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

Bursa Malaysia Securities Berhad (“**Bursa Securities**”) has not perused the contents of this Circular prior to its issuance as it is prescribed as exempt document pursuant to Practice Note 18 of Bursa Securities Main Market Listing Requirements.

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



**DELEUM BERHAD**

Registration No. 200501033500 (715640-T)  
(Incorporated in Malaysia)

**PART A**

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

**PART B**

**STATEMENT TO SHAREHOLDERS IN RELATION TO THE  
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (“PROPOSED SHARE  
BUY-BACK AUTHORITY”)**

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

The Proposals in relation to the above will be tabled as Special Business at Deleum Berhad (“the Company”)’s Eighteenth Annual General Meeting (“18th AGM”) which will be conducted virtually via live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-02, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur and by Remote Participation and Voting (“RPV”) facilities through meeting platform at TIH Online website at <https://tiah.online> on Tuesday, 23 May 2023 at 10.00 a.m.

This Proposals together with the Notice of the 18th AGM, Proxy Form and Administrative Guide which are set out in the Annual Report 2022 are available on the Company’s website at [www.deleum.com/agm2023](http://www.deleum.com/agm2023).

The Proxy Form must be deposited with the Company’s Registered Office at No. 2, Jalan Bangsar Utama 9, Bangsar Utama, 59000 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time set for the 18th AGM or any adjournment thereof. The Proxy Form can also be submitted electronically via TIH Online website at <https://tiah.online>. Please follow the procedures set out in the Administrative Guide for the 18th AGM.

This Circular is dated 20 April 2023

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## DEFINITIONS

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

<b>Act</b>	: The Companies Act 2016, or any statutory modification, amendment or re-enactment thereof for the time being in force
<b>AGM</b>	: Annual General Meeting
<b>Bursa Securities</b>	: Bursa Malaysia Securities Berhad [200301033577 (635998-W)]
<b>Board</b>	: The Board of Directors of Deleum
<b>Caterpillar</b>	: Caterpillar Inc.
<b>CMSA</b>	: Capital Markets and Services Act 2007 including any amendments that may be made from time to time
<b>Code</b>	: Malaysian Code on Take-Overs and Mergers 2016, including any amendments that may be made from time to time
<b>Constitution</b>	: Constitution of Deleum Berhad
<b>Deleum or Company</b>	: Deleum Berhad [200501033500 (715640-T)]
<b>Deleum Group or Group</b>	: Deleum and its subsidiaries as defined in Section 4 of the Act
<b>Deleum Shares or Shares</b>	: Ordinary shares in the Company
<b>Directors</b>	: Has the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon a director of the Company, its subsidiary or holding company or a chief executive of the Company, its subsidiary or holding company
<b>Dresser Italia</b>	: Dresser Italia S.r.l
<b>DSSB</b>	: Deleum Services Sdn. Bhd. [197601002358 (28307-K)], a wholly-owned subsidiary of Deleum
<b>EPS</b>	: Earnings Per Share
<b>Listing Requirements</b>	: Main Market Listing Requirements of Bursa Securities and any amendments that may be made from time to time
<b>LPD</b>	: 21 March 2023, being the latest practicable date prior to the printing of this Circular
<b>Major Shareholder(s)</b>	: A person who has an interest or interests in one or more voting shares in a corporation and the number or the aggregate number of those shares, is 10% or more of the total number of voting shares in the corporation; or 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation. For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act

