details of the Subject Land | The Subject Land is located along Jalan Mengkudu and Jalan 1/67B within the residential area of Desa Pahlawan, off Jalan Ampang, Kuala Lumpur. It is situated approximately 3.5 kilometres due east of Kuala Lumpur City Centre | Section 2.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table> <tr> <td>Titled land area</td><td>:</td><td>5,612 square metres</td></tr> <tr> <td>Category of land use</td><td>:</td><td>Bangunan</td></tr> <tr> <td>Tenure</td><td>:</td><td>Freehold</td></tr> <tr> <td>Market value/ Date of valuation</td><td>:</td><td>RM60,400,000/ 11 November 2021</td></tr> <tr> <td>Existing use</td><td>:</td><td>8 units of single-storey commercial shops</td></tr> </table> | | | Titled land area | : | 5,612 square metres | Category of land use | : | Bangunan | Tenure | : | Freehold | Market value/ Date of valuation | : | RM60,400,000/ 11 November 2021 | Existing use | : | 8 units of single-storey commercial shops | | | | | | | | | | | | | | | |
| Titled land area | : | 5,612 square metres | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Category of land use | : | Bangunan | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tenure | : | Freehold | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Market value/ Date of valuation | : | RM60,400,000/ 11 November 2021 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Existing use | : | 8 units of single-storey commercial shops | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mode of settlement | The Purchase Consideration will be satisfied entirely in cash in the following manner:- | Section 2.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table> <tr> <th>Timing</th><th>RM'000</th><th>%</th></tr> <tr> <td>1. Deposit</td><td></td><td></td></tr> <tr> <td>Upon execution of the SPA</td><td>3,000</td><td>5.00</td></tr> <tr> <td>2. Balance of Purchase Consideration</td><td></td><td></td></tr> <tr> <td>Within 14 days from the Effective Date</td><td>3,000</td><td>5.00</td></tr> <tr> <td>Within 3 months from the Effective Date</td><td>6,000</td><td>10.00</td></tr> <tr> <td>Within 6 months from the Effective Date</td><td>6,000</td><td>10.00</td></tr> <tr> <td>Within 9 months from the Effective Date</td><td>6,000</td><td>10.00</td></tr> <tr> <td>Within 12 months from the Effective Date</td><td>36,000</td><td>60.00</td></tr> <tr> <td>Purchase Consideration</td><td>60,000</td><td>100.00</td></tr> </table> | | | Timing | RM'000 | % | 1. Deposit | | | Upon execution of the SPA | 3,000 | 5.00 | 2. Balance of Purchase Consideration | | | Within 14 days from the Effective Date | 3,000 | 5.00 | Within 3 months from the Effective Date | 6,000 | 10.00 | Within 6 months from the Effective Date | 6,000 | 10.00 | Within 9 months from the Effective Date | 6,000 | 10.00 | Within 12 months from the Effective Date | 36,000 | 60.00 | Purchase Consideration | 60,000 | 100.00 |
| Timing | RM'000 | % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1. Deposit | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Upon execution of the SPA | 3,000 | 5.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. Balance of Purchase Consideration | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Within 14 days from the Effective Date | 3,000 | 5.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Within 3 months from the Effective Date | 6,000 | 10.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Within 6 months from the Effective Date | 6,000 | 10.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Within 9 months from the Effective Date | 6,000 | 10.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Within 12 months from the Effective Date | 36,000 | 60.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchase Consideration | 60,000 | 100.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rationale and justifications | <u>Proposed Acquisition</u> <ul style="list-style-type: none"> Minetech Group may increase its land banks at strategic locations with growth potential, and to scale up its property development portfolio; | Section 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

EXECUTIVE SUMMARY (CONT'D)

| Key information | Description | Reference to Part A |
|-------------------------------|--|---------------------|
| | <ul style="list-style-type: none"> Minetech Group may engage in-house contractors and engineers to undertake the future development of the Subject Land; and Minetech Group may benefit from the successful development of the Subject Land, including future contributions to its earnings and credentials <p><u>Proposed Diversification</u></p> <ul style="list-style-type: none"> The Teaming Agreement serves as an entry point for Minetech Group to expand its revenue and income stream to include the business of trading in F&B; The New Business involves importing and trading of Products (e.g., ramen, snacks, dairy products and Korean sauces) in Malaysia from Samyang Food; and The identified key management personnel, together with the credentials of the counterparty in the F&B industry are expected to contribute positively to the New Business <p><u>Proposed Variation</u></p> <p>After taking into consideration the urgency of Minetech Group's funding requirements, the Proposed Variation would allow the re-allocation of the Total Proceeds to part-finance the Proposed Acquisition and Proposed Diversification</p> | |
| Risk factors | <p><u>Proposed Acquisition</u></p> <p>The Proposed Acquisition is subject to, amongst others, the fulfilment of the conditions precedent within the stipulated timeframe, financing risk and there is no assurance that the anticipated benefits from the development of the Subject Land will be realised</p> <p><u>Proposed Diversification</u></p> <p>Minetech Group is subject to risks inherent in the F&B industry which include, but not limited to, absence on business contract with suppliers, competition risk, general business and economic conditions which may impact the New Business</p> | Section 7 |
| Interested parties | None of the Directors, major shareholders, chief executive of Minetech and/ or persons connected with them have any interest, whether direct or indirect, in the Proposals | Section 10 |
| Approvals required | <p>The Proposals are subject to the following approvals being obtained:-</p> <ol style="list-style-type: none"> Shareholders of Minetech at the EGM; Dewan Bandaraya Kuala Lumpur for the Development Order/ Kebenaran Merancang for the Subject Land; and Any other relevant authority, if required <p>The Proposed Variation is conditional upon the Proposed Acquisition and Proposed Diversification, but not vice versa. The Proposed Acquisition and Proposed Diversification are not inter-conditional upon each other</p> <p>The Proposals are not conditional upon any other corporate proposals undertaken or to be undertaken by the Company</p> | Section 9 |
| Board's recommendation | The Board recommends that you vote in favour of the ordinary resolutions pertaining to the Proposals at the EGM | Section 13 |

EXECUTIVE SUMMARY (CONT'D)

| Key information | Description | Reference to Part B |
|---|--|---------------------|
| PART B: PROPOSED GRANTING OF OPTIONS | | |
| Summary | On 28 January 2022, Mr Loke Kim Meng was appointed as Non-Independent Non-Executive Director of Minetech. The Board proposes to grant Options to Mr Loke Kim Meng to participate in the Scheme | Section 2 |
| Rationale and justifications | <ul style="list-style-type: none">• To recognise and reward his contributions in oversight responsibilities as non-executive member;• To strengthen Minetech Group's ability to attract and retain capable individuals to act as Director of the Company; and• To reinforce sense of loyalty and belonging to Minetech Group by enabling him to participate directly in the Company's equity | Section 3 |
| Interested parties | Save for Mr Loke Kim Meng, none of the other Directors, major shareholders, chief executive of Minetech and/ or persons connected with them have any interest, whether direct or indirect, in the Proposed Granting of Options | Section 6 |
| Approvals required | <p>The Proposed Granting of Options is subject to the following approvals being obtained:-</p> <ul style="list-style-type: none">i. Shareholders of Minetech at the EGM; andii. Any other relevant authority, if required <p>The Proposed Granting of Options is not conditional upon any other corporate proposals undertaken or to be undertaken by the Company</p> | Section 5 |
| Board's recommendation | The Board (save for Mr Loke Kim Meng) recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Granting of Options at the EGM | Section 8 |

PART A

CIRCULAR TO THE SHAREHOLDERS OF MINETECH IN RELATION TO THE PROPOSALS

Registered Office

12th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

6 April 2022

Board of Directors

Dato' (Dr). Ts. Awang Daud Bin Awang Putera (*Executive Chairman*)
Choy Sen @ Chin Kim Sang (*Executive Director*)
Chin Leong Choy (*Executive Director*)
Awgku Mohd Reza Farzak Bin Awg Daud (*Executive Director*)
Azlan Shah Bin Zainal Arif (*Executive Director*)
Ahmad Rahizal bin Dato' Ahmad Rasidi (*Non-Independent Non-Executive Director*)
Loke Kim Meng (*Non-Independent Non-Executive Director*)
Ahmad Ruslan Zahari Bin Zakaria (*Independent Non-Executive Director*)
Datin Feridah Binti Bujang Ismail (*Independent Non-Executive Director*)
Siti Aishah Binti Othman (*Independent Non-Executive Director*)

To: Our shareholders

Dear Sir/ Madam,

- I. **PROPOSED ACQUISITION;**
- II. **PROPOSED DIVERSIFICATION; AND**
- III. **PROPOSED VARIATION**

1. INTRODUCTION

1.1 Proposed Acquisition

On 19 November 2021, UOBKH had, on behalf of the Board, announced that MRBPSB had on 19 November 2021, entered into the SPA with MGSB for the proposed acquisition of a parcel of freehold land held under Geran Mukim 277, Lot 11615, Tempat 4th Mile Ampang Road, Mukim Ampang, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur, measuring approximately 5,612 square metres for a purchase consideration of RM60,000,000 to be satisfied entirely in cash.

In conjunction with the SPA, MRBPSB had also on even date, entered into the SA with the Vendor to set out additional conditions on the plot ratio of the Subject Land.

1.2 Proposed Diversification

On 7 January 2022, UOBKH had, on behalf of the Board, announced the following:-

- i. DKSCSB had on 7 January 2022 entered into the Teaming Agreement with V2SB to work together for the importing and trading of processed food ("**Product(s)**") in Malaysia from a South Korean food manufacturer, namely Samyang Food Co Ltd ("**Samyang Food**" or the "**Supplier**").

For avoidance of doubt, the Teaming Agreement does not fall within the ambit of Chapter 10 of the Listing Requirements and as such is not subject to shareholders' approval; and

- ii. in conjunction with the Teaming Agreement, the Company proposes to diversify the existing principal activities of Minetech Group to include the business of trading in F&B.

1.3 Proposed Variation

On 28 June 2021, the Company procured approvals from its shareholders for the Rights Issue and Private Placement, following which it had on 25 October 2021 completed the Rights Issue upon the listing and quotation of 582,664,397 ICPS on the Main Market of Bursa Securities. Pursuant to the full subscription of the Rights Issue, Minetech successfully raised total gross proceeds of RM17.48 million. As at the LPD, the unutilised balance gross proceeds from the Rights Issue stood at RM11.25 million.

On 23 November 2021, TA Securities Holdings Berhad ("**TA Securities**") had on behalf of the Board, announced that Bursa Securities resolved to grant Minetech an extension of time until 19 May 2022 to complete the implementation of the Private Placement, of which no new shares has been placed out at this juncture. As stated in the circular to the shareholders of Minetech dated 4 June 2021, the Private Placement is expected to raise gross proceeds of up to RM55.94 million based on the indicative issue price of RM0.16 per Placement Share.

Subsequently on 25 January 2022, UOBKH had, on behalf of the Board, announced that the Company wishes to vary the utilisation of the Total Proceeds of up to RM67.19 million, arising from the Rights Issue and Private Placement.

Further details of the Proposals are set out in the ensuing sections of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE EGM.

2. DETAILS OF THE PROPOSED ACQUISITION

The Vendor agreed to sell and MRBPSB agreed to purchase the Subject Land on an "as is where is" basis with vacant possession and free from all encumbrances (save as disclosed in the SPA and SA) for the Purchase Consideration. The salient terms of the SPA and SA are set out in Appendices I and II of this Circular.

2.1 Information on the Subject Land

The Subject Land is located along Jalan Mengkudu and Jalan 1/67B within the residential area of Desa Pahlawan, off Jalan Ampang, Kuala Lumpur. It is situated approximately 3.5 kilometres due east of Kuala Lumpur City Centre, which is the main commercial and business focal point of the capital city of Malaysia.

Surrounding residential properties in its immediate vicinity include Desa Pahlawan, Ampang Hilir, Ampang 971, Taman U Thant and M-City. Prominent landmarks situated nearby include Great Eastern Mall, International School Kuala Lumpur, Gleneagles Hospital Kuala Lumpur and Taman Tasik Ampang Hilir. The Subject Land is easily accessible via Jalan Ampang and by public buses operating on various routes within the area.

The location of the Subject Land is depicted in the map below:-



Further details of the Subject Land are summarised in the table below:-

| | |
|--|---|
| Registered owner | : MGSB |
| Identification | : Geran Mukim 277, Lot 11615, Tempat 4 th Mile Ampang Road, Mukim Ampang, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur |
| Titled land area | : 5,612 square metres |
| Category of land use | : Bangunan |
| Express conditions | : It shall not be a breach of the implied cultivation condition of the Subject Land if it is not used for the purpose of cultivation |
| Restriction of interest | : Nil |
| Tenure | : Freehold |
| Encumbrances/ Caveat | : Encumbrances charged to Bank Islam Malaysia Berhad ("Existing Chargee") via Presentation No. PTSC3643/2015, registered on 28 April 2015 Private caveat in favour of the Existing Chargee via Presentation No. PTB5035/2014, registered on 31 December 2014 In favour of the Purchaser, MGSB has agreed to obtain the redemption statements from the Existing Chargee pursuant to its obligation under the SPA |
| Audited net book value | : Not privy to MRBPSB, and as such, is unable to disclose this information |
| Valuer | : Appraisal (Malaysia) Sdn Bhd |
| Method of valuation | : Comparison Approach |
| Market value/ Date of valuation | : RM60,400,000/ 11 November 2021 |

The valuation of the Subject Land was conducted on the basis that it is a vacant commercial land. Pursuant to the SPA, existing buildings erected thereon will be demolished by the Vendor at its own cost and expense, prior to delivery of vacant possession of the Subject Land to the Purchaser.

Barring any unforeseen circumstances, the Vendor does not foresee any issues with the demolition of the buildings as notifications will be issued to existing tenants as per the tenancy agreement. Purely for information purpose, details of the said buildings are disclosed as follows:-

| | |
|--|---|
| Existing use | : 8 units of single-storey commercial shops |
| Age of buildings | : 15 years |
| Gross built-up area | : 2,919 square metres |
| Net lettable area | : 2,919 square metres |
| Net lettable area available for letting and occupancy | : 2,919 square metres |
| Rental | : RM1,465,200 per annum |
| Percentage of occupancy | : 100% |

For shareholders' information, the Board has the intention to undertake a commercial development on the Subject Land after the completion of the Proposed Acquisition, further details of which are set out as follows:-

| | |
|--|--|
| Type of development | : 2 blocks of 28-storey serviced apartments sited on a 9-storey podium comprising of 2 floors of retail units and 7-storey of car park |
| Estimated number of units | : 373 units @ average size of 650 sq ft per unit |
| Expected submission date of the Development Order | : 2 nd quarter of 2022 |
| Expected completion date | : 3 years from commencement of construction |
| Estimated gross development value | : RM249.0 million |
| Estimated gross development cost | : RM185.0 million |

* *The above details are subject to amendments based on the eventual plot ratio to be approved by the relevant authorities.*

The aforesaid development plan is still at a preliminary stage and subject to amendments, which is contingent upon procuring approvals from relevant authorities for a plot ratio of 1:7 and dependent on prevailing property market conditions.

