

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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ASDION BERHAD
(Registration No. 200201023149 (590812-D))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF A REVENUE OR TRADING NATURE

The above Proposal will be tabled as Special Business at the Nineteenth Annual General Meeting ("19th AGM") of Asdion Berhad ("Asdion") to be held at Function Rooms, Level M3, VE Hotel & Residence, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on Thursday, 24 March 2022 at 10:00 a.m. The Notice of the 19th AGM together with the Form of Proxy are set out in the Annual Report of Asdion for the financial year ended 30 September 2021.

The Proxy Form must be completed and deposited at the Registered Office of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur on or before the date and time indicated below in order for it to be valid. The lodging of the Proxy Form will not preclude you from attending and voting in person at the 19th AGM should you wish to do so.

Last date and time for lodging the Proxy Form : Wednesday, 23 March 2022
Date and time of the AGM : Thursday, 24 March 2022 at 10.00 am

This Circular is dated 31 January 2022

DEFINITIONS

In this Circular and the accompanying appendices, the following abbreviations shall have the following meanings unless otherwise stated:

“Asdion” or “the Company”	:	Asdion Berhad (200201023149 (590812-D))
“Asdion Group” or “Group”	:	Asdion and its Subsidiaries Companies, collectively
“Act”	:	Companies Act, 2016
“AGM”	:	Annual General Meeting
“ARMC”	:	The Audit and Risk Management Committee of Asdion
“Board” or the “Directors”	:	Board of Directors of Asdion
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (200301033577 (635998-W))
“CMSA”	:	Capital Markets and Services Act 2007
“Constitution”	:	The Constitution of the Company
“Depository”	:	Bursa Malaysia Depository Sdn Bhd
“Circular”	:	This circular to shareholders in relation to the Proposed Shareholders’ Mandate dated 31 January 2022
“AGM”	:	Annual General Meeting
“Director”	:	Shall have the same meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director or a chief executive of Asdion or any other company which is a subsidiary of Asdion or a holding of Asdion
“FPE”	:	Financial period ended/ ending, as the case may be
“FYE”	:	Financial year ended/ ending, as the case may be
“EHSB”	:	Eastbay Harvest Sdn Bhd (major shareholder until 21 September 2021)
“ACP”	:	Ang Chin Poo
“YST”	:	Yeoh Seng Tee
“TSSB”	:	Transeaways Shipping Sdn Bhd (199801012166 (0468294H)) - Indirect Shareholder of Eastbay Harvest Sdn Bhd, Shareholder of Asdion Berhad
“Asdion Share(s)” or “Share(s)”	:	Ordinary shares of
“LPD”	:	21 January 2022, being the latest practicable date prior to the printing of this Circular
“Listing Requirements”	:	ACE Market Listing Requirements of Bursa Securities
“Major Shareholder”	:	A person who has an interest or interests in one (1) or more voting shares in Asdion and the number or aggregate number of those shares, is:- (a) equal to or more than 10% of the total number of voting shares in Asdion;

DEFINITIONS

- or
(b) equal to or more than 5% of the total number of voting shares in Asdion where such person is the largest shareholder of Asdion. This includes any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, a major shareholder of Asdion as defined above or any other company which is a subsidiary of Asdion or Asdion's holding company. For the purpose of this definition, "interest in shares" shall have the meaning given in Section 8(4) of the Act
- "Person(s) Connected" : In relation to a director or a major shareholder, means such person(s) who falls under any one of the following categories:
- (a) family member of the director or major shareholder, and shall include his spouse, parent, child (including adopted child and stepchild), brother, sister and the spouse of his child, brother or sister;
 - (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the director, major shareholder or a family member of the director or major shareholder is the sole beneficiary;
 - (c) a partner of the director, or the major shareholder or a partner of a person connected with that director or major shareholder;
 - (d) a person who is accustomed or under an obligation whether formal or informal, to act in accordance with the directions, instructions or wishes of the director or major shareholder;
 - (e) a person in accordance with whose directions, instructions or wishes the director or major shareholder is accustomed or is under an obligation, whether formal or informal, to act;
 - (f) a body corporate or its directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the director or major shareholder;
 - (g) a body corporate or its directors whose directions, instructions or wishes the director or major shareholder is accustomed or under an obligation, whether formal or informal, to act;
 - (h) a body corporate in which the director, major shareholder or persons connected with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or
 - (i) a body corporate which is a related corporation.
- "Mandate Period" : The period during which the RRPTs are to be entered into for which the Proposed Shareholders' Mandate is being sought. This period shall commence immediately upon passing of the ordinary resolution for the Proposed Shareholders' Mandate during the forthcoming AGM or any adjournment thereof until:
- (a) The conclusion of the forthcoming AGM, unless the authority is renewed by a resolution passed at the forthcoming AGM;
 - (b) The expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 340(2) of the Act (but will not