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**DEFINITIONS (CONT'D)**

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	It also includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Major Shareholder of the Company (as defined above) or any other company which is its subsidiary or holding company
<b>Market Day</b>	: A day on which the stock market of Bursa Securities is open for trading in securities
<b>NA</b>	: Net Assets
<b>NP Holding</b>	: Nuovo Pignone Holding S.p.A.
<b>Person(s) Connected</b>	: As defined in Chapter 1 Rule 1.01 of the Listing Requirements
<b>PDSB</b>	: Penaga Dresser Sdn. Bhd. [198201002012 (81758-M)], a 51% owned subsidiary of DSSB
<b>Proposed Share Buy-Back Authority</b>	: Proposed renewal of authority to the Company to purchase its own shares up to ten per centum (10%) of its total number of issued shares in accordance with Section 127 of the Act and the requirements of Bursa Securities and/or any other relevant authority
<b>Proposed Shareholders' Mandate</b>	: Proposed renewal of Shareholders' Mandate for the Deleum Group to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group
<b>Prevailing Laws</b>	: Prevailing laws, orders, requirements, guidelines, rules and regulations issued by any relevant authorities
<b>Purchased Shares</b>	: Deleum Shares to be purchased by the Company pursuant to the Proposed Share Buy-Back Authority
<b>Recurrent Related Party Transactions or RRPTs</b>	: A related party transaction which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of the Group
<b>Record of Depositors</b>	: A record maintained by Bursa Depository pursuant to its rules, including any amendment thereof
<b>Related Party(ies)</b>	: A Director, Major Shareholder or person connected with such Director or Major Shareholder
<b>RM and sen</b>	: Ringgit Malaysia and sen, respectively
<b>SC</b>	: Securities Commission Malaysia
<b>Share Buy-Back</b>	: Purchase by the Company of the Shares pursuant to the Proposed Share Buy-Back Authority
<b>Substantial Shareholders</b>	: Persons who has an interest or interests in one or more voting Shares in the Company and the number or the aggregate number of those Shares is not less than 5% of the total number of all the voting Shares in the Company
<b>STICO</b>	: Solar Turbines International Company
<b>TSSB</b>	: Turboservices Sdn. Bhd. [198701007131 (165849-A)], a 74% owned subsidiary of DSSB

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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**PART A**

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



## DELEUM BERHAD

Registration No. 200501033500 (715640-T)  
(Incorporated in Malaysia)

**Registered Office:**

No. 2, Jalan Bangsar Utama 9  
Bangsar Utama  
59000 Kuala Lumpur  
Malaysia

20 April 2023

### Board of Directors

Dato' Izham bin Mahmud (*Non-Independent Non-Executive Chairman*)  
Datuk Vivekananthan a/l M.V. Nathan (*Non-Independent Non-Executive Deputy Chairman*)  
Ramanrao bin Abdullah (*Group Chief Executive Officer*)  
Lee Yoke Khai (*Independent Non-Executive Director*)  
Datuk Manharlal a/l Ratilal (*Independent Non-Executive Director*)  
Tan Sri Dato' Seri Shamsul Azhar bin Abbas (*Senior Independent Non-Executive Director*)  
Datin Aisah Eden (*Independent Non-Executive Director*)

**To : The Shareholders of Deleum**

Dear Sir/Madam,

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

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#### **1. INTRODUCTION**

At the Seventeenth AGM ("17th AGM") of the Company held on 19 May 2022, the Company obtained a mandate from its shareholders for the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions.

In accordance with the Listing Requirements, the aforesaid authority is subject to annual renewal and will lapse at the conclusion of the forthcoming AGM, unless renewed by the shareholders of Deleum.

On 28 February 2023, the Company announced its intention to seek the shareholders' approval for the Proposed Shareholders' Mandate at its forthcoming AGM.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE TO BE TABLED AS SPECIAL BUSINESS AT THE FORTHCOMING AGM OR AT ANY ADJOURNMENT THEREOF.**

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



## **2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE**

### **2.1 Paragraph 10.09 and Practice Note 12 of the Listing Requirements**

Under Paragraph 10.09(2) of the Listing Requirements, the Company may seek a shareholders' mandate for RRPTs, subject to 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 Company's 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 threshold prescribed under paragraph 10.09(1) of the Listing Requirements;
- (c) the circular to shareholders by the Company for the shareholders' mandate shall include information as may be prescribed by Bursa Securities;
- (d) in the meeting to obtain shareholders' mandate, the interested directors, major shareholders or interested Persons Connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, shall abstain from voting on the resolution approving the transactions. An interested director or interested major shareholder must ensure that Persons Connected with him abstain from voting on the resolution approving the transactions; and
- (e) the Company will immediately announce to Bursa Securities when the actual value of the RRPTs entered into by the Company exceeds the estimated value of the RRPTs disclosed in the Circular by 10% or more inclusive of any information as may be prescribed by Bursa Securities.