2.2 Salient features of the valuation report

Appraisal was instructed by the Company to conduct a valuation on the Subject Land under the assumption that it is a **vacant commercial land** with all existing buildings erected thereon demolished.

The basis of valuation is the **Market Value** which is defined by the Malaysian Valuation Standards to be "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

No allowances are made in the valuation for any expense of realisation or for taxation which might arise in the event of a disposal, deemed or otherwise. Appraisal has considered the Subject Land as if free and clear of all charges, lien and all other encumbrances which may be secured thereon. It has also assumed the Subject Land is free of all statutory notices and outgoing.

In arriving at the market value of the Subject Land, Appraisal has adopted the **Comparison Method**, which involves the process of comparing the Subject Land with recent sales of similar properties in the vicinity and making appropriate adjustments to account for the differences. The Valuer has only adopted the Comparison Method due to the following reasons:-

- i. the Subject Land is valued on the basis that it is a vacant commercial land. As such, there is no recurring income derived from the Subject Land that could be capitalised using the Income Capitalisation Approach; and
- ii. at the date of valuation there was no subsisting development order in respect of the Subject Land. A Residual Method could only be adopted where a development order together with market and feasibility studies are available.

Accordingly, the adopted Market Value of the Subject Land is **RM60,400,000**. Further details of the valuation are set out in Appendix III of this Circular.

2.3 Information on the Vendor

MGSB was incorporated on 16 August 1984 in Malaysia under the Companies Act 1965, as a private limited company. As at the LPD, the issued share capital of MGSB is RM1,000,000 comprising of 1,000,000 ordinary shares. MGSB is principally involved in property investment holding.

As at the LPD, the directors cum shareholders of MGSB and their direct shareholdings in MGSB are set out below:-

| Name | Designation | Nationality | No. of shares | % |
|----------------|--------------------------|-------------|---------------|-------|
| Woo Soom Poh | Director/ Shareholder | Malaysian | 200,000 | 20.00 |
| Foong Kah Heng | Director/ Shareholder | Malaysian | 400,000 | 40.00 |
| Foong Ken Chee | Director/ Shareholder | Malaysian | 200,000 | 20.00 |
| Foong Jon Chee | Director/ Shareholder | Malaysian | 200,000 | 20.00 |

As at the LPD, MGSB does not have any subsidiary nor associate companies.

2.4 Basis and justification of arriving at the Purchase Consideration

The purchase consideration of RM60,000,000 was arrived at on a willing buyer-willing seller basis, after taking into consideration the market value of the Subject Land of RM60,400,000 using the Comparison Approach carried out by Appraisal based on the valuation certificate dated 18 November 2021.

Further, the Board has also taken into consideration the following justifications in arriving at the Purchase Consideration:-

- i. the development potential and strategic location of the Subject Land. It is situated along Jalan Ampang and in close proximity to Kuala Lumpur City Centre, which contains various kinds of amenities and facilities, ranging from government departments, financial institutions, sport and recreational complexes, shopping malls and a business centre; and
- ii. the rationale and benefits of the Proposed Acquisition, as well as the prospects of the Subject Land as set out in Sections 5.1 and 6.4.1 of this Circular respectively.

2.5 Mode of settlement

Pursuant to the terms of the SPA, the Purchase Consideration will be satisfied entirely in cash in the following manner:-

| | RM'000 | % |
|---|---------------|---------------|
| 1. Deposit | | |
| Upon execution of the SPA | 3,000 | 5.00 |
| 2. Balance of Purchase Consideration | | |
| Within 14 days from the Effective Date* | 3,000 | 5.00 |
| Within 3 months from the Effective Date* | 6,000 | 10.00 |
| Within 6 months from the Effective Date* | 6,000 | 10.00 |
| Within 9 months from the Effective Date* | 6,000 | 10.00 |
| Within 12 months from the Effective Date* (" Payment Date ") | 36,000 | 60.00 |
| Purchase Consideration | 60,000 | 100.00 |

Note:-

* The SPA and SA shall become unconditional on the day upon which the approval from Minetech's shareholders has been obtained or on such other date the Vendor and/ or the Purchaser confirm in writing that the Conditions (as set out in Appendices I and II of this Circular) have been fulfilled, whichever shall be earlier ("**Effective Date**").

In the event that the Purchaser fails to pay or procure the payment of the balance sum amounting to RM36,000,000 on or before the Payment Date, the Vendor shall grant to the Purchaser an extension of a further 12 months to pay the same (including such further extension of time which may be mutually agreed between the parties from time to time), provided always that the Purchaser shall be liable to pay to the Vendor late payment interest at the rate of 6% per annum on the outstanding and unpaid Balance of Purchase Consideration calculated on a day to day basis from the day following the Payment Date to the date of actual payment.

2.6 Source of funding

Minetech Group intends to finance the Purchase Consideration through a portion of the Total Proceeds pursuant to the Proposed Variation and bank borrowings in the following manner:-

| | RM'000 | % |
|-----------------|---------------|---------------|
| Total Proceeds | 30,000 | 50.00 |
| Bank borrowings | 30,000 | 50.00 |
| Total | 60,000 | 100.00 |

2.7 Liabilities to be assumed

Save for the obligations and liabilities in and arising from, pursuant to or in connection with the SPA and SA, there are no other liabilities, including contingent liabilities or guarantees, to be assumed by Minetech Group.

2.8 Additional financial commitment required

Upon completion of the Proposed Acquisition, Minetech Group expects to incur additional financial commitment to develop the Subject Land which will include, amongst others, construction costs, infrastructure works, professional adviser fees and project management costs. For avoidance of doubt, the development costs for the Subject Land can only be determined after finalisation of the development plan.

The development costs will be funded via a combination of progressive collections from sales billings, internally generated funds, potential equity and/ or debt fundraising options, the exact quantum of which, will be determined by the Board at a later stage, depending on the cost of funding and the Group's cash requirements at material time.

3. DETAILS OF THE PROPOSED DIVERSIFICATION

At present, Minetech Group is principally involved in the production of quarry and bituminous products, provision of civil engineering works and property development activities, trading of goods and services, as well as business activities related to renewable energy and oil & gas industries. The key financial performance of the Group for the past 3 financial years up to the FYE 31 March 2021, and the latest unaudited quarterly results for the 9-month FPE 31 December 2021 (together with its preceding year corresponding financial quarter) is as follows:-

| | <-----Audited FYE 31 March-----> | | | <-Unaudited 9-month FPE 31 December-> | |
|--|----------------------------------|-----------------|---------------|---------------------------------------|-----------------|
| | 2019 | 2020 | 2021 | 2020 | 2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 135,008 | 82,236 | 95,021 | 54,152 | 60,163 |
| Quarry products | 68,913 | 23,187 | 3,768 | 2,815 | 2,932 |
| Civil engineering | 49,311 | 43,390 | 54,936 | 36,633 | 40,781 |
| Bituminous products | 14,153 | 15,199 | 11,400 | 7,217 | 10,017 |
| Property development | 2,152 | - | - | - | - |
| Premix products | 395 | 40 | - | - | - |
| Services | - | - | 24,332 | 7,440 | 5,859 |
| Others | 84 | 420 | 585 | 47 | 574 |
| Profit/ (Loss) attributable to shareholders | (15,073) | (20,434) | 924 | (4,056) | (10,303) |

Minetech Group's financial performance over the financial years and periods under review mainly relied on two business segments (i.e. production of quarry products and provision of civil engineering works). Further, its financial performance in recent years declined mainly due to lower revenue contribution from its quarry products attributable to the increasing competition, which puts downward pressure on selling prices. As a result, the Group had to lower its profit margin to remain competitive in the quarry industry.

On the other hand, revenue contribution from the Group's civil engineering business was on an increasing trend over the financial years and periods under review. However, in consideration of the competitiveness of the construction industry, the Board has been on the constant lookout for other suitable opportunities to further improve the Group's financial performance.

As part of the Board's strategy, the Group had on 28 June 2021, completed its diversification into the renewable energy and oil & gas segments, further details of which, are set out in the circular to the shareholders of Minetech dated 4 June 2021. In addition, the execution of the Teaming Agreement with V2SB also provides Minetech Group an added opportunity to venture into the F&B industry to expand its revenue and income stream.

Details of the Teaming Agreement

On 7 January 2022, DKSCSB entered into the Teaming Agreement with V2SB for the New Business, which involves importing and trading of Products (e.g., ramen, snacks, dairy products and Korean sauces) in Malaysia from Samyang Food.

At the invitation of V2SB, DKSCSB is desirous in jointly undertaking the New Business. Both DKSCSB and V2SB (collectively, the "**Parties**") have arrived at the mutual understanding set forth between themselves with regard to the unincorporated joint collaboration for the New Business upon the terms and conditions of the Teaming Agreement, of which the salient terms are set out in Appendix IV of this Circular.

Pursuant to the Teaming Agreement, DKSCSB shall be primarily responsible for sales of the Products to local wholesalers and/ or retailers; whilst V2SB shall be responsible for managing the daily operations of the New Business, which include, amongst others, sales, marketing and delivery of the Products, submission of purchase orders as well as liaising with the Supplier and relevant authorities. The Parties have also agreed that the trading period for every purchase order shall be capped at 30 days per cycle, from the submission date of purchase orders until the receipt of payments from wholesalers and/ or retailers ("**Distribution Cycle**").

The Teaming Agreement is exclusive between DKSCSB and V2SB with regard to the joint collaboration for the New Business. Each Party shall not undertake any actions or enter into any form of dealings which may affect and compete with the New Business while the Teaming Agreement remains in force.

The New Business involves importing and trading of Products in Malaysia from Samyang Food. Established in 1961, Samyang Food's core business is in the manufacturing and distribution of instant ramen in South Korea, and currently offers a variety range of processed food such as ramen, snacks, dairy products and Korean sauces under its own brand "Samyang". At present, Samyang Food exports its products to various countries across the Americas, Europe, Oceania, Middle East and Asia (including Malaysia) regions.

Save for the costs of purchasing the Products amounting to approximately RM8.0 million, there is no additional financial commitment required by DKSCSB or Minetech Group to put the New Business on-stream. For avoidance of doubt, the Parties are not the sole distributor of Samyang Food in Malaysia.

In view of the Group's loss-making position for the 9-month FPE 31 December 2021, the Board expects that the net profit attributable to the New Business may contribute more than 25% of the total net profit of Minetech Group or cause a diversion of more than 25% of its NA for the current financial year and onward. Accordingly, the Board proposes to seek the approval from the shareholders of Minetech for the Proposed Diversification pursuant to Paragraph 10.13(1) of the Listing Requirements.

3.1 Key management personnel

Minetech Group has identified the following key personnel in leading the initiative for the diversification into the business of trading in F&B:-

- i. **Lee Inn Chean ("Lee IC")**, aged 47, is currently the Group General Manager of Minetech. He graduated from Curtin University of Technology, Australia majoring in Economics and Finance, and subsequently obtained his Master's in Business Administration from University of Southern Queensland, Australia in 2005. He first joined a garment manufacturing company, Perusahaan Chan Choo Sing (PCCS) Bhd from 1998 to 1999 as Marketing Executive in handling contract manufacturing brands such as Adidas, FILA and GAP. He later joined Hwa Tai Bhd group in 1999 as Senior Marketing Executive, and subsequently promoted to Senior Manager, National Marketing in 2004, managing a total of 20 agency products for nationwide distribution include, amongst others Hwa Tai, Pokka, Meiji and Lays.

He later founded his own business (Spruce Harmony Sdn Bhd) in 2005 which involved in the retail and education of music industry, and also event organising and marketing consultancy. In 2013, he left his own business and joined Minetech as Senior Manager, assisting the Group Executive Director in all daily operations. He subsequently became the Senior General Manager in Operations in 2015, handling the quarry and premix divisions. In 2018, he joined REAL Education Group Sdn Bhd as Head of Marketing and was involved in the marketing revamp for REAL Schools and REAL Kids. He later rejoined Minetech in 2019 until now.

Notwithstanding that Lee IC is currently involved in multiple divisions under Minetech Group, he will be responsible for providing overall supervision of the New Business with weekly sales and collection updates from the management team, as well as liaising with V2SB to ensure that the Group achieves its growth objectives. This falls within his responsibility and capacity as the Group General Manager; whilst the daily operations of the New Business will be managed by V2SB who has the relevant industry experience.

- ii. **Lee Byoung Jin ("Lee BJ")**, aged 54, is currently the Managing Director of V2SB. He graduated from Seoul National University in 1994 with a Bachelor of Economics. He was the co-founder and Vice President of a Seoul-based battery manufacturer, VK Corporation Co Ltd from September 1998 – July 2001, as well as the CEO of Shinhae Information Technology Inc from December 1998 – December 2002. In 2004, he co-founded Enertech Co Ltd, a company that operates renewable energy plants in PyeongTaek Port, before teaming up with Aroma POSTECH Renewable Energy Co Ltd in 2007 to set up Tropical Chase Sdn Bhd, a plantation company located in Kelantan.

In 2012, he was the controlling shareholder and Managing Director of Green Ocean Corporation Berhad and later founded V2SB in 2014. At present, Lee BJ has accumulated over 8 years of experience in the business of trading and distribution of goods, such as F&B, pharmaceutical, skincare, health & beauty products. In respect of the New Business, he will be responsible for overseeing its daily operations, which include, amongst others, sales, marketing and delivery of the Products, submission of purchase orders as well as liaising with the Supplier and relevant authorities.

The Board has endeavoured to monitor closely the expansion and performance of this segment, and should the need arise, to expand its pool of human resources pursuant to the Proposed Diversification. At this juncture, Minetech Group will leverage on the credential of V2SB in the F&B industry, and under the leadership of Lee IC and Lee BJ to embark on the New Business.

4. DETAILS OF THE PROPOSED VARIATION

Reference is made to the Company's Abridged Prospectus dated 23 September 2021 ("**Abridged Prospectus**"), of which Minetech is expected to raise the following proceeds from the Rights Issue and Private Placement:-

Table 1: Total Gross Proceeds

| | Maximum scenario RM'000 | % |
|---|----------------------------|--------------|
| Rights Issue (at issue price of RM0.03 each) | 17,480 | 23.81 |
| Private Placement (at an illustrative issue price of RM0.16 each) | 55,936 | 76.19 |
| Total Gross Proceeds | 73,416 | 100.0 |

On 28 June 2021, the Company had procured approvals from its shareholders for the Rights Issue and Private Placement.

On 25 October 2021, the Company had completed the Rights Issue upon the listing and quotation of 582,664,397 ICPS on the Main Market of Bursa Securities. Pursuant to the full subscription of the Rights Issue, Minetech successfully raised total gross proceeds of RM17.48 million. As at the LPD, the Balance Proceeds stood at RM11.25 million.