DEFINITIONS

extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(c) Revoked or varied by an ordinary resolution passed by the shareholders in a general meeting

whichever is earliest

“NA”	:	Net assets attributable to ordinary equity holders of the Company
“Persons Connected”	:	Shall have the same meaning given in Paragraph 1.01 of the Listing Requirements
“Proposal”	:	Proposed Shareholders’ Mandate
“Proposed Shareholders’ Mandate”	:	Proposed new shareholders’ mandate in respect of the RRPT to be entered into by Asdion Group from the date of the AGM up to the next AGM of the Company as set out in Section 2.5 of this Circular
“RM”	:	Ringgit Malaysia
“Related Party(ies)”	:	Director(s), Major Shareholder(s) or person(s) connected with such Director(s) or Major Shareholder(s)
“RRPT”	:	Related Party transaction(s) which are recurrent, of a revenue or trading in nature and which are necessary for day-to-day operations of the Asdion Group

Words denoting the singular shall, where applicable, include the plural and vice-versa and words denoting the masculine gender shall, where applicable, include the feminine gender, neuter gender and vice versa. Reference to persons shall include corporations.

Any reference to a time of day shall be a reference to Malaysian time, unless otherwise stated.

Any reference to any statute is a reference to that statute as for the time being amended or re-enacted and any subsequent amendment thereof.

All references to “you” and “your” in this Circular are to the shareholders of the Company.

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ASDION BERHAD
(Registration No. 200201023149 (590812-D))
(Incorporated in Malaysia)

Registered Office:

Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

31 January 2022

The Board of Directors

Dato' Jagjit Singh A/L Bant Singh (*Independent Non-Executive Chairman*)
Razmi Bin Alias (*Executive Director*)
Dato' Badrul Sham Bin Ibrahim (*Independent Non-Executive Director*)
Karmjit Kaur A/P Sarban Singh (*Independent Non-Executive Director*)
Jamel Bin Ibrahim (*Independent Non-Executive Director*)

Dear Shareholders,

PROPOSED SHAREHOLDERS' MANDATE

1. INTRODUCTION

On 21 January 2022 the Board announced that the Company proposed to seek shareholders' approval Proposed Shareholders' Mandate for the RRPTs.

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

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSAL AND TO SEEK YOUR APPROVAL ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSAL TO BE TABLED AT THE FORTHCOMING AGM OR ANY ADJOURNMENT THEREOF. THE NOTICE OF THE 19TH AGM AND THE FORM OF PROXY ARE SET OUT ON THE 2021 ANNUAL REPORT.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTION BY WAY OF POLL TO GIVE EFFECT TO THE PROPOSAL TO BE TABLED AT THE FORTHCOMING AGM OR ANY ADJOURNMENT THEREOF.

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2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

2.1 Provision under the Listing Requirements

Pursuant to Paragraph 10.09 of the Listing Requirements, a listed issuer may seek its shareholders' mandate in respect of transactions which are made on an arm's length basis and are necessary for its day-to-day operations subject to, amongst others, the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the prescribed threshold as follows:-

“in relation to a listed issuer with a share capital of RM60 million and above:-

- (i) the consideration, value of the assets, capital outlay or costs of the transaction is RM1 million or more; or
- (ii) the percentage ratio of such transaction is 1% or more,

whichever is the higher”;

- (c) the listed issuer's circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities;
- (d) in a meeting to obtain shareholders' mandate, the interested Directors, Major Shareholders and Persons Connected with a Director or Major Shareholder, and where it involves the interest of an interested Persons Connected with a Director or Major Shareholder, such Director or Major Shareholder, must not vote on the resolution approving the RRPTs. An interested Director or Major Shareholder must also ensure that Persons Connected with them abstain from voting on the resolution approving the RRPTs; and
- (e) the listed issuer immediately announces to Bursa Securities when the actual value of a RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed in the Circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

Where a listed issuer has procured a shareholder mandate in respect of the transactions, the provisions under Paragraph 10.08 of the Listing Requirements will not apply to the transactions which are comprise in the said mandate.

2.2 Asdion Group has, in the ordinary course of its business, entered into RRPTs and is anticipated to continue to enter into such transactions with the Related Parties, the details of which are set out in Section 2.6 herein. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

2.3 Accordingly, the Board proposes to seek Proposed Shareholders' Mandate for future RRPTs to be entered into during the Mandate Period.

These RRPTs which are necessary for the day-to-day operations of Asdion Group, will be based on normal commercial terms, at arms' length, and have been/will be transacted on terms that are not more favourable to the Related Parties than those generally available to the public.

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2.4 Validity Period of the Proposed Shareholders' Mandate

The Proposed Shareholders' Mandate, if approved by the shareholders, shall take effect from passing of the ordinary resolution proposed at the forthcoming AGM, and shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company following this AGM, at which such Proposed Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the general meeting, the mandate is renewed;
- (ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Act (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by resolution passed by shareholders in a general meeting,

whichever is earlier.

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

2.5 Classes of Related Parties

Proposed Shareholders' Mandate will apply to the following classes of Related Parties:

- (i) Interested Directors;
- (ii) Interested Major Shareholders; and
- (iii) Persons Connected the Directors and/or Major Shareholders.