### **2.2 Validity Period**

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

- (a) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

It is anticipated that the Deleum Group would, in the ordinary course of business, enter into RRPTs and that such RRPTs will occur with some degree of frequency and could arise at any time and from time to time. In view of the time-sensitive, confidential and frequent nature of such RRPTs, the procurement of the Proposed Shareholders' Mandate with the classes of Related Parties, as set out in Section 2.5, will allow the Group to enter into RRPTs provided such transactions are entered into at arms' length and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders.

## 2.3 The Principal Activities of the Deleum Group

The principal activity of Deleum is investment holding whilst its subsidiaries are principally involved in the provision of gas turbines packages and related services, oilfield equipment and services, servicing of rotating equipment, integrated corrosion and inspection services, predominantly for the oil and gas industry.

The nature of businesses of the Deleum Group is primarily in the following segments:

**Power and Machinery** - Mainly consisting of the sale of gas turbines and related parts, gas turbine overhaul, maintenance and technical services, including complete installation turnkey for new installations, package renewals and retrofit projects; supply and commission combined heat and power plants; supply, install, repair and maintenance of valves, flow regulators and other production related equipment; repair, servicing maintenance and overhaul of motors, generators, transformers and pumps.

**Oilfield Services** - Mainly consisting of the provision of slickline equipment and services, integrated wellhead maintenance services, well intervention services, cased hole logging services, drilling and completions services, subsurface engineering services, specialty chemicals and well stimulation services.

**Integrated Corrosion Solution** - Mainly consisting of the provision of integrated corrosion and inspection services, blasting technology, maintenance, construction and modification maintenance activities, services for tanks, vessels, structures and piping.

The subsidiaries involved in the Proposed Shareholders' Mandate are as follows:

<b>Subsidiary of Deleum</b>	<b>Equity Interest (%)</b>	<b>Principal Activities</b>
DSSB	100	Provision of gas turbine packages, maintenance and technical services, combined heat and power plants, and production related equipment, and services predominantly for the oil and gas industry.
<b>Subsidiary of DSSB</b>	<b>Equity Interest (%)</b>	<b>Principal Activities</b>
TSSB	74	Provision of gas turbine overhaul and technical services and supply of gas turbine parts to the oil and gas and general industry.
PDSB	51	Supply, repair, maintenance and installation of valves and flow regulators for the oil and gas and power industry.

## 2.4 The Principal Activities of the Related Parties

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

<b>Related Party</b>	<b>Principal Activities</b>
STICO	Selling and providing STICO products and aftermarket support services including but not limited to repair, overhaul, maintenance, troubleshooting, inspection, supply of service parts and overhaul.

<b>Related Party</b>	<b>Principal Activities</b>
Dresser Italia	Manufacturer/Producer of control valves and safety valves.
Caterpillar	Manufacturing of construction and mining equipment, diesel and natural gas engines, industrial gas turbines and diesel-electric locomotives for applications in three main product segments - Construction Industries, Resource Industries and Energy & Transportation. Caterpillar also provides financing and related services through its Financial Products segment.
NP Holding	Investment holding.

## 2.5 Information on RRPTs

The Proposed Shareholders' Mandate would cover transactions entered into at arms' length and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders.