On 23 November 2021, TA Securities had on behalf of the Board, announced that Bursa Securities resolved to grant Minetech an extension of time until 19 May 2022 to complete the implementation of the Private Placement, of which no Placement Shares have been placed out at this juncture. As stated in the circular to the shareholders of Minetech dated 4 June 2021, the Private Placement is expected to raise Anticipated Proceeds of up to RM55.94 million.

For avoidance of doubt, the Private Placement has yet to be completed at this juncture, as such the actual utilisation of proceeds pursuant to the Proposed Variation is still subject to the actual proceeds to be raised from the Private Placement. In the event the actual proceeds raised from the Private Placement is lower than the Anticipated Proceeds, the said proceeds will be utilised based on the same percentage of allocation as set out in Table 3.

After due deliberation, the Board intends to vary the utilisation of the Total Proceeds of up to RM67.19 million, to part finance the Proposed Acquisition and Proposed Diversification.

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Pursuant to the Proposed Variation, the Board wishes to vary the utilisation of the Total Proceeds set out under the maximum scenario, Section 4 of the Company's Abridged Prospectus, in the following manner:-

Table 2: Balance Proceeds pursuant to the Rights Issue

| Purposes | Original proposed utilisation RM'000 | Actual utilisation as at LPD RM'000 | Balance Proceeds as at LPD RM'000 | Variation to the Balance Proceeds RM'000 | Revised proposed utilisation of the Balance Proceeds RM'000 | Revised proposed Balance Proceeds % | Original timeframe for the utilisation (from the completion date as per the Abridged Prospectus) | Revised timeframe for the utilisation (from date of the EGM for the Proposed Variation) |
|--|--------------------------------------|-------------------------------------|-----------------------------------|--|---|-------------------------------------|--|---|
| Expenditure for construction projects ^{*1} | 5,357 | - | 5,357 | (4,762) | 595 | 5.29 | Within 24 months | No change |
| Repayment of borrowings ^{*2} | 3,333 | 2,857 | 476 | (476) | - | - | Within 24 months | No change |
| Development cost for Solar Power Plant | 2,500 | 2,500 | - | - | - | - | Within 6 months | No change |
| Future business investments and/ or acquisitions ^{*3} | 2,857 | - | 2,857 | (2,381) | 476 | 4.23 | Within 24 months | No change |
| Expansion of quarry division | 714 | - | 714 | - | 714 | 6.35 | Within 24 months | No change |
| Funding of diversification into oil & gas | 714 | - | 714 | - | 714 | 6.35 | Within 24 months | No change |
| Expansion of bituminous products division | 954 | - | 954 | - | 954 | 8.48 | Within 24 months | No change |
| Working capital | 844 | 671 | 173 | - | 173 | 1.55 | Within 24 months | No change |
| Expenses for corporate exercises | 207 | 207 | - | - | - | - | Within 1 month | No change |
| Funding of Proposed Acquisition | - | - | - | 7,143 | 7,143 | 63.52 | - | Within 12 months |
| Funding of Proposed Diversification | - | - | - | 476 | 476 | 4.23 | - | Within 12 months |
| Total | 17,480* | 6,235 | 11,245 | - | 11,245 | 100.00 | | |

* Estimated based on the percentage allocation of 23.8% of the Total Gross Proceeds as set out in Table 1.

Table 3: Anticipated Proceeds pursuant to the Private Placement

| Purposes | Original proposed utilisation RM'000 | Variation to the Anticipated Proceeds RM'000 | Revised proposed utilisation of the Anticipated Proceeds RM'000 | Revised proposed utilisation of the Anticipated Proceeds % | Original timeframe for the utilisation (from the completion date as per the Abridged Prospectus) | Revised timeframe for the utilisation (from date of the EGM for the Proposed Variation) |
|---|---|---|--|---|--|---|
| Expenditure for construction projects ¹ | 19,643 | (15,238) | 4,405 | 7.88 | Within 24 months | No change |
| Repayment of borrowings ² | 10,667 | (1,524) | 9,143 | 16.35 | Within 24 months | No change |
| Development cost for Solar Power Plant | 5,500 | - | 5,500 | 9.83 | Within 6 months | No change |
| Future business investments and/ or acquisitions ³ | 9,143 | (7,619) | 1,524 | 2.72 | Within 24 months | No change |
| Expansion of quarry division | 2,286 | - | 2,286 | 4.09 | Within 24 months | No change |
| Funding of diversification into oil & gas | 2,286 | - | 2,286 | 4.09 | Within 24 months | No change |
| Expansion of bituminous products division | 3,046 | - | 3,046 | 5.45 | Within 24 months | No change |
| Working capital | 2,702 | - | 2,702 | 4.83 | Within 24 months | No change |
| Expenses for corporate exercises | 663 | - | 663 | 1.19 | Within 1 month | No change |
| Funding of Proposed Acquisition | - | 22,857 | 22,857 | 40.85 | - | Within 12 months |
| Funding of Proposed Diversification | - | 1,524 | 1,524 | 2.72 | - | Within 12 months |
| Total | 55,936* | - | 55,936 | 100.00 | | |

* Estimated based on the percentage allocation of 76.2% of the Total Gross Proceeds as set out in Table 1.

As illustrated under the maximum scenario of the Abridged Prospectus, Minetech is expected to raise total gross proceeds of up to RM73.42 million from the Rights Issue and Private Placement based on the illustrative issue price of RM0.16 per Placement Share. However, the actual proceeds to be raised from the Private Placement would depend on the actual number of Placement Shares to be issued, and the eventual issue price(s) of the Placement Shares at the time of implementation.

In the event the actual proceeds raised from the Private Placement is lower than the Anticipated Proceeds, the said proceeds will be utilised based on the same percentage of allocation as set out in Table 3, and any shortfall will be financed through internally generated funds and/ or bank borrowings.

Notes:-

^{*1} Minetech had earmarked RM25.00 million of the proceeds to partially fund the Group's existing and future construction projects. As at the LPD, the Group is still in the midst of tendering for construction projects (which include land reclamation, infrastructure and drilling and blasting works) in West Malaysia. Given that the said construction projects have yet to be secured, the Board intends to reallocate RM20.00 million of the Total Proceeds to the funding of the Proposed Acquisition after assessing the urgency of the Group's funding requirements for the Proposed Acquisition.

^{*2} The details of the proceeds earmarked for repayment of borrowings are as follows:-

| Purposes | RM'000 |
|--|---------------|
| Repayment of borrowings secured to partially fund the construction of the Solar Power Plant. The maturity date of the borrowings is 20 October 2028. | 10,000 |
| Repayment of bank borrowings inclusive of term loans secured to purchase office building in Kelana Jaya as well as bankers' acceptance and trust receipts for our Group's operation. The maturity date of the term loans is 19 May 2039. | 4,000 |
| Total | 14,000 |

As at the LPD, approximately RM2.86 million of proceeds have been used to repay borrowings that were secured to partially fund the construction of the Solar Power Plant. After taking into consideration, amongst others, the repayment period of the bank borrowings as compared to the cash flow requirements and urgency of financing the F&B business, the Group intends to re-allocate RM2.00 million of the Total Proceeds for the funding of the Group's F&B business pursuant to the Proposed Diversification.

^{*3} Minetech had earmarked RM12.00 million of the proceeds for its future potential business development, investments and/ or acquisitions involving the technology industry (e.g. financial technology ("Fintech"), cyber security and 5G related services). Such investments and/ or acquisitions may be carried out via merger or acquisition of business, joint venture or formation of key partnership with companies involved in the Fintech, cyber security and 5G related services. As at the LPD, the Board has evaluated a few potential business opportunities involving the technology industry. Nevertheless, such business opportunities have not materialised pursuant to the Board's careful assessment on the potential risks associated with the said business opportunities. As such, the Board intends to re-allocate RM10.00 million of the Total Proceeds to the funding of the Proposed Acquisition after assessing the urgency of the Group's funding requirements for the Proposed Acquisition.

For avoidance of doubt, the Board still has the intention to carry out the above business plans as intended. While awaiting suitable opportunities to realise such plans, the Board has decided to re-allocate the initial earmarked amounts towards the Proposed Acquisition and Proposed Diversification due to their immediate funding requirements. Any shortfall for the above business plans will be financed through internally generated funds and/ or bank borrowings at the material time.

5. RATIONALE AND JUSTIFICATION FOR THE PROPOSALS

5.1 Proposed Acquisition

At present, Minetech Group is principally involved in the production of quarry and bituminous products, provision of civil engineering works and property development activities, trading of goods and services, as well as business activities related to renewable energy and oil & gas industries.

For the past five financial years up to the FYE 31 March 2021, the Group's property development segment has been relatively dormant and only contributed to RM2.15 million of revenue during the FYE 31 March 2019. Accordingly, the Proposed Acquisition is undertaken as part of Minetech Group's expansion plan to increase its land banks at strategic locations with growth potential, and to scale up its property development portfolio to generate additional stream of income for the Group moving forward.

The development of the Subject Land would represent the Group's maiden property development project in Klang Valley, a region comprising matured neighbourhoods and townships with more established infrastructure and amenities. The prospects of the Klang Valley region are set out in Section 6.2 of this Circular.

Barring any unforeseen circumstances, the Board is optimistic for the Subject Land's development potential, given its strategic location along Jalan Ampang and close proximity to Kuala Lumpur City Centre. There is an intention to undertake a commercial development on the Subject Land after the completion of the Proposed Acquisition. Given that the construction industry is generally a sector that provides support to property development, the Group's existing construction arm therefore serves to complement the said development via the engagement of in-house contractors and engineers to undertake the construction works.

Moving forward, the Group intends to leverage on the successful development of the Subject Land to embark on additional viable ventures relating to property development. Purely for information purpose, the Group currently owns approximately 231,790 square metres of lands which are predominantly located in the state of Perak, further details of which, are set out as follows:-

- i. 3 parcels of vacant industrial lands within Kota Malim Prima, Tanjung Malim. Notable industrial zones within the vicinity includes Proton City Industrial Park, Behrang 2020 Industrial Park and education centres such as Universiti Pendidikan Sultan Idris and Politeknik Sultan Azlan Shah; and
- ii. 1 parcel of vacant residential development land within Taman Bercham Jaya, Ipoh. Taman Bercham Jaya is located approximately 7.5 kilometres north-east of Ipoh City.

Premised on the foregoing, the Board opines the Proposed Acquisition will augur well for Minetech Group. The future development of the Subject Land is also expected to contribute positively to the Group's future earnings and possibly, create a credential for Minetech Group in the property development and construction industries.

5.2 Proposed Diversification

As set out in Section 3 of this Circular, Minetech Group has been registering declining earnings over the financial years and periods under review years. Given the competitive nature of the quarry and construction industries, the Group had embarked on cost cutting measures (as set out in Section 6.4.2 of this Circular) to turn around its core business segments. Further, Minetech Group had on 28 June 2021, completed its diversification into the renewable energy and oil & gas segments, as it represents an opportunity for the Group to obtain additional stream of revenue and income in the future financial years.

In an effort to further expand its earnings base, the Teaming Agreement serves as an entry point for the Group to venture into the F&B industry. Should the Proposed Diversification be approved by the shareholders of the Company, Minetech Group is able to expand its revenue stream to include the business of trading in F&B.

The Board had identified the F&B segment as a viable opportunity to venture into, after taking into consideration the industry's growth potential as set out in Section 6.3 of this Circular. Despite recording a decline in the current year due to the movement restrictions imposed by the Government, the F&B industry is expected to gradually recover from the COVID-19 impact following the resumption of domestic tourism-related activities in line with the lifting of interstate travel restrictions since the fourth quarter of 2021. Further, the Government's plan to fully reopen its borders to international visitors will also bode well for the prospect of the F&B industry and the Proposed Diversification consequently.

Due to the competitive nature of the F&B industry, the Board has decided to leverage on V2SB (an existing market player) to help overcome the barriers of entry. V2SB has been operating in the industry since 2014, and currently offers a range of F&B products such as drinks and beverages, convenience food, groceries, snacks and confectionery items predominantly sourced from Korean manufacturers. In addition to that, the Group may also tap into V2SB's customer and supplier networks as a foundation for its foray into the New Business. For avoidance of doubt, V2SB has accumulated over 5 years of business relationship with the Product supplier, notably Samyang Food.

The competency and experience of Lee IC and Lee BJ, whom the Board deems to be the key management personnel, together with the credentials of V2SB in the F&B industry are expected to contribute positively to the performance of the New Business. Premised on the foregoing, the Board is of the view that the diversification and expansion into the business of trading in F&B is expected to enhance Minetech Group's prospect moving forward.

5.3 Proposed Variation

The Proposed Variation would allow the Group to vary the Total Proceeds previously earmarked for:-

- i. funding of the Group's existing and future construction projects;
- ii. future potential business development, investments and/ or acquisitions involving the technology industry; and
- iii. repayment of the Company's borrowings,

in view that such business expansion plans (i.e. future construction projects and future potential business development, investments and/ or acquisitions involving the technology industry) have not materialised at this juncture, and after taking into consideration the maturity dates of the Company's borrowings.

In view of the above and after assessing the urgency of the Group's funding requirements for the Proposed Acquisition and the Proposed Diversification, the Proposed Variation will enable the Group to re-allocate the Total Proceeds for the following:-

- i. RM30.00 million to part-finance the Purchase Consideration of the Proposed Acquisition, in which the total Purchase Consideration of RM60.00 million shall be repaid within 12 months on a staggered basis from the date the SPA and SA become unconditional; and
- ii. RM2.00 million to partially finance the working capital requirements of the New Business, pursuant to the Proposed Diversification. The actual breakdown of the expenses is subject to the Group's operating requirements at the time of utilisation and as such can only be determined at a later stage.

6. INDUSTRY OVERVIEW, OUTLOOK, AND FUTURE PROSPECTS OF MINETECH GROUP

6.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 7.1% in the first half of 2021. Growth is expected to continue in the second half of the year, particularly in the fourth quarter, as more economic and social sectors operate at full capacity. The expected growth trajectory aligns with the successful vaccination programme under the National COVID-19 Immunisation Programme ("PICK") and various stimulus and assistance packages to support the people and revitalise the economy. Overall economic growth is expected to expand between 3% and 4% in 2021. Continuation of the packages to combat the COVID-19 will have spillover effects and boost the economy in 2022. Hence, with strong economic fundamentals and a diversified structure, the domestic economy is forecast to expand between 5.5% and 6.5% in 2022. Nevertheless, the favourable outlook is predicated on other factors, including the successful containment of the pandemic, effective PICK implementation, and strong global economic prospects. The recovery is expected to accelerate going into 2022, supported by normalisation of economic activities as well as the positive spillovers from continued improvement in external demand.