2.6 Principal Activities of Asdion Group

The principal activity of Asdion is investment holding, software development, information communication technology and related services. The principal activities of its subsidiaries as at LPD are as follows:

Name of Company	Effective Equity Interest (%)	Principal Activities
<u>Direct holding:</u>		
Asdion Digital Advance System Sdn. Bhd.	100	Adviser on Solutions relating to Information Technology
Asdion Project Synergy Sdn. Bhd.	100	Logistics Business
Asdion Logistics Sdn. Bhd.	100	Logistics Business
TAZ logistics Sdn Bhd	51	Dry Bulk Cargo Stevedoring related Services
Venice Sanctuary Sdn Bhd	100	Subcontractor of Civil Work
Asdion Property Management Sdn Bhd	100	Dormant
Asdion Material Supply Marketing Sdn Bhd	100	Dormant
MLEL	24	Investment Holdings
<u>Indirect subsidiaries:</u>		
Renox Stainless Steel Co. Ltd	24.5	Trading for Steel, Stainless, Aluminium and Stainless Equipment

Name of Company	Effective Equity Interest (%)	Principal Activities
Renox Resources Sdn Bhd	50	Trading of Value and Fittings of Machinery
PT. Renox Indonesia	49.6	Sales of Component sanitary for Food and Beverage Industry

2.7 Classes of related parties with whom transactions have been or will be carried out and contemplated

Entities/Director	Relationship
Ang Chin Poo	Director / Shareholder of Eastbay Harvest Sdn Bhd, Indirect Shareholder of Asdion Berhad , Director of TSSB
Yeoh Seng Tee	Director / Shareholder of Eastbay Harvest Sdn Bhd, Indirect Shareholder of Asdion Berhad , Director of TSSB
Eastbay Harvest Sdn Bhd (“EHSB”)	Shareholder of Asdion Berhad EHSB was substantial shareholder of Asdion Berhad up to 21 September 2021

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2.8 Nature of RRPT

The types of RRPT which are to be covered by the Proposed Shareholders' Mandate and the estimated value of the RRPT are disclosed in the following table:

Nature of RRPTs	Transacting Parties	Interested Related Party	Proposed Shareholders' Mandate		
			*Actual value of RRPTs transacted up to LPD From Oct'20 to Sept'21		Estimated value of RRPTs from LPD up to the forthcoming AGM
			RM'000	Percentage Ratio	RM'000
Freight forwarding and Bulk Cargo handling & Container charges	From Asdion Logistics Sdn Bhd ("ALSB") To TSSB	EHSB • Ang Chin Poo • Yeoh Seng Tee	327	4.0	13,500
Stevedoring charges	From Taz Logistics Sdn Bhd ("TAZ") To TSSB	EHSB • Ang Chin Poo • Yeoh Seng Tee Both Ang Chin Poo and Yeoh Seng Tee are Directors and Shareholders of EHSB, who was a substantial Shareholder of Asdion up to 21 September 2021. They are deemed interested in Asdion's shares held by EHSB. Both Ang Chin Poo and Yeoh Seng Tee are also Director of TSSB	9	0.1	1,500

Note:

* The actual value is the transaction value up to LPD which is still low, as the highest applicable percentage ratio is 4.1%, there is no requirement for the Company to seek ratification for those RRPTs entered into up to the LPD.

1. Asdion and Kingdom Infra Holdings Sdn Bhd ("KIHSB") had on 10 December 2020 entered into the Project Management Contractor Agreement with TSSB to appoint TSSB as the Project Manager for the project management related to Supply Base Operations and development and activities ("Development Project").
2. The Shareholders' Mandate is to allow the RPT to enter an into RRPTs upon the kicking off of the Project Management Contractor Agreement with TSSB as announce by the Company on 10 December 2020, which is targeted to announce in March 2022.
3. The actual transacted value is still low pending the commencement of Development Project.
4. The estimate value of RRPT's Transaction is based on progress of the Development Project.

2.9 Amount owing by Related Party pursuant to RRPTs

Save for the following outstanding amount owed to Asdion Group of RM328,259.00 from TSSB, there were no amounts due and owing by the Related Parties pursuant to the RRPT which have exceeded the normal credit terms of the Company as at 21 January 2022:

Transacting Parties	Amount owing to Asdion Group	Amount (RM'000)	Outstanding Period
Transeaways Shipping Sdn Bhd ("TSSB")	Asdion Logistics Sdn Bhd ("ALSB")	327	Less Than 1 year
	TAZ Logistics Sdn Bhd ("TAZ")	1	Less Than 1 year

Since the amount due from TSSB is still within the credit period of one (1) year, there were no late payment charge imposed. In the event if there is a default in payment by TSSB, the Group will take legal action to recover the outstanding amount due.

At this juncture, based on the payment pattern to-date, the Board is confident that the Group is able to recover the outstanding amount due from TSSB as and when incurred.