	Related Parties	Nature of Interest	Company in the Deleum Group involved	Nature of Transactions	Estimated Value as per last mandate (RM'000)	Actual Value transacted as at 21 March 2023 (RM'000)	Estimated Value for the validity of the Proposed Shareholders' Mandate (RM'000)
(1)	STICO	Note (1)	TSSB	Provision of gas turbine overhaul and technical services and support and gas turbine parts by STICO and/or its related parties to TSSB	400,000	342,179	450,000
				Provision of manpower and general services by TSSB to STICO and/or its related parties of STICO	10,500	2,030	10,500

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	Related Parties	Nature of Interest	Company in the Deleum Group involved	Nature of Transactions	Estimated Value as per last mandate (RM'000)	Actual Value transacted as at 21 March 2023 (RM'000)	Estimated Value for the validity of the Proposed Shareholders' Mandate (RM'000)
(2)	Dresser Italia	Note (2)	PDSB	Purchases of valves and spare parts by PDSB from Dresser Italia and/or its related parties	90,000	37,761	150,000
				Provision of painting and services of valves by PDSB to related parties of Dresser Italia	2,500	607	3,500
				Training & Certification fees charged by related parties of Dresser Italia to PDSB	500	78	1,000
				Sales of valves and spare parts by PDSB to related parties of Dresser Italia	1,000	890	4,000

Note (1): STICO holds 26% of the issued share capital of TSSB. Caterpillar and its affiliates are Persons Connected to STICO. STICO is a 100% wholly-owned subsidiary of Caterpillar. Neither Caterpillar nor STICO have any equity interest in Deleum. None of the directors nominated by STICO to sit on the Board of TSSB is a director on the Board of Deleum or any of its other subsidiaries.

Note (2): Dresser Italia holds 49% of the issued share capital of PDSB. NP Holding and its affiliates are Persons Connected to Dresser Italia. Dresser Italia is a 100% wholly-owned subsidiary of NP Holding. Neither NP Holding nor Dresser Italia have any equity interest in Deleum. None of the directors nominated by Dresser Italia to sit on the Board of PDSB is a director on the Board of Deleum or any of its other subsidiaries.

The abovementioned estimated values are based on best estimates by the management after taking into account historical trends and projected business volume during the validity of the Proposed Shareholders' Mandate. The actual transacted value may vary from the estimates shown above.

## 2.6 Deviation from Mandate

The actual value of the RRPTs from the date on which the existing mandate was obtained at the last AGM of the Company i.e. 19 May 2022 up to 21 March 2023 being the LPD prior to printing of this Circular did not exceed by 10% or more of the estimated value as approved under the mandate granted to the Company at the last AGM.

## 2.7 Review Procedures for the RRPTs

To ensure that such RRPTs are undertaken at arms' length and on normal commercial terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders, the transactions with the Related Parties shall be determined based on prevailing rates or prices according to their usual commercial terms, business practices and policies or otherwise in accordance with other applicable industry norms. Consideration will also be given to the expertise required, quality of product, level of service and other related factors. Whenever possible, at least two other contemporaneous quotes with unrelated third parties for similar products/services and/or quantities will be used as comparison to determine whether the price and terms offered to/by the Related Parties are fair and

reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities.

The following review procedures have also been implemented:

- (a) Where the Related Parties' products and services are proprietary in nature, the prices of these products/services are negotiated specifically between the proprietor and purchaser based on the usual commercial terms, business practices and policies or otherwise in accordance with other applicable industry norms/considerations to ensure that the RRPTs are not detrimental to the Group;
- (b) All RRPTs entered into pursuant to the Proposed Shareholders' Mandate will be recorded for review by the Audit Committee at least once a year;
- (c) All RRPTs will be reviewed by the Audit Committee on a quarterly basis. The Audit Committee, may as it deem fit, request for additional information pertaining to the transactions from independent sources or advisers; and
- (d) Where any member of the Audit Committee is interested in any transactions, that member shall abstain from all deliberations and also voting on any matter relating to any decisions to be taken by the Audit Committee with respect to such transactions.

## **2.8 Thresholds for Approval**

All transactions, regardless of whether they are RRPTs or not, are approved in accordance with the Delegation of Authority Guidelines of the Company and/or its subsidiaries ("the DAG") which governs the day-to-day operations and transactions. It provides overall authority limits to be adhered to and the levels of authority of the management team up to the Group Chief Executive Officer.