Monetary policy remains accommodative in cushioning the adverse effects of the prolonged nationwide lockdown on the economy while simultaneously supporting recovery. The policy also ensures that inflationary pressure remains manageable. The Overnight Policy Rate ("**OPR**") and Statutory Reserve Requirement ("**SRR**") were held steady during the first seven months of 2021 at 1.75% and 2.00%, respectively. Efforts to boost market liquidity include the flexibility accorded to banking institutions to utilise the Malaysian Government Securities (MGS) and Malaysian Government Investment Issues (MGII) to meet the SRR compliance until the end of 2022. The banking sector remains strong, backed by sufficient liquidity and capital buffer, while the capital market exhibits resilience underpinned by ample domestic liquidity and a supportive policy environment. The recent launch of the third Capital Market Masterplan, 2021 – 2025, will ensure the capital market remains relevant, efficient and diversified to expedite the growth of sustainable and inclusive economy (Securities Commission Malaysia, 2021). The future stance of monetary policy will continue to be guided by new data and information and their implications on the overall outlook for inflation and domestic growth.

As Malaysia moves into the COVID-19 endemic phase, the Government will focus on ensuring the livelihood of the people, enhancing businesses and facilitating economic activities in the immediate and the new norm of post-pandemic. Currently, the Government is at the end of the six-stage strategy, namely reform which involves implementing the Twelfth Malaysia Plan (12MP) through the annual budgets and other sectorial masterplans. At this stage, the Government will focus on reforms that address various structural challenges that could hinder its vision of becoming a prosperous, inclusive and sustainable nation.

(Source: Economic Outlook 2022, Ministry of Finance Malaysia)

6.2 Overview and outlook of the property development industry in Malaysia

In the property segment, there were several incentives initiated by the Government aim to improve property market activities under Budget 2021:-

- i. To allocate a total of RM1.2 billion fund for providing comfortable and quality housing, especially for the low-income group.
- ii. Full stamp duty exemption on instruments of transfer and loan agreement for first-time home buyers will be extended until 31 December 2025. This exception is effective for sale and purchase executed from 1 January 2021 to 31 December 2025.
- iii. Stamp Duty exemption on loan agreement and instruments of transfer given to rescuing contractors and the original house purchasers is extended for five years. This exemption is effective for loan agreements and instruments of transfer executed from 1 January 2021 to 31 December 2025 for abandoned housing projects certified by Ministry of Housing and Local Government (KPKT).
- iv. The Government to collaborate with selected financial institutions to provide a Rent-to-Own Scheme. The program will be implemented until 2022 involving 5,000 units Perumahan Rakyat 1Malaysia (PR1MA) houses with a total value of more than RM1 billion.

The OPR was reduced to 1.75% since July 2020 remained unchanged at 1.75% until July 2021. Low OPR means low costs for borrowing or refinancing an existing home loan that could help to stimulate the property market.

On the demand-side, the amount of loan application and total loan approval for the purchase of residential property in the first half of 2021 ("H1 2021") increased 86.0% and 92.6% respectively but the percentage of approval against application was moderate at 35.3%. For the non-residential property, the amount of loan application and total loan approval saw similar pattern, increased by 52.6% and 58.9% respectively with an approval against application percentage of 34.4%.

The property market performance recorded a significant increase in H1 2021 compared to the same period last year. A total of 139,754 transactions worth RM62.01 billion were recorded, showing an increase of 21.0% in volume and 32.1% in value compared to the same period last year. Volume of transactions across the sub-sectors showed upward movements. Residential, commercial, industrial, agriculture and development land sub-sectors recorded year-on-year growths of 22.2%, 28.5%, 29.4%, 13.9% and 21.3% respectively. Value of transactions moved in tandem with residential, commercial, industrial, agriculture and development land sub-sectors recorded growths of 34.7%, 28.4%, 19.8%, 33.1% and 40.6% respectively. The residential sub-sector led the overall property market, with 65.8% contribution. This was followed by agriculture sub-sector (18.9%), commercial (7.5%), development land and others (5.9%) and industrial (1.8%). In terms of value, residential took the lead with 55.6% share, followed by commercial (17.6%), industrial (10.4%), agriculture (8.9%) and development land and others (7.4%).

The acceleration of the PICK and the ability to achieve National Recovery Plan threshold across the states will see the reopening of more economic and social sectors in the fourth quarter of 2021. Supported by the implementation of various government initiatives and assistance, the property market is expected to be on the recovery path in line with the gradual economic recovery.

(Source: Property Market Report First Half 2021, National Property Information Centre)

Outlook of Klang Valley

Progress on mega projects in the country is expected to generate excitement in the property market in 2022. This includes important infrastructure projects such as the roll out of the Mass Rapid Transit Line 3, which will help jump-start the construction sector and create new economic focal points in areas that will benefit from improved accessibility.

Similarly, the East Coast Rail Link that will provide a rapid connection between Port Klang in Selangor to Kota Bharu in Kelantan and be a catalyst for growth along this corridor. Additionally, the Johor Bharu-Singapore Rapid Transit System will inevitably revive cross-border property interest in the southern state, while the transformation of Penang South Islands into a mix-use sustainable city will draw international attention.

In the Klang Valley, massive undertakings such as Bandar Malaysia and Tun Razak Exchange (TRX) will create world-class business and residential attractions, which will also satisfy local appetite for residential, commercial and retail options.

(Source: Malaysia Property Outlook 2022, Property Guru)

6.3 Overview and outlook of the F&B industry in Malaysia

The F&B and accommodation subsector is projected to decline by 7.7% in 2021, due to contractions in all segments. The subsector reduced significantly by 15.3% in the first half of 2021 due to the restrictions on tourism activities, including border closure to all international tourists except for inbound travellers in essential services, investors, businessmen and returning spouses. Thus, tourist arrivals plunged by 98.8% to 50,613 arrivals, while tourist receipts plummeted by 99.4% to RM80.2 million.

The subsector is expected to record a marginal increase of 0.6% in the second half of the year, supported by the resumption of domestic tourism-related activities in line with the lifting of interstate travel restrictions in the fourth quarter. The anticipated hike is also attributed to the implementation of the Tourism Recovery Plan ("TRP"), starting with the Langkawi Travel Bubble programme beginning 16 September 2021 for fully vaccinated local tourists. In addition, the expected increase in online food purchases will help support the subsector's growth during the same period.

The F&B and accommodation subsector is projected to turn around by 7.3% in 2022, attributed to the resumption of travel and tourism activities by phases starting with travel bubbles amongst selected countries. The continuation of the TRP, which started in September 2021, followed by the lifting of interstate travel ban will speed up the growth of domestic tourism-related activities, especially in hotel occupancy, shopping and touring. An increase in the patronage at restaurants for fully vaccinated individuals is also expected to stimulate the subsector's growth.

(Source: Economic Outlook 2022, Ministry of Finance Malaysia)

6.4 Prospects of the Minetech Group

The Proposed Variation is intended to reprioritise and re-allocate the Total Proceeds arising from the Rights Issue and Private Placement, as means to enable Minetech Group to sustain its cash flow obligations and immediate capital needs of the Proposed Acquisition and Proposed Diversification.

6.4.1 Prospects of the Proposed Acquisition

In deciding on the Proposed Acquisition, the Board has taken into consideration the location of the Subject Land, which is situated along Jalan Mengkudu and Jalan 1/67B within the affluent residential area of Desa Pahlawan, off Jalan Ampang, Kuala Lumpur. It is also strategically located approximately 3.5 kilometres due east of Kuala Lumpur City Centre, which is the main entertainment, commercial and business focal point of the capital city of Malaysia.

Surrounding residential properties in its immediate vicinity include Desa Pahlawan, Ampang Hilir, Ampang 971, Taman U Thant and M-City. Prominent landmarks situated nearby include Great Eastern Mall, International School Kuala Lumpur, Gleneagles Hospital Kuala Lumpur and Taman Tasik Ampang Hilir. All in all the location of the Subject Land has good development potential, whereby the infrastructure and amenities are generally more established.

Notwithstanding the above, the Board takes cognisance that the effects of COVID-19 pandemic are still prevalent in the recovery of the Malaysian economy. There is no assurance that any resurgence of COVID-19 cases may adversely impact Minetech Group's existing business operations and financial position, as well as the future development of the Subject Land. Nonetheless, the Board anticipates the gradual recovery of the property development industry premised on vaccine rollout under the PICK, and Government incentives to boost the industry by providing tax exemptions, reductions and soft loans to those affected.

Subsequent to the Proposed Acquisition, Minetech Group intends to seek further opportunities in the property development industry, through viable joint ventures, acquisitions of suitable land banks and/ or property development projects that are commercially viable and profitable to strengthen the Group's portfolio moving forward.

Premised on the above, the Board remains optimistic for the prospects of the Subject Land and its potential development. It is situated in a prominent location with well-developed infrastructure, fast growing residential areas and easy accessibility to surrounding facilities. The Board endeavours to carefully deliberate on the most ideal development plan to be undertaken, so as to enhance the attraction of the Subject Land.

(Source: Management of Minetech)

6.4.2 Prospects of the Proposed Diversification

The COVID-19 pandemic has severely disrupted the global economy. Outlook for the near future remains challenging and uncertain as the full impact of the COVID-19 pandemic has not been ascertained. Minetech Group had recorded losses over the financial years and periods under review years from its existing operations due to high operating costs, downward pressure on pricing and profit margin in the current competitive business environment. Furthermore, the overall stagnation of the construction industry in Malaysia had affected the progress on ongoing construction projects.

In an effort to turn around its core business segments, the Group had embarked on cost cutting measures, such as prudent cash flow management, optimisation of current human resources, recruitment of additional staff only when required and enhancement of management expertise to refine its operational efficiency. Additionally, the Board had also taken steps to improve the Group's delivery time and customer satisfaction to maintain its market presence in the quarry and construction industries.

Given the circumstances, the Board is actively seeking opportunities to diversify the Group's business activities. As such, the Teaming Agreement serves as an entry point for the Group to venture into the F&B industry without significant initial investment outlay; whilst leveraging on the credentials of the counterparties, namely V2SB and Samyang Food in the F&B industry. The competency and experience of the key management personnel, namely Lee IC and Lee BJ, will also contribute positively to the performance of the New Business.

Moving forward, the Group intends to leverage on the successful establishment of the New Business and accumulates sufficient experience to embark on additional viable opportunities in the F&B industry through organic and inorganic approaches, including but not limited to strategic business investments, viable joint ventures with F&B dealers and suppliers, and/ or merges and acquisitions of potential F&B companies for the addition of new F&B products and brands to its portfolio as well as meeting the changing consumer preference.

In view of the outlook of the F&B industry as set out in Section 6.3 of this Circular, and barring any unforeseen circumstances, the Board is cautiously optimistic on the future prospect of the New Business and the Proposed Diversification. In terms of the existing businesses, Minetech Group's outstanding order book stood at approximately RM124.44 million as at the LPD, which provides earnings visibility for the next 24 months, together with a tender book of approximately RM167.57 million comprising 7 contracts.

At this juncture, the Board will focus on the execution of the outstanding order book while implementing the Proposed Diversification, which is considered a strategic fit to the Group's business diversification plan by way of expanding its revenue and income stream, as well as to reduce reliance on its quarry and construction business segments.

(Source: Management of Minetech)

7. RISK FACTORS

7.1 Proposed Acquisition

Save as disclosed below, which are by no means exhaustive, the Board does not foresee any other additional risks arising from the Proposed Acquisition given that Minetech Group is already involved in the property development industry.

7.1.1 Completion risk

The Proposed Acquisition is conditional upon the fulfilment of the conditions precedent in the SPA and SA as set out in Appendices I and II of this Circular. If any of the conditions precedent are not fulfilled within the stipulated time frame, the agreements may be terminated and as a result, the Group may not be able to complete the Proposed Acquisition. Nevertheless, the Board will endeavour to ensure the satisfaction of these conditions precedent in order to complete the Proposed Acquisition in a timely manner.

Although the Proposed Acquisition is expected to contribute positively to the future earnings of Minetech Group, there is no assurance that such anticipated benefits will be realised. In addition, any decline in economic conditions as a result of the COVID-19 pandemic and the movement control order imposed by the Government, if prolonged, may affect the potential benefits to be derived from the Proposed Acquisition. As such, the duration required for the Group to recoup its investment could also be longer than anticipated.

Nevertheless, the Board will monitor closely and continually assess any decline in economic conditions, the impact of COVID-19 pandemic on the Proposed Acquisition, as well as the progress of the anticipated recovery of the property development industry. The Board, after having considered the potential risks and benefits associated with the Proposed Acquisition, is still optimistic of the potential benefits to be derived from it.

7.1.2 Risk of property overhang

Minetech Group may face risk of property overhang, commonly caused by over-supply and low demand for properties and other factors such as economic downturns and unfavourable financial conditions. There may be possibility of occurrence of property overhang at the time of completion of the development of the Subject Land in the future, of which is inevitable. This will affect the sales of the Group's properties and in turn impact its financial performance. As such, the Group will closely monitor the developments in the property market as well as take careful management planning prior to finalisation and/ or launches of the development of the Subject Land. Nevertheless, there can be no assurance that the sales of the Group's properties would not be materially affected by the property overhang situation.

7.1.3 Development risk

The development of the Subject Land will be subject to a number of risks which include, amongst others, shortages of materials, equipment and skilled labour, escalation in construction costs, adverse weather conditions, natural disasters, accidents, failure or delay in obtaining the approval from relevant authorities as well as any delay caused by the COVID-19 pandemic.

Such adverse event may lead to interruptions or delays in the completion of the development, which may consequently result in cost overruns that would affect Minetech Group's profitability and cash flow. The Board seeks to limit such risks through efficient operating procedures, prudent financial management, such as careful planning and close monitoring on the development progress, working closely with all suppliers, contractors and relevant authorities to ensure that the risk in completing the development of the Subject Land is reduced.

7.1.4 Financing risk

Minetech Group has the intention to fund the Proposed Acquisition through a combination of bank borrowings and internally generated funds, and hence may incur additional interest expenses. In view that interest expenses charged on bank borrowings are subject to prevailing interest rates, the Group may potentially be exposed to interest rate fluctuation which may significantly increase the acquisition cost and affect the Group's cash flow as well as its profitability. The Group will actively review its debt portfolio taking into consideration the level and nature of borrowings and seek to adopt cost effective financing actions. However, there can be no assurance that the performance of the Group would not be materially affected in the event of any adverse changes in interest rates.

7.1.5 Impact of COVID-19 on the market value of the Subject Land

As set out in Appendix III of this Circular, since the outbreak of COVID-19 and the resulting restriction measures imposed by the Government, the property market has not been spared from the impact of the pandemic. However, commercial and development lands continued to command a healthy level of demand with developers and investors taking a more aggressive stance towards the acquisitions of landbanks for future development. Many developers are also taking the current opportunity when landowners are more willing to sell their lands at reasonable prices during the pandemic.

In arriving at its opinion, the Valuer had relied on a comparable that was transacted during the pandemic, and as such no adjustments were made to account for the impact of COVID-19 on the market value of the Subject Land. There is however no assurance that the continuation of the COVID-19 pandemic would not materially affect the market value of the Subject Land as well as its future prospects.