2.10 Review Procedures for the RRPTs

Asdion had established various guidelines and procedures to ensure that the RRPTs are undertaken on an arm's length basis, on transaction prices and terms not more favourable to the Related Parties involved than those generally available to the public and not detrimental to the minority shareholders of the Company.

The Group shall review the RRPTs based on the following parameters/procedures:-

- (i) The definition of related party, list of related parties and the review procedures will be circulated and/or updated within the Group;
- (ii) The review of RRPTs falls within the scope of the Audit and Risk and Management Committee;
- (iii) Records will be maintained to record all RRPTs which are/will be entered into, which will be available for review by, among others, the auditors and Audit Committee, on a quarterly basis. Any member of the Audit and Risk and Management Committee may as he/she deems fit, request for additional information pertaining to RRPTs from independent sources or advisers;
- (iv) The pricing, terms and conditions of the RRPTs shall be consistent with the Group's usual business practice and determined with due consideration to, amongst others, the demand and supply of the products, quality, level of service, credit terms and reliability of supply, where relevant, practical and feasible. At least two other contemporaneous transactions with unrelated third parties for similar products and/or services and/or quantities will be used as comparison, wherever available or possible, to determine whether the price and terms offered to and/or by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products and/or services and/or quantities.

In the event that quotations or comparative pricing from unrelated third parties cannot be obtained for the proposed RRPTs, the management will rely on their usual business practices and their market knowledge of prevailing industry norms bearing in mind the urgency and efficiency of services to be provided or required to ensure that the RRPTs are not detrimental to the Company and/or the Group;

- (v) The Audit Committee shall continue to review the above established procedures, as and when required, on an annual basis with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate;
- (vi) Where any Director or Persons Connected to him/ her or the Board member or Audit Committee member has an interest (direct or indirect) in any RRPTs, he/ she will abstain from voting on any matter relating to any decision making by the Board or the Audit and Risk and Management Committee in respect of such transactions;
- (vii) The said interested Director shall undertake that he/ she will ensure that persons connected with him/her abstain from voting on the resolution deliberating or approving the RRPTs at a general meeting;

- (viii) The RRPT which is below RM1.0 million in value for each transaction is subject to the approval of any one of the Executive Directors and/ or senior management of the Company;
- (ix) The RRPT which is RM1.0 million and above or 1% of any percentage ratios shall be reviewed and approved by the Audit Committee and the Board before the transaction is entered into; and
- (x) The Audit and Risk and Management Committee shall review all the RRPTs entered into by the Group generally on a yearly basis but subject to the requirement as and when necessary

2.11 Disclosure in Annual Report

Disclosure will be made in the Company's Annual Report on the breakdown of the aggregate value of the RRPTs entered during the financial year, amongst others, based on the following information:-

The types of RRPTs made; and

The names of the Related Parties involved in each type of the RRPT and their relationship with the Group.

2.12 Statement by Audit And Risk Management Committee

The Audit and Risk and Management Committee has seen and reviewed the guidelines and procedures set out in Section 2.10 above and is of the view that they are sufficient to ensure that the RRPTs will be carried out at arm's length and on normal commercial terms which are not more favourable to the Related Parties involved than those generally available to the public and not detrimental to the interest of the Company and its minority shareholders.

The Audit and Risk and Management Committee is of the view that the Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner. The Audit and Risk and Management Committee shall review these procedures and processes once a year. This is to ensure that the RRPTs are not detrimental or prejudicial to the minority shareholders of the Company.

3. RATIONALE FOR AND BENEFIT OF THE PROPOSAL

Asdion has, in the course of its ordinary business in the past established our group core business to meet the Group's business needs on the best possible terms. They are recurring transactions of a revenue or a trading nature which are likely to occur with some degree of frequency.

The Related Party Transactions envisaged in the Proposed Shareholders' Mandate are in the ordinary course of business and necessary for the day-to-day operations of Asdion and recurring in nature. The Proposed Shareholders' Mandate, is intended to facilitate transaction entered into the ordinary course of business of Asdion which are transacted from time to time with the Related Parties at arm's length, on Asdion normal commercial terms which are not more favourable to the Related Parties than those generally available to the public are not detrimental to the minority shareholder of the Company.

The Proposed Shareholders' Mandate serves to:-

facilitate future RRPTs to be entered into by the Group, which are in its ordinary course of business and to be undertaken on normal commercial terms and on terms not more favorable to the Related Parties than those generally available to and/or from the public, where applicable, and, in the Company's opinion, not detrimental to its minority shareholders;

enhance the Group's ability to pursue business opportunities which are time-sensitive in nature and eliminate the need for the Company to convene separate general meeting to seek shareholders' approval for each RRPT; and

reduce the expenses associated with the convening of general meetings on an ad hoc basis, improve administrative efficiency considerably and allow resources to be channeled towards attaining other corporate objectives.

4. EFFECT OF THE PROPOSAL

The Proposals are not expected to have any material impact on the share capital, substantial shareholders' shareholdings, earnings, gearing and NA of Asdion.

5. APPROVAL REQUIRED

The Proposals are subject to the approval being obtained from the shareholders of the Company at the forthcoming AGM or any adjournment thereof.