Approval of all transactions including RRPTs are based on the nature of the transaction, amounts and authority levels as prescribed in the DAG. All sales and purchases require the prior approval of the heads of business units upon review by the relevant functions.

The approval process and limits in accordance with the DAG is summarised as follows:

Issuance of Purchase Orders in respect of the RRPTs of TSSB in accordance with the DAG requires the approval of the Chief Executive Officer for amounts up to RM35 million, of the Group Chief Operating Officer or Group Chief Financial Officer for amounts up to RM40 million and of the Group Chief Executive Officer for amounts up to RM50 million. Amounts exceeding RM50 million and up to RM100 million require the endorsement of the Group Chief Executive Officer and approval of the Deputy Chairman. Amounts in excess of RM100 million require the endorsement of the Group Chief Executive Officer together with the Deputy Chairman and the approval of the Chairman.

Issuance of Purchase Orders in respect of the RRPTs of PDSB in accordance with the DAG requires the approval of the Senior Manager-Operations jointly with General Manager for any amounts.

## **2.9 Amount Due and Owing to the Deleum Group by Related Parties**

As at the financial year ended 31 December 2022, there is no amount due and owing to the Deleum Group which has exceeded the credit term.

### **3. AUDIT COMMITTEE STATEMENT**

The Audit Committee of the Company is of the view that the RRPTs entered and to be entered into are in the best interests of the Company, are fair, reasonable and on normal commercial terms and are not detrimental to the interests of the minority shareholders and that the procedures mentioned in Section 2.7 above, which are reviewed periodically, are sufficient to monitor, track and identify RRPTs in a timely and orderly manner. These procedures put in place are to ensure that the RRPTs are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

### **4. RATIONALE AND BENEFITS FOR THE PROPOSED SHAREHOLDERS' MANDATE**

The RRPTs entered or to be entered into by the Deleum Group are intended to meet the Group's day-to-day business needs at the best possible terms and to enhance the Group's ability to explore beneficial business opportunities.

As such, the rationale for and benefits of the Proposed Shareholders' Mandate to the Deleum Group are as follows:

- (a) to facilitate transactions with Related Parties which are in the ordinary course of business of the Group, are undertaken at arms' length, normal commercial terms and on prices which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the interests of minority shareholders;
- (b) to enable the Group to transact with Related Parties in an expeditious manner to meet business needs for the supply and/or provision of goods and services which are necessary for its day-to-day operations particularly business needs which are time sensitive in nature;
- (c) the Group has established relationships with the Related Parties which are partners of the Group. They are internationally renowned corporations and OEMs. TSSB and PDSB tap into their respective expertise and resources to provide services to the customer base, thereby contributing to the earnings and performance of the Group. Therefore, it is in the interests of the Group to transact with such Related Parties to enhance its competitiveness, competence and capabilities. Also, these partnerships would provide the opportunities to explore and penetrate new markets; and
- (d) to eliminate the need to announce and/or convene separate general meetings from time to time to seek shareholders' approval for entering into the RRPTs, as required pursuant to Chapter 10 of the Listing Requirements and thereby enable resources, costs and time to be channelled towards achieving the Group's business objectives.

### **5. APPROVAL REQUIRED**

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

### **6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**

Save for STICO and Dresser Italia being the Major Shareholders of TSSB and PDSB respectively, none of the Directors and Major Shareholders of Deleum and Persons Connected to the Directors and Major Shareholders are interested in the Proposed Shareholders' Mandate. The Proposed Shareholders' Mandate is sought pursuant to Paragraph 10.09 of the Listing Requirements.