7.2 Proposed Diversification

Pursuant to the Proposed Diversification, Minetech Group will be exposed to risks inherent in the F&B industry which include, but not limited to, the following:-

7.2.1 Business risk

Pursuant to the Proposed Diversification, the Group will be subject to risks inherent in the business of trading in F&B. These include but not limited to, changes in general economic and business conditions which may affect the demand and supply for F&B, brand reputation of the suppliers and their quality, and changes in consumer preference and behaviour. The Board believes that "Samyang" brand is well-known globally and has market demand amongst Malaysian consumers. However, any failure of the Supplier in maintaining its quality standards and/ or any negative publicity or media report against the brand will adversely affect and tarnish the level of consumers' trust in the Products.

Recognising the limited control Minetech Group has over the quality standards adopted by the Supplier, the Board will adopt prudent procedures to monitor the quality measures of "Samyang" brand and keeping abreast with the latest news on the Supplier. However, there is no assurance that the occurrence of the abovementioned risks will not materially impact the New Business and the newly incorporated F&B segment.

7.2.2 Absence on business contract with suppliers

The distributorship for "Samyang" brand is obtained via the collaboration with V2SB. There is no binding contract nor agreement to be entered into between Minetech Group and the Supplier to carry out the New Business. As such, there is no assurance of the continuous supply of the Products to Minetech Group and/ or that DKSCSB is able to continue with the trading of the Products in Malaysia over the long-term. Further, any termination of the working relationship with V2SB may result in the loss of the distributorship for "Samyang" brand, thereby affecting the New Business and the Group's financial performance. Moving forward, the Board will use its best endeavour to maintain good working relationship with V2SB and the Supplier whilst continue to seek for new brands and/ or products to enhance the Group's portfolio.

7.2.3 Competition risk

F&B industry is generally competitive and consumers may shift their choice and preference whenever new products are introduced by various marketing and pricing campaigns of different brands. In light of the competitive environment, the success lies on factors such as the ability of the suppliers to anticipate changes in consumer taste and preference, to adapt to latest trends as well as health awareness, and the ability to continue distinguish their products from other competitors. To mitigate the above risk, the Board may search for new brands and/ or products, should the opportunities arise and to expand its products mix, wherever possible. In addition, Minetech Group will continue to keep abreast with the latest trends and consumer preference so as to adapt to the changing environment.

7.2.4 Dependency on key personnel

The success of the New Business depends largely on the capabilities, skills, competencies and continued effort of its experienced personnel. Recognising the importance of the key personnel involved, Minetech Group will adopt appropriate approaches, including incentives, remuneration packages as well as provide a good working environment to promote productivity and retain their services. Suitable professional(s) and/ or consultant(s) will be engaged in the areas necessary for the implementation and/ or execution of the Board's strategy for the New Business to manage the risk arising from dependency on key personnel. However, there is no assurance that the loss of any such key personnel will not adversely affect the Group's ability to succeed and compete in the F&B industry.

7.2.5 Political, economic and regulatory risk

Similar to other businesses, political, economic and regulatory conditions could have a material effect on the Group's foray into the business of trading in F&B. As the New Business involves importing and trading of processed food in Malaysia from a South Korean food manufacturer, its business operations, to a certain extent is exposed to the political, economic and regulatory conditions of the Supplier's country of origin. Such risks include, but are not limited to, economic uncertainties, changes in rules and regulations, unfavourable foreign trade policy, changes in interest rates, tax laws and political leadership. These factors and/ or developments are beyond the Board's control and may affect all players in the F&B industry.

8. FINANCIAL EFFECTS OF THE PROPOSALS

8.1 Issued share capital and substantial shareholders' shareholdings

The Proposals will not have any effect on the issued share capital and substantial shareholders' shareholdings in the Company as the Proposals do not involve any issuance of new Minetech Shares.

8.2 NA and gearing level

Barring any unforeseen circumstances, the Proposed Diversification and Proposed Variation are not expected to have any immediate material effect on the NA and gearing level of Minetech Group for the FYE 31 March 2022. However, the profit contribution arising from the New Business is expected to have a positive impact on the NA of the Group moving forward upon commencement.

Based on the latest audited consolidated financial statements of Minetech Group for the FYE 31 March 2021, the pro forma effects of the Proposed Acquisition on the NA and gearing level of the Group are set out below:-

| | Audited as at 31 March 2021 RM'000 | As at the LPD RM'000 | After the Proposed Acquisition RM'000 |
|----------------------------------|--|----------------------------|---|
| Share capital | 166,813 | 94,293 ^{*1} | 94,293 |
| Reserves | (75,987) | 14,013 ^{*1} | 13,743 ^{*2} |
| Treasury shares | (48) | (48) | (48) |
| Shareholders' funds/ NA | 90,778 | 108,258 | 107,988 |
| Non-controlling interests | 1,563 | 1,563 | 1,563 |
| Total Equity | 92,341 | 109,821 | 109,551 |
| Number of Shares in issue ('000) | 1,165,614 | 1,165,614 | 1,165,614 |
| NA per Share (RM) | 0.08 | 0.09 | 0.09 |
| Total borrowings (RM'000) | 37,132 | 37,132 | 67,132 ^{*3} |
| Gearing level (times) | 0.40 | 0.34 | 0.61 |

Notes:-

^{*1} After adjusting for the following events:-

- Minetech had on 25 October 2021 completed the Rights Issue which raised total gross proceeds of RM17.48 million; and
- Minetech had on 24 November 2021 effected the share capital reduction of RM90.00 million to eliminate the Group's accumulated losses.

^{*2} After deducting estimated expenses of RM270,000 for the Proposed Acquisition.

^{*3} Minetech Group intends to partially fund the Purchase Consideration of the Subject Land through bank borrowings of RM30.0 million.

8.3 Earnings and EPS

The Proposals are not expected to have any immediate material effect on the earnings of Minetech Group for the FYE 31 March 2022. Nevertheless, barring any unforeseen circumstances, the Board anticipates that:-

- the development of the Subject Land;
- the commencement of the New Business; and
- the realised benefits of the revised utilisation of the Total Proceeds,

may contribute positively to the future earnings of Minetech Group.

9. APPROVALS REQUIRED

The Proposals are subject to the following approvals being obtained:-

- i. Shareholders of Minetech at the EGM.

For shareholders' information, the highest percentage ratio applicable for the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Listing Requirements is approximately 66%, calculated based on the Purchase Consideration against the NA for the FYE 31 March 2021.

- ii. Dewan Bandaraya Kuala Lumpur ("DBKL") for the Development Order/ Kebenaran Merancang in respect of the Subject Land with a plot ratio of not less than 1:7 pursuant to the Proposed Acquisition; and
- iii. Any other relevant authority, if required.

The Proposed Variation is conditional upon the Proposed Acquisition and Proposed Diversification, but not vice versa. The Proposed Acquisition and Proposed Diversification are not inter-conditional upon each other.

Further, the Proposed Diversification is conditional upon the implementation of the Teaming Agreement, but the Teaming Agreement is not conditional upon the Proposed Diversification.

The Proposals are not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/ OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders, chief executive of Minetech and/ or persons connected with them have any interest, whether direct or indirect, in the Proposals.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Board expects the Proposals to be completed in the third quarter of 2022. The tentative timetable in relation to the Proposals are as follows:-

| Date/ Timeframe | Events |
|------------------------|---|
| 22 April 2022 | <ul style="list-style-type: none">• Convening of the EGM to obtain shareholders' approval for the Proposals• Completion of the Proposed Diversification and Proposed Variation |
| Second quarter of 2022 | <ul style="list-style-type: none">• Submission to DBKL• Obtain DBKL's approval on the new plot ratio |
| Third quarter of 2022 | <ul style="list-style-type: none">• Completion of the Proposed Acquisition |

12. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, Private Placement and Proposed Granting of Options, the Board is not aware of any other outstanding proposals which have been announced but not yet completed as at the date of this Circular.

13. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, after having considered all aspects of the Proposals, including but not limited to the terms and conditions of the SPA, SA and Teaming Agreement, rationale and justifications of the Proposals, future prospects of Minetech Group, risk factors and financial effects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company.

Accordingly, the Board recommends that you **vote in favour** of the ordinary resolutions pertaining to the Proposals to be tabled at the EGM.

14. EGM

The EGM, the notice of which is enclosed in this Circular, will be conducted as a fully virtual meeting through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities vide the online meeting platform of TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration no. with MYNIC: D1A282781) on Friday, 22 April 2022 at 10.00 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposals.

If you are unable to attend and vote in person at the EGM, you should complete, sign and return the enclosed Form of Proxy in accordance with the instructions provided thereon. The Form of Proxy must be completed and deposited at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur. Alternatively, to be submitted electronically, vide TIIH Online website at <https://tiih.online> not less than forty-eight (48) hours before the time set for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so. However, you will not be allowed to participate in the EGM together with a proxy appointed by you.

15. FURTHER INFORMATION

Shareholders are advised to refer to the appendices set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board
MINETECH RESOURCES BERHAD

DATO' (DR). TS. AWANG DAUD BIN AWANG PUTERA
Executive Chairman

PART B

**CIRCULAR TO SHAREHOLDERS OF MINETECH IN RELATION TO THE PROPOSED GRANTING
OF OPTIONS**



MINETECH RESOURCES BERHAD

Registration No. 200201007880 (575543-X)
(Incorporated in Malaysia)

Registered Office

12th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

6 April 2022

Board of Directors

Dato' (Dr). Ts. Awang Daud Bin Awang Putera (*Executive Chairman*)
Choy Sen @ Chin Kim Sang (*Executive Director*)
Chin Leong Choy (*Executive Director*)
Awgku Mohd Reza Farzak Bin Awg Daud (*Executive Director*)
Azlan Shah Bin Zainal Arif (*Executive Director*)
Ahmad Rahizal bin Dato' Ahmad Rasidi (*Non-Independent Non-Executive Director*)
Loke Kim Meng (*Non-Independent Non-Executive Director*)
Ahmad Ruslan Zahari Bin Zakaria (*Independent Non-Executive Director*)
Datin Feridah Binti Bujang Ismail (*Independent Non-Executive Director*)
Siti Aishah Binti Othman (*Independent Non-Executive Director*)

To: Our shareholders

Dear Sir/ Madam,

PROPOSED GRANTING OF OPTIONS

1. INTRODUCTION

On 2 March 2022 the Board had announced to Bursa Securities of the Company's intention to seek shareholders' approval at the EGM for the Proposed Granting of Options.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED GRANTING OF OPTIONS AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED GRANTING OF OPTIONS TO BE TABLED AT THE EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED GRANTING OF OPTIONS TO BE TABLED AT THE EGM.

2. DETAILS OF THE PROPOSED GRANTING OF OPTIONS

Minetech had on 18 November 2021 implemented the Scheme for Eligible Person(s) for a period of 5 years until the expiry on 17 November 2026. The Scheme is administered by the SIS Committee appointed by the Board, in accordance with the terms of the By-Laws.

Pursuant to the Scheme, the Company is allowed to offer and grant Options to Eligible Person(s) who meet the criteria of eligibility for participation in the Scheme to subscribe for new Shares in accordance with the provisions of the By-Laws. As at the LPD, the Company has yet to grant any Options to any Eligible Person(s).

On 28 January 2022, Mr Loke Kim Meng was appointed as Non-Independent Non-Executive Director of Minetech. The Board proposes to grant Options to Mr Loke Kim Meng to participate in the Scheme by virtue of his position as a Non-Independent Non-Executive Director of Minetech provided that:-

- i. he must not participate in the deliberation or discussion of his own allocation of the number of Options to be offered to him, as well as that of persons connected with him, under the Scheme; and
- ii. not more than 10% of the total number of new Shares to be issued under the Scheme shall be allocated to him, if he, either singly or collectively through persons connected with him, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares).

In accordance with the By-Laws, the subscription price of the new Shares pursuant to the Options granted under the Proposed Granting of Options shall be based on the 5-day VWAP of Minetech Shares immediately preceding the date the Options is offered, at a discount of not more than 10% as may be determined by the SIS Committee in a fair and equitable manner.

The new Shares to be allotted upon the exercise of an Option granted pursuant to the Proposed Granting of Options shall, upon issue and allotment, rank equally in all respects with the existing Shares, except that the new Shares issued and allotted pursuant to the exercise of Options will not be entitled to any dividend, rights, allotments or distributions, the entitlement date of which is prior to the date of allotment of the said new Shares. The new Shares allotted shall be subject to all the provisions of the Constitution of the Company.

For information purpose, the aggregate number of new Shares that may be offered under the Options to the Eligible Person(s) shall be determined at the sole and absolute discretion of the SIS Committee after taking into consideration, amongst other factors, the Eligible Person's employment grade, length of service, performance appraisal and past and future contributions of the Eligible Person and/ or such other factors that the SIS Committee may deem relevant, subject always to the following:-

- a. The Directors and senior management do not participate in the deliberation or discussion of their respective allocation;
- b. The number of new Shares allocated to any Eligible Person(s) who, either singly or collectively through persons connected with such Eligible Person(s), holds 20% or more of the number of issued shares (excluding treasury shares) of the Company, does not exceed 10% of the total number of new Shares to be issued under the Scheme;
- c. The total number of new Shares pursuant to the exercise of the Options under the Scheme shall not in aggregate exceed 15% of the total number of issued shares (excluding treasury shares) of the Company at any point in time during the duration of the Scheme; and

- d. The number of new Shares allocated, in aggregate, to the directors and senior management of the Company and Minetech Group (excluding dormant subsidiaries) shall not exceed 80% of the total number of new Shares to be issued under the Scheme.

The actual number of new Shares which may be offered to any Eligible Person(s) shall be at the discretion of the SIS Committee and the number of new Shares so offered shall not be less than one hundred (100) Shares nor more than the maximum allowable allocation of such Eligible Person(s) and shall be in multiples of one hundred (100) Shares.

3. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED GRANTING OF OPTIONS

The Proposed Granting of Options is extended to Mr Loke Kim Meng as a Non-Independent Non-Executive Director to recognise his contributions relating to his oversight responsibilities as non-executive member as he provides valuable experience, knowledge and opinion to the Board, which is considered vital to the governance of the Group. Furthermore, his participation in the Scheme will further strengthen the Group's ability to attract and retain capable individuals to act as Director of the Company as it will reinforce the individual's sense of loyalty and belonging to the Group by enabling the individual to participate directly in the equity of the Company and thereby provide incentive for the individual to participate more actively in the growth of the Group and motivate the individual to further contribute to the growth and success of the Group.

4. FINANCIAL EFFECTS OF THE PROPOSED GRANTING OF OPTIONS

4.1 Issued share capital and substantial shareholders' shareholdings

The Proposed Granting of Options is not expected to have an immediate material effect on the Company's share capital until such time when the Options are granted and exercised. The Company's share capital will increase progressively depending on the number of new Shares issued pursuant to the exercise of the Options and the subscription price.