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

Save as disclosure below, none of the other Directors, Major Shareholders or Person(s) connected with them has any interest, direct or indirect, in the Proposed Shareholders' Mandate:-

Interested Shareholder

	Direct Shareholding in Asdion		Indirect Shareholding in Asdion	
	No. of Shares	%	No. of Shares	%
Eastbay Harvest Sdn Bhd	7,211,800 ⁽¹⁾	3.20		
Ang Chin Poo	112,000	0.05	7,211,800 ⁽²⁾	3.20
Yeoh Seng Tee	-	-	7,211,800 ⁽²⁾	3.20

Note :

- (1) the Shareholdings of Eastbay Harvest Sdn Bhd reduced from 5.64% to 3.20% due to dilution of shares on 24 September 2021, i.e. 6 months prior to the date of this Circular.
- (2) Indirect Interest - Deemed Interested by virtue of his shareholdings in Eastbay Harvest Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

The Interested Parties will abstain from voting, and have also undertaken to ensure that the persons connected to them (if any) will also abstain from voting in respect of its/his/her direct and/or indirect shareholdings in Asdion on the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the AGM to be convened.

The Asdion Group has not undertaken any transactions with the Interested Parties in the preceding 12 months.

7. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposals, is of the opinion that the Proposal is in the best interest of the Group.

Accordingly, the Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM or any adjournment thereof of the Company.

8. 19TH AGM

The ordinary resolution pertaining to the Proposed Shareholders' Mandate for RRPTs is set out as special business in the notice of 19th AGM contained in the 2021 Annual Report of the Company, which was sent to you together with this Circular. The 19th AGM of Asdion will be held at Broadcast Venue, Level 10, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur on Friday, 11 March 2022 at 10.00 a.m.

If you are unable to attend, participate, speak and vote in person at the 19th AGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein, to be deposited at the registered office of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, not less than 24 hours before the stipulated time for holding the AGM. The lodging of the Form of Proxy shall not preclude you from attending, participating, speaking and voting in person at the AGM should you subsequently wish to do so.

9. FURTHER INFORMATION

You are advised to refer to the appendix set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board
ASDION BERHAD

Razmi Bin Alias
Executive Director

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. MATERIAL LITIGATION

As at the LPD, the Group is not involved in any material litigation, claims, or arbitration, either as plaintiff or defendant, and the Board has no knowledge of any proceedings pending or threatened against the Group or any facts which are likely to give rise to any proceedings, which may materially and adversely affect the business or financial position of the Group:

(i) Venice Sanctuary Sdn Bhd vs Metro Hartamas Sdn Bhd

On 3 October 2017, Venice Sanctuary Sdn Bhd (“VSSB”), a wholly-owned subsidiary of the Company, filed a writ of summon against Metro Hartamas Sdn Bhd (“Metro Hartamas”), a debtor, for failing to settle the outstanding sum amounting to approximately RM335,970.81 for trucking logistics services rendered to Metro Hartamas.

On 19 July 2018, VSSB obtained summary judgement against Metro Hartamas for a sum of RM335,970.81 from the Session Court (“Summary Judgement”). On 31 July 2018, Metro Hartamas filed a notice of appeal at the High Court and on 14 January 2019, the High Court dismissed Metro Hartamas’s appeal. As such, the Sessions Court’s Summary Judgement remains.

As at the LPD, VSSB intends to commence legal action to wind up Metro Hartamas due to its non-payment as per the Summary Judgement.

(ii) CD Logistics Sdn Bhd vs Asdion Logistics Sdn Bhd Ciriduta Logistics Sdn Bhd vs Asdion Logistics Sdn Bhd

On 22 May 2018 and 25 May 2018, CD Logistics Sdn Bhd and Ciriduta Logistics Sdn Bhd (“Plaintiffs”) respectively, had taken action against Asdion Logistics Sdn Bhd for trucking logistics services rendered to Asdion Logistics Sdn Bhd.

The Plaintiffs have filed summary judgment applications against Asdion Logistics Sdn Bhd. On 31 July 2018, both parties reached a settlement whereby Asdion Logistics Sdn Bhd shall pay the outstanding debt of RM350,472.86 to the Plaintiffs in 6 instalments by way of post-dated cheques.

On 3 August 2018, the Plaintiffs withdrew both cases with no order to costs and with liberty to file afresh.

The Plaintiffs have obtained a session court order dated 2 December 2019 and Asdion Logistics Sdn Bhd was issued with a winding up notice of demand on 14 January 2020. Subsequently, the Plaintiffs have assigned such outstanding debt to Million Saint on 10 September 2020 which in turn is to be settled by Asdion under the Proposed Debt Settlement.