The nature of interests of the interested Major Shareholders are set out in Section 2.5 of this Circular. The interested Major Shareholders and Persons Connected to them, if any, will abstain from voting on the ordinary resolutions deliberating or approving the Proposed

Shareholders' Mandate at the forthcoming AGM and have undertaken that they will ensure that Persons Connected to them (as defined in the Listing Requirements), if any, will abstain from deliberating, approving or voting on the ordinary resolutions to approve the Proposed Shareholders' Mandate at the forthcoming AGM.

## **7. AGM**

The 18th AGM of the Company will be held virtually via live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-02, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur and by Remote Participation and Voting ("RPV") facilities through meeting platform at TIIH Online website at <https://tiih.online> on Tuesday, 23 May 2023 at 10.00 a.m. for the purpose of considering and if thought fit, passing, inter alia, the resolutions to approve and give effect to the Proposed Shareholders' Mandate under Special Business in the Notice of the 18th AGM which is available on the Company's website at [www.deleum.com/agm2023](http://www.deleum.com/agm2023).

If you are unable to attend and vote at the 18th AGM and wish to appoint a proxy instead, you should complete and return the Proxy Form in accordance with the instructions printed thereon. The Proxy Form can be submitted electronically via TIIH Online website at <https://tiih.online> or deposited with the Company's Registered Office at No. 2, Jalan Bangsar Utama 9, Bangsar Utama, 59000 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time appointed for the 18th AGM or any adjournment thereof. Please follow the procedures set out in the Administrative Guide for the 18th AGM.

Please refer to the Notice of the 18th AGM and the Administrative Guide for further information on the meeting.

## **8. DIRECTORS' RECOMMENDATION**

The Board, having taken into consideration all relevant aspects of the Proposed Shareholders' Mandate, is of the opinion that the Proposed Shareholders' Mandate is in the best interests of the Deleum Group, is fair, reasonable and on normal commercial terms and not detrimental to the interests of the minority shareholders. Accordingly, the Board recommends that you vote in favour of the ordinary resolutions pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

## **9. FURTHER INFORMATION**

Shareholders are advised to refer to Appendix I of this Circular for further information.

Yours faithfully,  
For and on behalf of the Board  
**DELEUM BERHAD**

**DATO' IZHAM BIN MAHMUD**  
Non-Independent Non-Executive Chairman

**PART B**

**STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF THE SHARE BUY-  
BACK AUTHORITY (“PROPOSED SHARE BUY-BACK AUTHORITY”)**





**DELEUM**

**DELEUM BERHAD**

Registration No. 200501033500 (715640-T)  
(Incorporated in Malaysia)

Registered Office:  
No. 2, Jalan Bangsar Utama 9  
Bangsar Utama  
59000 Kuala Lumpur  
Malaysia

20 April 2023

**Board of Directors**

Dato' Izham bin Mahmud (*Non-Independent Non-Executive Chairman*)  
Datuk Vivekananthan a/l M.V. Nathan (*Non-Independent Non-Executive Deputy Chairman*)  
Ramanrao bin Abdullah (*Group Chief Executive Officer*)  
Lee Yoke Khai (*Independent Non-Executive Director*)  
Datuk Manharlal a/l Ratilal (*Independent Non-Executive Director*)  
Tan Sri Dato' Seri Shamsul Azhar bin Abbas (*Senior Independent Non-Executive Director*)  
Datin Aisah Eden (*Independent Non-Executive Director*)

**To : The Shareholders of Deleum**

Dear Sir/Madam,

**PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

---

**1. INTRODUCTION**

At the Extraordinary General Meeting of the Company held on 19 May 2022, the Company obtained a mandate from its shareholders for the authority to enable the Company to purchase its own Shares for an aggregate amount of up to ten percent (10%) of the total number of issued shares.

In accordance with the Listing Requirements, the aforesaid authority is subject to annual renewal and will lapse at the conclusion of the forthcoming AGM, unless renewed by the shareholders of Deleum.