The Proposed Granting of Options is not expected to have any immediate material effect on the substantial shareholders' shareholding in the Company until such time when new Shares are issued pursuant to the exercise of the Options. Any potential effect on the substantial shareholders' shareholdings in the Company would depend on the number of new Shares issued at such relevant point in time.

4.2 NA and gearing level

The effect of the Proposed Granting of Options on the Group's NA would depend on factors such as the number of Options granted and the fair value of the Options after taking into account, inter alia, the subscription price as well as any vesting conditions. Whilst the granting of Options under the SIS is expected to result in recognition of a charge in the statement of comprehensive income pursuant to MFRS 2, the said charge would not affect the Group's NA as the corresponding amount will be classified as an equity compensation reserve which forms part of the shareholders' equity.

If none of the granted Options are exercised within the duration of the SIS, the amount outstanding in the said equity reserve would be transferred into the Company's retained earnings. On the other hand, if the granted Options are exercised, the amount outstanding in the said equity reserve would be transferred into the Company's share capital.

The Proposed Granting of Options will not have any immediate effect on the consolidated NA per Share until such time when the Options granted under the SIS are exercised. The consolidated NA per Share following the exercise of the Options will increase if the subscription price exceeds the consolidated NA per Share at the point of exercise of the Options and conversely will decrease if the subscription price is below the consolidated NA per Share at the point of the exercise of the Options.

The effect on the gearing level will depend on the change in the NA, which in turn will depend on the actual number of new Shares issued pursuant to the exercise of the Options as well as the subscription price.

4.3 Earnings and EPS

The Proposed Granting of Options is not expected to have any immediate material effect on the earnings and EPS of Minetech Group until such time when the Options are granted and exercised. Any potential effect on the earnings and EPS of the Group in the future will depend on the number of Options granted and exercised, the subscription price and the non-cash expenses arising from the granting of the Options under MFRS 2.

The quantum of such impact cannot be determined at this juncture as it will be measured at the date of granting the Options based on, amongst others, the share price volatility, risk-free interest rate and pricing model. The fair value of the Options will be recognised as an expense over the vesting period of such Options. However, it should be noted that the estimated cost does not represent a cash outflow by the Group as it is merely an accounting treatment. The Board takes note of the potential impact of MFRS 2 on the Group's future earnings and shall take into consideration such impact in the allocation and granting of Options to the Eligible Person(s).

4.4 Convertible securities

Save for the 582,664,397 ICPS issued pursuant to the Rights Issue, the Company does not have any other outstanding convertible securities as at the LPD.

5. APPROVALS REQUIRED

The Proposed Granting of Options is subject to the approval of shareholders of Minetech at the EGM and any other relevant authorities, if required.

The Proposed Granting of Options is not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/ OR PERSONS CONNECTED WITH THEM

Mr Loke Kim Meng is deemed interested in the Proposed Granting of Options in view of his eligibility for the Options to be allocated pursuant to the By-Laws. Accordingly, he has abstained and will continue to abstain from all deliberations and voting at Board meetings of the Company in respect of his entitlement in the Proposed Granting of Options. He will also abstain from voting in respect of his direct and/ or indirect shareholdings, as disclosed below, on the ordinary resolution pertaining to the Proposed Granting of Options to be tabled at the EGM. He will undertake to ensure that persons connected to him, if any, will abstain from voting in respect of their direct and/ or indirect shareholdings, if any, on the ordinary resolution pertaining to the Proposed Granting of Options, to be tabled at the EGM.

The direct and indirect shareholdings of Mr Loke Kim Meng in the Company as at the LPD are as follows:-

| | Shareholdings as at the LPD | | | |
|---------------|-----------------------------|---|--------------------------|------|
| | <-----Direct-----> | | <-----Indirect-----> | |
| | No. of Shares | % | No. of Shares | % |
| Loke Kim Meng | - | - | 39,500,000 ^{*1} | 3.39 |

Note:-

^{*1} Deemed interested by virtue of his interest in WC Realty I Sdn Bhd and WC Dynamic Sdn Bhd via his interest in Widuri Capital Management Sdn Bhd pursuant to Section 8 of the Act.

Save as disclosed above, none of the other Directors, major shareholders, chief executive of Minetech and/ or persons connected with them have any interest, whether direct or indirect, in the Proposed Granting of Options.

7. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, Private Placement and Proposed Granting of Options, the Board is not aware of any other outstanding proposals which have been announced but not yet completed as at the date of this Circular.

8. DIRECTORS' STATEMENT AND RECOMMENDATION

Save for Mr Loke Kim Meng, the Board is of the opinion that the Proposed Granting of Options is in the best interest of the Company.

Accordingly, the Board (save for Mr Loke Kim Meng) recommends that you **vote in favour** of the ordinary resolution pertaining to the Proposed Granting of Options to be tabled at the EGM.

9. EGM

The EGM, the notice of which is enclosed in this Circular, will be conducted as a fully virtual meeting through live streaming and online remote voting using Remote Participation and Voting ("RPV") facilities vide the online meeting platform of TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration no. with MYNIC: D1A282781) on Friday, 22 April 2022 at 10.00 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposed Granting of Options.

If you are unable to attend and vote in person at the EGM, you should complete, sign and return the enclosed Form of Proxy in accordance with the instructions provided thereon. The Form of Proxy must be completed and deposited at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur. Alternatively, to be submitted electronically, vide TIIH Online website at <https://tiih.online> not less than forty-eight (48) hours before the time set for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so. However, you will not be allowed to participate in the EGM together with a proxy appointed by you.

10. FURTHER INFORMATION

Shareholders are advised to refer to the appendices set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board
MINETECH RESOURCES BERHAD

DATO' (DR). TS. AWANG DAUD BIN AWANG PUTERA
Executive Chairman

APPENDIX I – SALIENT TERMS OF THE SPA

The salient terms of the SPA are set out below:-

1. Agreement

The Vendor agrees to sell and the Purchaser agrees to purchase the Subject Land on an "as is where is" basis with vacant possession and free from all encumbrances but subject to all conditions of title whether express or implied and the existing category of land use affecting the Subject Land at the Purchase Consideration and subject to the terms and conditions contained in the SPA.

2. Conditions Precedent

- i. The obligations of the parties under the SPA are in all respects conditional upon the attainment by Minetech, the holding company of the Purchaser, of its shareholders' approval in respect of the acquisition of the Subject Land ("**Shareholders' Approval**") being fulfilled within 6 months from the date of the SPA or such extended period as may be mutually agreed in writing between the parties ("**Cut-Off Date**").
- ii. In the event that the Shareholders' Approval is not obtained by the Cut-Off Date (not due to a default of any party), then either party shall be at liberty to terminate the SPA by a notice in writing to the other party, whereupon the Purchaser's Solicitors are authorised to refund to the Purchaser the Deposit Sum free from interest within 14 days from the date of the notice of termination and the Purchaser shall return or cause to be returned to the Vendor all documents which have been delivered to the Purchaser, Purchaser's Solicitors and/ or the Financier's Solicitors (as the case may be) with the Vendor's interests intact and the SPA shall be of no further force and effect and neither party shall have any claim against the other in respect of the SPA.
- iii. The SPA shall become unconditional on the day upon which the Shareholders Approval has been obtained in accordance with the provisions of the SPA or on such other date the Vendor and/ or the Purchaser confirm in writing that the Conditions Precedent have been fulfilled, whichever shall be earlier.

3. Completion

- i. In the event that the Purchaser shall not require a loan to assist in the payment of the Balance of Purchase Consideration, subject to the payment of the Balance of Purchase Consideration in full, the Purchaser's Solicitors are authorised to complete the sale and purchase by causing the presentation for registration of the transfer of the Subject Land in favour of the Purchaser and upon the registration, to return the original Issue Document of Title to the Subject Land together with all other relevant documents to the Purchaser.
- ii. In the event that the Purchaser obtains a loan from the Financier to assist it in the payment of the Balance of Purchase Consideration, the Purchaser shall on or before the Payment Date cause or procure the delivery to the Vendor's Solicitors:-
 - a. the Financier's Undertaking; and
 - b. the Differential Sum Confirmation,

then the Purchaser's Solicitors shall be authorised to forward to the Financier or its Solicitors the said documents provided always that nothing shall be interpreted to extend time for payment of the Balance of Purchase Consideration beyond the due dates and to release the liability of the Purchaser to pay the Balance of Purchase Consideration with late payment interest, if any, on or before the said due dates.

APPENDIX I – SALIENT TERMS OF THE SPA (CONT'D)

4. Vacant Possession

- i. The Vendor covenants with the Purchaser that the Subject Land shall substantially be in and of the same physical condition state nature and character (fair wear and tear excepted) as at the date of the SPA. The Subject Land shall be delivered to the Purchaser free from occupiers, tenants, trespassers, debris, scraps and dumping, and the Vendor shall at its own cost and expense demolish and/ or remove any other structures (including but not limited to any building) within the Subject Land prior to the delivery of vacant possession to the Purchaser.
- ii. The Vendor shall deliver to the Purchaser vacant possession of the Subject Land (free from all structures tenants and squatters) within 3 working days from the date of the Vendor's Solicitor's receipt of the Purchase Consideration together with any late payment interest in full.
- iii. In the event that the SPA shall be lawfully terminated after vacant possession of the Subject Land has been delivered, the Purchaser shall redeliver to the Vendor vacant possession of the Subject Land in substantially the same state nature and character as it is at the date the Vendor first delivered the same, fair wear and tear excepted.

5. Purchaser's Default

- i. In the event that the Purchaser shall refuse to proceed with the purchase of the Subject Land after the SPA shall become unconditional, the Vendor shall be entitled to terminate the SPA by a notice in writing to the Purchaser, in which event the Vendor shall be entitled to treat as forfeited the sum of RM3,000,000 only as agreed liquidated damages and the Purchaser shall return or cause to be returned to the Vendor all documents which have been delivered to the Purchaser, the Purchaser's Solicitors and the Financier's Solicitors with the Vendor's interests intact and the SPA shall be null and void and of no further force or effect and the Vendor shall be at liberty to sell or otherwise to dispose of the Subject Land at such price and in such other manner and to such other person or persons as the Vendor shall think fit.
- ii. In the event that the Purchaser fails to pay the Purchase Consideration or any part thereof in the manner and within the time stipulated, without prejudice to the rights of the Vendor, the SPA may be terminated by the Vendor by a notice in writing to the Purchaser, in which event the Vendor shall be entitled to treat as forfeited the sum of RM6,000,000 only as agreed liquidated damages and refund to the Purchaser all other moneys paid towards the Purchase Consideration pursuant to the SPA, if any, free from interest and in exchange for the refund, the Purchaser shall return or cause to be returned to the Vendor all documents which have been delivered to the Purchaser, the Purchaser's Solicitors and the Financier's Solicitors with the Vendor's interests intact and the SPA shall be null and void and of no further force or effect and the Vendor shall be at liberty to sell or otherwise to dispose of the Subject Land at such price and in such other manner and to such other person or persons as the Vendor shall think fit.

6. Vendor's Default

In the event that the Vendor shall breach any provisions of the SPA in any material respects and/ or fail to complete the sale and purchase and the Purchaser shall have duly complied with the terms and conditions contained in the SPA, without prejudice to its remedy of specific performance in law, the Purchaser shall be entitled to terminate the SPA by a notice in writing to the Vendor, in which event, the Vendor shall refund all moneys paid by the Purchaser towards the Purchase Consideration free from interest and in addition pay the Purchaser the sum of RM6,000,000 only as agreed liquidated damages and in exchange for the refund, the Purchaser shall return or cause to be returned to the Vendor all documents which have been delivered to the Purchaser, the Purchaser's Solicitors and the Financier's Solicitors with the Vendor's interests intact and the SPA shall be null and void and be of no further force and effect and neither party shall have any claim demand or action against the other in respect of any matter or thing arising in or out of the SPA.

APPENDIX II – SALIENT TERMS OF THE SA

The salient terms of the SA are set out below:-

1. The parties agree that the additional provisions contained in the SA shall be applicable to the sale and purchase of the Subject Land pursuant to the SPA.
2. In addition to the Condition Precedent stipulated in the SPA, the parties agrees that the SPA is subject to and shall be conditional upon the following being fulfilled within the Cut-Off Date:-
 - a. the attainment by the Purchaser at its own cost and expense to obtain an in principle approval by DBKL to grant the Development Order/ Kebenaran Merancang for the proposed development of the Subject Land with a plot ratio of not less than 1:7 ("**Development Order**").

The Shareholders Approval (as defined in the SPA) and the Development Order shall be collectively referred to as "**Conditions**").
 - b. Upon the receipt by the Purchaser of a copy of the letter from DBKL confirming its approval to grant the Development Order with a plot ratio of not less than 1:7, the Development Order shall be deemed obtained.
 - c. For avoidance of doubt, the parties agree that in the event that the plot ratio approval granted by DBKL on the Development Order is less than 1:7, the parties shall negotiate in good faith and agreed on a new purchase price to reflect the lower approved plot ratio within 30 days from the date of the approval of the Development Order, failing which, either party shall be entitled to terminate the SPA and SA.

appraisal

since 1972

Our Ref : C/SC 21-474 /JT (Valuation Certificate)

18 November 2021

Board of Directors

Minetech Resources Berhad

D-G-5, Block D, Parklane Commercial Hub

No. 21, Jalan SS 7/26

47301 Petaling Jaya

Selangor Darul Ehsan



RICS

APPRAISAL (MALAYSIA) SDN BHD

11943-W, VE (1) 0061

No. 160-4-8 & 9, Kompleks Maluri

Business Centre, Jalan Jejaka

55100 Kuala Lumpur

T 03 9285 3988

F 03 9281 6731

E appr-1@appraisal.com.my

Dear Sirs,

Valuation Certificate for a plot of commercial land identified as Lot 11615, Locality of 4th Mile Ampang Road, Mukim of Ampang, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur held under Geran Mukim 277

We were appointed by the client, Minetech Resources Berhad ("Minetech") to prepare a valuation report in respect of the freehold interest in the abovementioned property ("Subject Property") for submission to Bursa Malaysia Securities Berhad ("Bursa Securities") in respect of the proposed acquisition of the Subject Property.

SUBJECT PROPERTY

The Subject Property comprises the freehold interest in a plot of commercial land identified as **Lot 11615, Locality of 4th Mile Ampang Road, Mukim of Ampang, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur** held under **Geran Mukim 277**.

DATE OF INSPECTION & VALUATION

A physical inspection of the Subject Property was conducted on 11 November 2021 and a valuation report was prepared on 18 November 2021. The material date of the valuation is on **11 November 2021**. During our site inspection, the Subject Property and its surrounding were inspected.