(iii) TC Capital Resources Sdn Bhd vs Asdion Project Synergy Sdn Bhd and Asdion (as a guarantor) (“Defendants”)

On 6 September 2018, TC Capital Resources Sdn Bhd commenced 10 legal actions against the Defendants pursuant to the non-payment by Asdion Project Synergy Sdn Bhd under 10 hire purchase agreements. On 19 February 2019, TC Capital Resources Sdn Bhd obtained 10 separate summary judgement against the Defendants whereby the Defendants were ordered to

pay the judgement sum in total of RM801,459.75 including the interest of 8% per annum on the judgement sum remaining outstanding as calculated from 7 June 2018 until full settlement of the judgement sum.

Based on TC Capital Resources Sdn Bhd's solicitor's letter, as at 14 May 2020, the total amount remaining unsettled by the Defendants under the respective summary judgements (inclusive of interest and costs) is RM605,076.80.

On 14 May 2020, Asdion Project Synergy Sdn Bhd and Asdion have been served with statutory notice pursuant to Sections 465(1)(e) and 466(1)(a) of the CA 2016 for the following suits:

- (a) statutory notice dated 14 May 2020 demanding payment of RM82,936.87 in respect of a judgement dated 25 February 2019 (Kuala Lumpur Magistrate Court WA-A72NCC-46232-09/2018);
- (b) statutory notice dated 14 May 2020 demanding payment of RM88,577.32 in respect of a judgement dated 20 February 2019 (Kuala Lumpur Magistrate Court WA-A72NCC-46233-09/2018); and
- (c) statutory notice dated 14 May 2020 demanding payment of RM82,817.90 in respect of a judgement dated 19 February 2019 (Kuala Lumpur Magistrate Court WA-A72NCC-46193-09/2018).

Subsequently on 10 March 2021, TC Capital Resources Sdn Bhd had again served Asdion Project Synergy Sdn Bhd and Asdion with statutory notice pursuant to Sections 465(1)(e) and 466(1)(a) of the CA 2016 for the following suits:

- (a) statutory notice dated 10 March 2021 demanding payment of RM88,359.90 in respect of a Judgement dated 19 February 2019 (Kuala Lumpur Magistrate Court WA-A72NCC-46186-09/2018);
- (b) statutory notice dated 10 March 2021 demanding payment of RM82,817.90 in respect of a Judgement dated 19 February 2019 (Kuala Lumpur Magistrate Court WA-A72NCC-46184-09/2018);
- (c) statutory notice dated 10 March 2021 demanding payment of RM70,213.21 in respect of a Judgement dated 19 February 2019 (Kuala Lumpur Magistrate Court WA-A72NCC-46195-09/2018); and
- (d) statutory notice dated 10 March 2021 demanding payment of RM88,359.90 in respect of a Judgement dated 19 February 2019 (Kuala Lumpur Magistrate Court WA-A72NCC-46185-09/2018).

The Company is required to make payment within 21 days from 10 March 2021 as stated in the statutory notice.

As at the LPD Asdion Project Synergy Sdn Bhd and Asdion have negotiated and make payment as required under the said statutory notice as the parties' and in the midst of settle the balance settlement with TC Capital Resources Sdn Bhd on the settlement terms.

(iv) TCIM Sdn Bhd ("TCIM") vs Asdion Project Synergy Sdn Bhd and Asdion (as a guarantor) ("Defendants")

On 11 July 2019, TCIM through the writ of summon commenced legal action against the Defendants pursuant to the non-payment by Asdion Project Synergy Sdn Bhd under 5 hire purchase agreements for acquisitions of machines ("**HP Agreements**").

TCIM is claiming RM3,066,891.83 being the amount due to TCIM under the HP Agreements including 10% interest rate on such amount from the date of judgement until full payment.

TCIM has obtained judgement on 20 January 2020 for a sum of RM752,676.47 plus interest by way of summary judgement for part of the claims (the balance of the claim was withdrawn by TCIM) ("**Decision**").

Subsequently, Asdion Project Synergy Sdn Bhd and Asdion filed an appeal against the Decision and the case management is fixed on 3 February 2021 (“**Appeal**”).

On 22 February 2021, Asdion (“**Respondent**”) received a notice of statutory demand pursuant to Section 465(1)(e) and 466(1) of the CA 2016 by TCIM.

As at the LPD Asdion Project Synergy Sdn Bhd and Asdion have yet to make any payment as required under the said statutory notice as the parties are in the midst of negotiating for amicable settlement.

(v) **Civil proceeding to commence against Asdion under Section 23(1) of Real Property Gains Tax Act 1976**

On 21 June 2019, Asdion received a notification of civil proceedings under Section 23(1) of Real Property Gains Tax Act 1976 from the Director General of Inland Revenue whereby such notice serves as a notification that civil proceedings will be made against the Company amounting to RM141,968.37 under the Real Property Gains Tax Act 1976 (“**RPGT**”) due to the Government of Malaysia for the year of assessment 2014.

The RPGT arose from the sale and purchase agreement dated 1 December 2014 in respect of the disposal of a 4-storey detached building erected on a piece of freehold land held under HS(D) 85943 PT 23983, Mukim of Sungai Buloh, District of Petaling, State of Selangor to Environmental Science (M) Sdn Bhd by Asdion for a sale consideration of RM9,200,000.