BASIS OF VALUATION

Our basis of valuation is the Market Value, which is described in the *Malaysian Valuation Standards 6th Edition 2019* ("MVS") as, "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

VALUATION STANDARDS

This valuation certificate is prepared in compliance with the *Asset Valuation Guidelines (1st issued on 8 May 2009, revised on 19 January 2017)* ("AVA") issued by the Securities Commission Malaysia ("SC") and the MVS published by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia.

LOCATION OF THE SUBJECT PROPERTY

The Subject Property is located along Jalan Mengkudu and Jalan 1/67B within the residential area of Desa Pahlawan, off Jalan Ampang, Kuala Lumpur. It is highly visible from Jalan Ulu Klang which runs parallel to Jalan 1/67B. It is situated about 3.5 kilometres due east of the Kuala Lumpur city centre.

DESCRIPTION OF THE SUBJECT PROPERTY

The Subject Property comprises a plot of commercial land held under a freehold title. It is near triangular in shape, flat in terrain and lies at the same level as the frontage roads. The land area of the Subject Property is 5,612 sq. m. or 60,407 sq. ft.

At the date of inspection, we noted that the Subject Property was erected upon with buildings utilised for various commercial purposes such as sales galleries, showrooms and retail outlets. However, we were instructed by Minetech to conduct a valuation of the Subject Property on the basis that it is a vacant commercial land with all existing buildings demolished.

CATEGORY OF LAND USE & PLANNING PROVISIONS

The category of land use of the Subject Property is "Bangunan" (Building) as stated in the title document. In the *Pelan Bandar Raya Kuala Lumpur 2020* ("Local Plan"), the Subject Property is zoned for "Perdagangan" (Commercial). According to the Local Plan, the Subject Property has a plot ratio of 1 : 4.

EXISTING USE

Presently, the Subject Property is used for various commercial purposes such as sales galleries, showrooms and retail outlets.

PARTICULARS OF TITLE

Brief particulars of the title as extracted from a search at the Pejabat Tanah dan Galian Wilayah Persekutuan Kuala Lumpur on 15 November 2021 are as follows:-

| | |
|--------------------------------|--|
| Title No. | : Geran Mukim 277 |
| Lot No. | : Lot 11615 |
| Locality | : 4 th Mile Ampang Road |
| Mukim/District/State | : Ampang/Kuala Lumpur/Wilayah Persekutuan Kuala Lumpur |
| Land Area | : 5,612 square metres |
| Tenure | : Freehold |
| Annual Rent | : RM1,235.00 |
| Category of Land Use | : Bangunan |
| Express Condition | : It shall not be a breach of the implied cultivation condition of the land herein described if it is not used for the purpose of cultivation. |
| Restriction in Interest | : Nil |
| Registered Proprietor | : M & GA Sdn. Bhd. |
| Charge | : Charged to Bank Islam Malaysia Berhad vide Presn. No. PTSC3643/2015, registered on 28 April 2015 |
| Caveat | : Private caveat in favour of Bank Islam Malaysia Berhad vide Presn. No. PTB5035/2014, registered on 31 December 2014 |

METHOD OF VALUATION

In accordance with paragraph 4.06, Chapter 4 of the AVA issued by the SC, at least two valuation approaches are to be adopted and where only one approach is adopted, the reason for this departure must be disclosed.

In arriving at our opinion of value, we have adopted the Comparison Method only. Only one method was adopted for the valuation of the Subject Property due to the following reasons:-

- i) The Subject Property is valued on the basis that it is a vacant commercial land. As such, there is no recurring income derived from the Subject Property that could be capitalised using the Income Capitalisation Approach; and,
- ii) At the date of valuation there was no subsisting development order in respect of the Subject Property. A Residual Method could only be adopted where a development order together with market and feasibility studies are available.

The Comparison Method involves a process of comparing the Subject Property with recent sales of similar properties in the vicinity and making appropriate adjustments to account for differences. In our Comparison Method, we have taken into consideration the following comparables :-

| Property Details | Comparable 1 | Comparable 2 | Comparable 3 | Comparable 4 | Comparable 5 |
|----------------------------------|--|---|--|---|--|
| Title No. | Geran 79737 | Geran 76763 | Geran 33324 & 33325 | Geran 66452 | Geran 27354 |
| Lot No. | Lot 263 | Lot 20005 Seksyen 90 | Lot 146 & 147 Seksyen 89A | Lot 326 Seksyen 89A | Lot 4343 |
| Mukim/District | Bandar Kuala Lumpur/Kuala Lumpur | | | | Ampang/Kuala Lumpur |
| State | Wilayah Persekutuan Kuala Lumpur | | | | |
| Location | Along Jalan Ampang Hilir, off Jalan Ampang. | Adjacent to MyTown shopping centre & IKEA. | Along Jalan Ampang & closer to the Kuala Lumpur city centre. | Within the affluent residential area of U-Thant & adjacent to the Royal Selangor Golf Club. | Along Jalan Ampang & next to Bangunan RISDA. |
| Type | Land & building | Vacant lands | | | |
| Physical Description | Regular shape, flat terrain, same level with frontage road. | Rectangular shape, flat terrain, same level with frontage road. | | | |
| Tenure | Freehold | | | | |
| Land Area (sq. m.) | 14,535 | 11,879 | 9,423.808 | 8,645 | 2,380 |
| Land Area (sq. ft.) | 156,453.29 | 127,864.37 | 101,436.93 | 93,053.92 | 25,618.08 |
| Category of Land Use | Building | | Not stated | | Agriculture |
| Planning Provision (Zoning) | Residential | Commercial | | Residential | Commercial |
| Plot Ratio | N/A | 1 : 3 | 1 : 6 | N/A | 1 : 6 |
| Consideration (RM) | 145,800,000.00 * | 129,971,645.00 | 181,000,000.00 | 83,748,600.00 | 34,584,300.00 |
| Price (RM per sq. ft.) | 931.91 | 1,016.48 | 1,784.36 | 900.00 | 1,350.00 |
| Date of Transaction | 16 July 2020 | 12 June 2020 | 28 December 2018 | 3 May 2018 | 27 December 2018 |
| Vendor(s) | DNP Jaya Sdn Bhd | Mutiara Rini Sdn Bhd | Yip Fung Sendirian Berhad | D&P-Ejenawa Sdn Bhd | Emperor Classic Lighting Sdn Bhd |
| Purchaser(s) | Paramount Property (Cityview) Sdn Bhd | Binastra Synergy Sdn Bhd | Embassy of the People's Republic of China in Malaysia | Meer Sadik Bin Habib Mohamed | Primary Dual Sdn Bhd |
| Adjustments made for differences | Adjustments for time, location, shape, category of land use, zoning, plot ratio, Covid-19 pandemic & size | | | | |
| Adjusted Prices (RM/sq. ft.) | 1,070.00 | 1,000.00 | 1,180.00 | 1,060.00 | 960.00 |
| Source | All the details above are sourced from <i>Jabatan Penilaian & Perkhidmatan Harta (JPPH)</i> except for Comparable 1 which was sourced from a company announcement dated 16 July 2020 on Bursa Securities' website. | | | | |

* **Note** : Based on the company announcement dated 16 July 2020 on Bursa Securities' website, the total consideration for Comparable 1 was RM161,600,000.00 for the land and building erected thereon. The consideration for the improved land only was RM145,800,000.00.

In our opinion, Comparable 2 is the most suitable comparable for the following reasons:-

- 1) It has the same category of land use as the Subject Property, i.e. Building;
- 2) It has the same planning provision (zoning) as the Subject Property, i.e. Commercial;
- 3) It has the most similar plot ratio as the Subject Property;

- 4) It is the second most recent transaction among the five (5) comparables.

As such, we have adopted the market value of **RM1,000.00 per sq. ft.** in our valuation of the Subject Property.

IMPACT OF COVID-19 PANDEMIC

Since the outbreak of Covid-19 and the resulting multiple economic lockdowns and stringent movement restriction measures imposed by the government, the property market has not been spared from the impact of the pandemic.

For the commercial sector, we observed a significant drop in occupancy rates for offices and hotels since the pandemic struck. However, there is an observed pick-up in the demand for hotels (especially the resort-type hotels) during the past few months due to the relaxation of movement restrictions and the advance stage of vaccinations among the population of Malaysia.

The demand for office space has yet to experience any meaningful improvement due to the increased adaptation to remote or hybrid working among office workers, office down-sizing and office closures. The situation is further exacerbated by the office space oversupply situation in Kuala Lumpur.

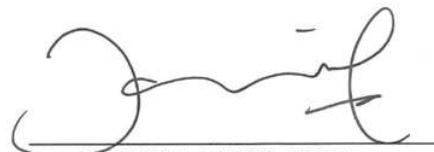
However, commercial and development lands continue to command a healthy level of demand with developers and investors taking a more aggressive stance towards the acquisitions of landbanks for future development. Many developers are also taking the current opportunity when landowners are more willing to sell their lands at reasonable prices during the pandemic.

In our valuation, no adjustments were made for Covid-19 impact for the comparables that were transacted during the pandemic, whilst slight adjustments were made to the comparables transacted prior to the pandemic. Nevertheless, we had relied on a comparable that was transacted during the pandemic (i.e. Comparable 2) in our valuation of the Subject Property.

CONCLUSION

Taking into consideration all the relevant factors highlighted above and in our valuation report, we are of the opinion that the **Market Value** of the Subject Property as a vacant commercial land, free from encumbrances and with the title being good and transferable, as at **11 November 2021**, is **RM60,400,000.00** (Ringgit Malaysia Sixty Million and Four Hundred Thousand Only).

For and on behalf of
APPRAISAL (MALAYSIA) SDN BHD :



Sr. JAMIE TAN, MRICS, MISM
Chartered Surveyor
Bsc (Hons) Estate Management
Registered Valuer V0612
Executive Director
Date : 18 November 2021

APPENDIX IV – SALIENT TERMS OF THE TEAMING AGREEMENT

The salient terms of the Teaming Agreement are set out below:-

1. OBLIGATIONS OF DKSCSB

DKSCSB shall be responsible for the following:-

- i. to undertake the trading of the Products with wholesalers and/ or retailers, and to liaise with V2SB for the purpose of purchasing the Products pursuant to the New Business. Nonetheless, upon delivery of the Products, DKSCSB shall issue invoices directly to such wholesalers and/ or retailers; and
- ii. to provide invoice with cash on delivery terms to wholesalers and/ or retailers who purchase the Products.

2. OBLIGATIONS OF V2SB

V2SB shall be responsible for the following:-

- i. to be officially appointed as distributor in Malaysia by the Supplier;
- ii. in charge of the New Business's day-to-day operations, which includes the sales of the Products, marketing and collection management;
- iii. to conduct negotiations with the Supplier, relevant authorities or any third parties, including the necessary correspondence;
- iv. to prepare and compile all documents required for the purchase orders from DKSCSB and submit the purchase orders and any other relevant documents to the Supplier;
- v. to further provide DKSCSB with any other relevant information as DKSCSB may reasonably request from time to time in relation to the New Business;
- vi. to deliver the Products to the wholesalers and/ or retailers after receiving the Products from the Supplier;
- vii. to ensure that the trading time is 30 days per Distribution Cycle to be calculated from the date DKSCSB place purchase orders to V2SB until the receipt of payment from wholesalers and/ or retailers; and
- viii. to bear the full damage, injury or loss in the event of any Products' defect and/ or cancellation of purchase orders from wholesales and/ or retailers.

3. UNSUCCESSFUL TRADING

- i. In the event that V2SB's purchase orders are not accepted by the Supplier during its validity period (or any extension), each of the Parties shall be solely responsible for their own costs and expenses incurred except as may otherwise be agreed in any particular case, and neither of the Parties shall have any right or claim against the other for the failure of purchase orders.
- ii. The Parties agree that there will be no obligation on the Parties to collaborate on the New Business if purchase orders are not accepted by the Supplier.
- iii. This provision shall not affect or prejudice the rights of the other Party to proceed against the other for any breach or non-observance of any antecedent terms and conditions of the Teaming Agreement.

APPENDIX IV – SALIENT TERMS OF THE TEAMING AGREEMENT (CONT'D)

4. SUCCESSFUL TRADING

- i. In the event that purchase orders are accepted by the Supplier, such acceptance shall be jointly and severally binding on the Parties collectively in accordance with the terms of the Teaming Agreement and until the due completion of the New Business in accordance to the letter of award/ intent or approval by the Supplier. For the purpose of the New Business, DKSCSB and V2SB will set up and operate an escrow account together to remit payment for the Products purchased from the Supplier and execute all necessary documents and shall faithfully perform and observe all the terms and conditions each as to the other and as to the Supplier.
- ii. The Parties shall regularly and diligently proceed with and perform all works related to the New Business in accordance with the terms and conditions of the Teaming Agreement.
- iii. The Parties shall not do anything or cause, deliberately or otherwise, a breach of the terms and conditions contained in the Teaming Agreement between the Parties.

5. EXCLUSIVITY

- i. Whilst the Teaming Agreement is in force each Party shall not individually or jointly with any third party propose or provide information constituting or leading to the New Business or enter into any agreement, discussion, arrangement or any form of dealings which competes with the objectives of the Teaming Agreement or the New Business and shall not undertake any action or communicate any information which may affect the same without the prior written consent from the other Party.
- ii. Exclusivity in the Teaming Agreement is intended for all works in relation to the New Business in accordance to the Teaming Agreement.

6. DURATION AND TERMINATION OF AGREEMENT

- i. The Teaming Agreement shall remain in force until all liabilities, obligations and commitments pursuant to the New Business in compliance with the Teaming Agreement have been fully discharged.
- ii. Notwithstanding clause 6(i), each of the Parties may terminate the Teaming Agreement forthwith:-
 - a. by giving 1 month written notice in the event of any material breach of the terms stipulated in the Teaming Agreement to the other Party to perform any obligation or undertaking imposed on the Party by virtue of the Teaming Agreement, and which if the breach or failure is not rectified within 10 business days after the notification of default has been received by the defaulting Party. Such termination shall not derogate any rights of the Parties to claim against the other to any antecedent breach committed pursuant to the Teaming Agreement; or
 - b. if any one of the Party goes into voluntary liquidation otherwise than for the purpose of reconstruction or amalgamation or an order of the court is made for its compulsory liquidation or shall have a receiver or similar officer appointed in respect of material part of its assets; or

APPENDIX IV – SALIENT TERMS OF THE TEAMING AGREEMENT (CONT'D)

- c. if any one of the Party compounds or makes any composition or arrangement with its creditors; or
 - d. if any one of the Party becomes insolvent; or
 - e. if any one of the Party merges or consolidates with another company or entity.
- iii. In the event that the Teaming Agreement is terminated pursuant to clause 6(ii), the other Party shall have the right to continue the joint venture and proceed with the completion of the New Business to the exclusion of the defaulting Party and all progress works of the New Business as from such date of termination and payments received shall belong to the non-defaulting Party thereafter.
- iv. In the event that the Teaming Agreement is terminated pursuant to clause 6(ii), all the existing payment disbursed by DKSCSB to V2SB shall become due and payable by V2SB to DKSCSB subject to the failure of collection within the Distribution Cycle.
- v. The Teaming Agreement shall be automatically terminated if the letter of award/ intent or approval from the Supplier has not been released to the consortium within 12 months from the date of the execution of the Teaming Agreement provided always that purchase orders has been submitted to the Supplier and/ or the relevant authorities who are competent to give such letter of intent within reasonable time.
- vi. Notwithstanding clause 6(iii), the Teaming Agreement may be extended to a certain period of time if such extension is mutually agreed upon by the Parties in writing prior to the expiry of the Teaming Agreement.

7. SETTLEMENT OF DISPUTES – ARBITRATION

- i. Any dispute arising between the Parties concerning the construction of the Teaming Agreement or the right, duties or liabilities of either of the Parties shall be resolved by mutual consultation.
- ii. In the event all the Parties fail to settle the dispute, such dispute shall be submitted to an arbitrator agreed upon by all the Parties in Kuala Lumpur in accordance with the Rules for Asian International Arbitration Centre.
- iii. The language of the arbitration shall be in English.
- iv. Any such reference shall be deemed to be submission to arbitration within the meaning of the provisions of the Arbitration Act 2005 (Act 646) of Malaysia and any amendments or re-enactment thereof.

8. AGREEMENT NOT TO CREATE PARTNERSHIP

It is agreed and declared by the Parties that the Teaming Agreement shall not create any form of partnership whatsoever between DKSCSB and V2SB within the definition of the Partnership Act 1961 (Act 135) and that nothing in the Teaming Agreement shall be construed to make any Party the representative or agent of the other.

APPENDIX V – FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENT

UOBKH, being the Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

Appraisal, being the Valuer to Minetech in relation to the valuation of the Subject Land, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTEREST

UOBKH has given its written confirmation that there is no situation of conflict of interest that exists nor is likely to exist in relation to its role as the Adviser to Minetech for the Proposals.

Appraisal has given its written confirmation that there is no situation of conflict of interest that exists nor is likely to exist in relation to its role as the Valuer to Minetech in relation to the valuation of the Subject Land.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, the Board is not aware any material litigation, claims or arbitration, proceedings pending, or of any facts likely to give rise to any proceedings involving the Subject Land.

5. MATERIAL COMMITMENTS

Save as disclosed below, as at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by Minetech Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results/ position of the Group:-

| | |
|---|---------------------|
| | RM'000 |
| Property, plant and equipment | |
| Authorised and contracted for (in relation to the development of the Solar Power Plant) | 8,267 |
| | <u><u>8,267</u></u> |

APPENDIX V – FURTHER INFORMATION (CONT'D)

6. CONTINGENT LIABILITIES

Save as disclosed below, as at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by Minetech Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results/ position of the Group:-

| | RM'000 |
|----------------------|----------------------|
| Corporate guarantees | 16,281 |
| Bank guarantees | 5,993 |
| | <u>22,274</u> |

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of Minetech at 12th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, during the normal business hours from Monday to Friday (except public holidays) from the date hereof up to the time stipulated for the holding of the EGM:-

- i. the Constitution of Minetech;
- ii. the audited consolidated financial statements of Minetech Group for the past 2 financial years up to the FYE 31 March 2021, and the latest unaudited quarterly report of Minetech Group for the 9-month FPE 31 December 2021;
- iii. the valuation certificate and valuation report for the Subject Land prepared by the Valuer;
- iv. the SPA, SA, Teaming Agreement and SIS By-Laws; and
- v. the letters of consent and declaration of conflict of interest referred to in Sections 2 and 3 above, respectively.



MINETECH RESOURCES BERHAD

Registration No. 200201007880 (575543-X)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of Minetech Resources Berhad ("**Minetech**" or the "**Company**") will be conducted as a fully virtual meeting through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities vide the online meeting platform of TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration no. with MYNIC: D1A282781) on Friday, 22 April 2022 at 10.00 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification the following resolutions:-

ORDINARY RESOLUTION 1

PROPOSED ACQUISITION OF A PARCEL OF FREEHOLD LAND HELD UNDER GERAN MUKIM 277, LOT 11615, TEMPAT 4TH MILE AMPANG ROAD, MUKIM AMPANG, DAERAH KUALA LUMPUR, NEGERI WILAYAH PERSEKUTUAN KUALA LUMPUR ("SUBJECT LAND") FOR A PURCHASE CONSIDERATION OF RM60.0 MILLION ONLY ("PURCHASE CONSIDERATION") TO BE SATISFIED ENTIRELY IN CASH ("PROPOSED ACQUISITION")

"THAT, subject to the approvals from all relevant authorities and/ or parties being obtained in respect of the Proposed Acquisition, approval be and is hereby given for MRB Property Sdn Bhd ("**MRBPSB**"), a wholly-owned subsidiary of the Company, to acquire the Subject Land for a purchase consideration of RM60.0 million only;

THAT, the Purchase Consideration shall be satisfied entirely in cash in accordance with the terms and conditions of the conditional sale and purchase agreement dated 19 November 2021, supplemented by the supplemental agreement of even date, entered into between MRBPSB and M & GA Sdn Bhd;

AND THAT the Board of Directors of Minetech ("**Board**") be and is hereby authorised to sign and execute all necessary documents, do all things and acts as may be required to give effect to the Proposed Acquisition with full power to assent to any conditions, variations, modifications, and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps to do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Acquisition."

ORDINARY RESOLUTION 2

PROPOSED DIVERSIFICATION OF THE EXISTING PRINCIPAL ACTIVITIES OF MINETECH AND ITS SUBSIDIARIES ("MINETECH GROUP" OR THE "GROUP") TO INCLUDE THE BUSINESS OF TRADING IN FOOD AND BEVERAGE ("PROPOSED DIVERSIFICATION")

"THAT, subject to the approvals of the relevant authorities and/ or parties being obtained, approval be and is hereby given to the Group to diversify its existing principal activities to include the business of trading in food and beverage;

AND THAT the Board be and is hereby authorised to sign and execute all necessary documents, do all things and acts as may be required to give effect to the Proposed Diversification with full power to assent to any conditions, variations, modifications, and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps to do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Diversification."

ORDINARY RESOLUTION 3

PROPOSED VARIATION TO THE UTILISATION OF PROCEEDS ARISING FROM THE RIGHTS ISSUE AND PRIVATE PLACEMENT ("PROPOSED VARIATION")

"**THAT**, subject to the passing of Ordinary Resolution 1 and Ordinary Resolution 2 and all approvals being obtained from the relevant authorities and/ or parties, if applicable, approval be and is hereby given for the Board to vary the utilisation of proceeds from the following corporate exercises:-

- i. the renounceable rights issue of 582,664,397 new irredeemable convertible preference shares in Minetech; and
- ii the private placement of up to 349,598,600 new ordinary shares in the Company ("**Minetech Share(s)**" or "**Share(s)**"), representing up to 30% of the Company's existing number of issued Shares (excluding any treasury shares),

the details of which are set out in Section 4 of the circular to shareholders of the Company dated 6 April 2022;

AND THAT, the Board be and is hereby authorised to approve, sign and execute all necessary documents, do all things and acts as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Variation in the best interest of the Company with full power to assent to any conditions, variation, modifications, and/ or amendments in any manner as may be required by any relevant authorities, the relevant and applicable laws or deemed necessary or desirable by the Board."

ORDINARY RESOLUTION 4

PROPOSED GRANTING OF OPTIONS UNDER THE SHARE ISSUANCE SCHEME ("SIS") TO MR LOKE KIM MENG, A NON-INDEPENDENT NON-EXECUTIVE DIRECTOR OF MINETECH ("PROPOSED GRANTING OF OPTIONS")

"**THAT**, pursuant to the SIS approved by the shareholders of the Company at the Extraordinary General Meeting held on 28 June 2021, the Board be and is hereby authorised at any time and from time to time, during the existence of the SIS, to offer and to grant to Mr Loke Kim Meng, being the Non-Independent Non-Executive Director of Minetech, options to subscribe for the new Shares under the SIS and if such options are accepted and exercised, to allot and issue such number of new Shares as may be required to be issued to him under the SIS, provided always that:-

- i. he must not participate in the deliberation or discussion of his own allocation of the number of Options to be offered to him, as well as that of the persons connected with him, under the SIS; and
- ii. not more than 10% of the total number of new Shares to be issued under the SIS shall be allocated to him, if he, either singly or collectively through persons connected with him, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares),

subject always to such terms and conditions of the SIS as may, from time to time, be modified, varied and/ or amended in accordance with the provisions of the by-laws and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time."

By Order of the Board

TAI YIT CHAN (MAICSA 7009143) (SSM PC No.: 202008001023)

TAN AI NING (MAICSA 7015852) (SSM PC No.: 202008000067)

Company Secretaries

Selangor Darul Ehsan
6 April 2022

Notes:-

1. The EGM will be conducted on a fully virtual basis via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide of EGM for the procedures to register, participate and vote remotely through the RPV facilities.

The Administrative Guide on the conduct of the fully virtual EGM of the Company is available at the Company's website at <https://minetech.com.my/reports/>.

2. The conduct of a fully virtual EGM is in line with the revised Guidance Note and Frequently Asked Questions on the conduct of General Meetings for Listed Issuers issued by Securities Commission of Malaysia. An online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia and all meeting participants including Chairman of the meeting, board members, senior management and shareholders are to participate in the meeting online.
3. A member entitled to attend, participate and vote remotely at the meeting is entitled to appoint a proxy(ies) to attend and vote for his/her behalf. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
4. A member may appoint up to two (2) proxies to attend and vote at the meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
7. The appointment of proxy may be made in a hardcopy form or by electronic means, not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof, as follows:-

(i) In Hardcopy Form

The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or a notorially certified copy of such power or authority, must be deposited with Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.

(ii) By Electronic Means

The instrument appointing a proxy or proxies can be submitted electronically, via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide of EGM for further information on electronic submission of proxy form via TIIH Online.

The appointment of the proxy(ies) will be **INVALID** if the Proxy Form/ e-Proxy Form is not completed correctly in accordance with the instructions stated in the form.

8. The members, proxies or corporate representatives may submit questions in relation to the resolutions to be tabled at the EGM at <https://tiih.online> prior to the meeting or to use the query box to transmit questions by typed texts via RPV facilities during live streaming of the EGM of the Company.
9. Pursuant to Paragraph 8.29(A) of Main Market Listing Requirements of Bursa Securities, all the resolution(s) at the EGM of the Company shall be put to vote by way of poll.
10. In respect of deposited securities, only members whose names appear on the Record of Depositors on 15 April 2022 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

**MINETECH RESOURCES BERHAD**

Registration No. 200201007880 (575543-X)
(Incorporated in Malaysia)

PROXY FORM

| | |
|-----------------|--------------------|
| CDS Account No. | No. of shares held |
| | |

I/ We _____ Tel: _____
[Full name in block, NRIC/ Passport/ Company No.]

of _____

being shareholder(s) of **MINETECH RESOURCES BERHAD [Registration No. 200201007880 (575543-X)]** (the "**Company**"), hereby appoint ***THE CHAIRMAN OF THE MEETING** or failing him/her

| Full Name (in Block) | NRIC/ Passport No. | Proportion of Shareholdings | |
|------------------------------|--------------------|-----------------------------|---|
| | | No. of Shares | % |
| Address | | | |
| Telephone no./ Email address | | | |

and

| Full Name (in Block) | NRIC/ Passport No. | Proportion of Shareholdings | |
|------------------------------|--------------------|-----------------------------|---|
| | | No. of Shares | % |
| Address | | | |
| Telephone no./ Email address | | | |

as my/our proxy(ies) to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company which will be conducted as a fully virtual meeting through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities vide the online meeting platform of TIIH Online website at <https://tiih.online> on Friday, 22 April 2022 at 10.00 a.m. or at any adjournment thereof.

* if you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "the Chairman of the Meeting or failing him/her" and insert the name(s) of the person(s) desired.

My/our proxy/proxies is/are to vote as indicated below.

| Description of Resolutions | Resolutions | For | Against |
|------------------------------|-----------------------|-----|---------|
| Proposed Acquisition | Ordinary Resolution 1 | | |
| Proposed Diversification | Ordinary Resolution 2 | | |
| Proposed Variation | Ordinary Resolution 3 | | |
| Proposed Granting of Options | Ordinary Resolution 4 | | |

(Please indicate with an "X" in the appropriate box against the resolutions on how you wish your proxy to vote. The proxy is to vote on the resolutions set out in the Notice of Meeting as you have indicated. If no specific instruction as to voting is given, this form will be taken to authorise the proxy to vote at his/her discretion.)



Signature/Common Seal of Shareholder _____

Number of shares held: _____

Date: _____

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

| | <u>No. of shares</u> | <u>Percentage</u> |
|---------|----------------------|-------------------|
| Proxy 1 | | % |
| Proxy 2 | | % |
| Total | | 100% |

Notes:-

1. The EGM will be conducted on a fully virtual basis via TIIH Online website at <https://tiah.online>. Please refer to the Administrative Guide of EGM for the procedures to register, participate and vote remotely through the RPV facilities.

The Administrative Guide on the conduct of the fully virtual EGM of the Company is available at the Company's website at <https://minetech.com.my/reports/>.

2. The conduct of a fully virtual EGM is in line with the revised Guidance Note and Frequently Asked Questions on the conduct of General Meetings for Listed Issuers issued by Securities Commission of Malaysia. An online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia and all meeting participants including Chairman of the meeting, board members, senior management and shareholders are to participate in the meeting online.
3. A member entitled to attend, participate and vote remotely at the meeting is entitled to appoint a proxy(ies) to attend and vote for his/her behalf. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
4. A member may appoint up to two (2) proxies to attend and vote at the meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
7. The appointment of proxy may be made in a hardcopy form or by electronic means, not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof, as follows:-

(i) In Hardcopy Form

The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited with Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.

(ii) By Electronic Means

The instrument appointing a proxy or proxies can be submitted electronically, via TIIH Online website at <https://tiah.online>. Please refer to the Administrative Guide of EGM for further information on electronic submission of proxy form via TIIH Online.

The appointment of the proxy(ies) will be **INVALID** if the Proxy Form/ e-Proxy Form is not completed correctly in accordance with the instructions stated in the form.

8. The members, proxies or corporate representatives may submit questions in relation to the resolutions to be tabled at the EGM at <https://tiah.online> prior to the meeting or to use the query box to transmit questions by typed texts via RPV facilities during live streaming of the EGM of the Company.
9. Pursuant to Paragraph 8.29(A) of Main Market Listing Requirements of Bursa Securities, all the resolution(s) at the EGM of the Company shall be put to vote by way of poll.
10. In respect of deposited securities, only members whose names appear on the Record of Depositors on 15 April 2022 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 6 April 2022.

Fold this flap for sealing

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AFFIX
STAMP

MINETECH RESOURCES BERHAD
Registration No.: 200201007880 (575543-X)
C/O Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur

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