On 16 August 2019, Asdion has written and provided information to the Director General of Inland Revenue for the reassessment of RPGT and as at the LPD, the outcome of the reassessment is still pending.

(vi) **Kudrat Haulier Sdn Bhd vs Asdion Logistics Sdn Bhd**

Kudrat Haulier Sdn Bhd as plaintiff has filed a writ dated 19 November 2019 claiming a sum of RM319,306.88 for container transport services rendered to Asdion Logistics Sdn Bhd.

During the hearing on 2 April 2021, the plaintiff has obtained a summary judgement against Asdion Logistics Sdn Bhd whereby Asdion Logistics Sdn Bhd is required to pay the accrued sum of RM239,518.03 including interest 5% per annum on the said judgement from the date of the judgement up to the settlement date.

On 31 May 2021, Kudrat Haulier Sdn Bhd through its solicitors had served Asdion Logistics Sdn Bhd with a statutory notice pursuant to Section 465(1)(e) and (h) of the CA 2016 to demand for the payment of judgement sum of RM239,518.03 including the interest of RM1,903.00 and the costs of RM3,000.00 totalling RM244,421.05 within 21 days from the date of the receipt of the demand notice, failing which Kudrat Haulier Sdn Bhd will be taking an action to wind up Asdion Logistics Sdn Bhd.

Subsequently Asdion Logistics Sdn Bhd had submitted an appeal to the High Court in respect of the summary judgement granted by the session court and the case management is fixed on 8 July 2021.

Asdion Logistics Sdn Bhd is currently seeking legal advice to resolve the matter amicably.

(vii) **Letter of demand from Kingdom Infra**

On 29 March 2021, Asdion had received a letter of demand from Kingdom Infra for the impending default and breach of the PDUJVA, where a contractual payment of RM133 million shall be due immediately in the event, on or before 12 April 2021, the Proposed Placement and status quo of beneficial issues (referring to beneficial shareholdings in Asdion being maintained in view of the voluntary take-over offer (if it is successful)) are not resolved.

As at the LPD, there have been no further developments in relation to the aforementioned letter of demand from Kingdom Infra.

3. MATERIAL CONTRACTS

Save as disclosed below, as at the LPD, there are no material litigation, claims and/or arbitration either as plaintiff or defendant, which has a material effect on the financial position of our Group and our Board is not aware of any proceedings, pending or threatened or of any facts likely to give rise to any proceedings, which might materially and adversely affect the business or financial position of our Group:

- (i) On 6 May 2019, our Company had entered into the PDUJVA with Kingdom Infra (with call option agreement signed between our Company and Kingdom Saga Sdn Bhd (“**Kingdom Saga**”) for our Company to acquire 100 ordinary shares amounting to 100% entire equity interests of Kingdom Infra from Kingdom Saga for a purchase consideration of RM66,500,000.00 to be satisfied at the discretion of the Company by way of cash or combination of cash, convertible irredeemable cumulative preference shares (or other forms of preference shares) or warrants) to establish an unincorporated joint venture between parties to undertake the business and/or projects related to supply base operations and development based on a sharing ratio of 70:30 (Asdion: 70% and Kingdom Infra: 30%) on the total net profit earned or loss incurred by the joint venture.

The call option agreement is for a period of 4 years expiring on 6 May 2023. Upon exercising the option, Kingdom Saga being the grantor shall provide the Company being the option holder with a profit guarantee in form and substance acceptable to the Company guaranteeing that the cumulative audited PAT of Kingdom Infra for the financial year (which if necessary may be determined by way of special audit), shall not be less than RM10,000,000 within the financial year.

- (ii) On 30 September 2019, Asdion Digital had entered into a share sale agreement with Cal-Test and Maxillion, whereby Asdion Digital agreed to dispose of its 26% equity interest in Maxillion to Cal-Test for a sale consideration of RM2,300,000 which is to be settled by way of issuance of 23,000 RCPS of RM100 each. The transaction was completed on 30 October 2019;
- (iii) On 10 December 2020, the Company and Kingdom Infra had entered into a project management contractor agreement (“**PMC Agreement**”) with Transeaways to appoint Transeaways as the project manager for managing the project development in Tumpat, Kelantan under the PDUJVA for a period of 5 years commencing from 60 days from the date of receipt of building plans as submitted by the architect and approved by the relevant local authority for the project development by TSBSB. The PMC Agreement shall automatically be extended for a successive 5-year term unless either party expresses a written desire not to extend at least 6 months prior to the termination date. In respect of the fee payable to Transeaways as the appointed project manager, the fee payable by the Company and Kingdom Infra shall be determined at the later stage of development;
- (iv) On 15 December 2020, the Company, Kingdom Infra and Delta Million Dynamic Sdn Bhd (“**DMDSB**”) had entered into an agreement (“**Contractor Agreement**”), whereby the Company and Kingdom Infra (collectively, as developer) have agree to appoint DMDSB as contractor to carry out the construction of the reinforced concrete jetty and land reclamation at the location of the Tumpat Support Base located at Lot PT 163, Mukim Tabar, Daerah Pangkalan Kubor, Jajahan Tumpat Kelantan, with a contract sum of RM8,250,000.00. Such construction work shall commence within 14 days from the date of the Contractor Agreement and to be completed within 3 months from the date of commencement of construction works. As at the LPD, the construction work undertaken by DMDSB has commenced and construction is on-going;
- (v) On 21 December 2020, the Company had entered into an agreement with Kingdom Infra and Transeaways (as project management company) and PMM Ventures Sdn Bhd (“**PMMVSB**”) whereby the Company and Kingdom Infra (collectively, as developer) agree to appoint PMMVSB as the contractor to carry out a construction work under “Project Pembangunan Tumpat Base - Construction of Stockpile Area, Jetty, Drainage

System & Fencing” located at Lot PT 163, Mukim Tabar, Daerah Pangkalan Kubor, Jajahan Tumpat Kelantan at for the contract sum of RM12,410,300.00 for a period of 9 months from the date of commencement of construction works by PMMVSB. The construction works to be performed under the contract shall commence within 14 days from the date of the agreement. As at the LPD, the construction work undertaken by PMMVSB has commenced and construction is on-going;

- (vi) On 21 December 2020, the Company had entered into an agreement with Kingdom Infra and Transeaways (as project management company) and Bukit Timur Construction & Trading (“**BTCT**”) whereby Asdion and Kingdom Infra (collectively, as developer) agree to appoint BTCT as the contractor to carry out a construction of new road to Tumpat Support Base at Pantai Genting Tumpat, Kelantan for the contract sum of RM8,912,680.00 for a period of 6 months from the date of commencement of construction works by BTCT. The construction works to be performed under the contract shall commence within 14 days from the date of the agreement. As at the LPD, the construction work undertaken by BTCT has commenced and construction is on-going;
- (vii) On 8 February 2021, Asdion Material Supply Marketing Sdn Bhd (“**AMSM**”), a wholly owned subsidiary of Asdion, had entered into a Memorandum of Understanding (“**MOU**”) with PMM Energy Sdn Bhd (“**PMME**”) whereby AMSB desires to be appointed as a distributor and agent for promoting thermact and thermol range of products through its sub-distributor, Renox Stainless Steel Co Ltd, in Thailand, Vietnam and Cambodia. The MOU shall be effective on the date of signing of MOU and shall expire within 12 months until a definitive agreement is executed between PMME and AMSM; and
- (viii) On 30 December 2021, the Company had entered into an agreement with Kingdom Infra to appoint Delta Million Dynamic Sdn Bhd (“**Delta**”) as a Contractor to carry out the construction work for the “*Projek Pembangunan Tumpat Support Base yang Mengandungi Bengkel Membaikpulih Kapal (“MRO”), Kawasan Simpanan Kontena, Gudang Simpanan Barang dan Kemudahan Berkaitan Di Atas Tanah Seluas 30.00 Ekar, Lot PT 163, Mukim Tabar, Daerah Pengkalan Kubor, Jejahan Tumpat, Kelantan Darul Naim*” (“**The Project**”) and Venice Sanctuary Sdn Bhd (“**VSSB**”), a subsidiary of Asdion to represent the Developer. As at the LPD, the construction work undertaken by BTCT has commenced and construction is on-going. As at the LPD, the construction work undertaken by Delta has commenced and construction is on-going.

4. DOCUMENTS FOR INSPECTION

The following documents are available for inspection during normal business hours (except public holidays) at the Registered Office of the Company located at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur from the date of this Circular up to and including the date of the forthcoming AGM:-

- (a) the Constitution of the Company;
- (b) the Audited Financial Statements of Asdion for the financial years ended 30 September 2020 and 30 September 2021; and
- (c) quarterly report on consolidated results for the financial period ended 30 September 2021.

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8) To consider and, if thought fit, with or without any modifications, to pass the following Ordinary Resolution:-

8. Proposed Shareholders' Mandate For Recurrent Related Party Transactions of a Revenue or Trading Nature as set out in Section 2.8 of the Circular to Shareholders dated 31 January 2022 ("Proposed Shareholders' Mandate") Resolution 7

"THAT, subject to the provision of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to Asdion Group to enter into and to give effect to the specified recurrent related party transactions of a revenue or trading nature with the Related Parties as set out in Section 2.8 of the Circular to Shareholders dated 31 January 2022 which are necessary for its day-to-day operations, to be entered into by Asdion Group on the basis that these transactions are entered into on transaction prices and terms which are not more favourable to the Related Parties than generally available to the public and are not detrimental to the minority shareholders of the Company.

THAT then Proposed Shareholders' Mandate is subject to annual renewal, AND THAT any authority conferred by the Proposed Shareholders' Mandate, shall only continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which the Proposed Shareholders' Mandate was passed, at which time it shall lapse, unless by a resolution passed at the General Meeting, the authority is renewed; or
- (ii) the expiration of the period within which the AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (ii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is earliest.

AND FURTHER THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the Proposed Shareholders' Mandate."

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