On 28 February 2023, the Company announced its intention to seek the shareholders' approval for the Proposed Renewal of Share Buy-Back Authority ("Proposed Share Buy-Back Authority") at the forthcoming AGM of the Company which will be held on 23 May 2023, or any adjournment thereof. The Proposed Share Buy-Back Authority is subject to compliance with Section 113(5) and Section 127 of the Act, Listing Requirements and any Prevailing Laws at the time of purchase.

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

**THE PURPOSE OF THIS STATEMENT IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSAL AND TO SEEK YOUR APPROVAL ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED SHARE BUY-BACK AUTHORITY TO BE TABLED AS SPECIAL BUSINESS AT THE FORTHCOMING AGM OR ANY ADJOURNMENT THEREOF.**

**YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS STATEMENT TOGETHER WITH THE APPENDIX 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 SHARE BUY-BACK AUTHORITY**

### **2.1 Details of the Proposed Share Buy-Back Authority**

The Board is proposing to seek the shareholders' approval for the renewal of authority for the Company to purchase the Shares for an aggregate amount of up to ten percent (10%) of the total number of issued Shares at any point in time subject to compliance with Section 113(5) and Section 127 of the Act, Listing Requirements and any Prevailing Laws at the time of purchase.

Based on the Company's issued Shares of 401,553,500 as at the LPD, the maximum number of Deleum Shares which may be purchased by the Company pursuant to the Proposed Share Buy-Back Authority shall not exceed 40,155,350 of Deleum Shares in aggregate. However, the actual number of Deleum Shares to be purchased and the timing of any purchase will depend on the market conditions and sentiments of stock market, the availability of financial resources and retained profits of the Company. In addition, the Board will ensure that the purchase of Deleum Shares will not result in the Company's public shareholding spread falling below the minimum public shareholding spread of twenty-five percent (25%) of the issued and paid-up share capital.

The Proposed Share Buy-Back Authority, once approved by the shareholders, shall take effect from the passing of the ordinary resolution pertaining thereto at the forthcoming AGM and shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at the general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (c) revoked or varied by an ordinary resolution passed by the shareholders in general meeting.

whichever occurs first.

The Proposed Share Buy-Back Authority does not impose an obligation on the Company to purchase the Shares. Rather, it will allow the Board to exercise the power of the Company to purchase its own Shares at any time within the abovementioned time period.

### **2.2 Funding for the Proposed Share Buy-Back Authority**

In accordance with the Listing Requirements, the Proposed Share Buy-Back Authority, if exercised, must be made wholly out of retained profits of the Company. Therefore, the maximum amount of funds to be utilised for the Proposed Share Buy-Back Authority shall not exceed the aggregate of the retained profits of the Company. Based on the audited financial statements of the Company for the financial year ended 31 December 2022, the retained profits of the Company were RM14,784,976.

The Company intends to use internally generated funds to finance the Proposed Share Buy-Back Authority subject to compliance with Section 127 of the Act and any Prevailing Laws at the time of purchase. Notwithstanding this, in the event that the Proposed Share Buy-Back Authority (or any part of it) is to be financed through external borrowings, the Board will ensure that the Company has sufficient funds to repay such external borrowings.

The Proposed Share Buy-Back Authority is not expected to have a material impact on the cash flow position of the Company.

The actual number of the Shares to be purchased, and the timing of such purchases will depend on, among others, the market conditions and sentiments of the stock market as well as the Company's financial resources and retained profits.

### **2.3 Status and Treatment of Purchased Shares**

Pursuant to the provisions of Section 127(4) and (7) of the Act, our Board may deal with the Purchased Shares in the following manner:

- (a) Cancel the Purchased Shares; or
- (b) Retain the Purchased Shares as treasury shares, which is referred to as “treasury shares” in the Act; or
- (c) Retain part of the Purchased Shares as treasury shares and cancel the remainder; or
- (d) Distribute the treasury shares as share dividends to shareholders; or
- (e) Resell the treasury shares or any of the said shares in accordance with the Listing Requirements; or
- (f) Transfer the treasury shares or any of the said shares as purchase consideration; or
- (g) Cancel the treasury shares or any of the said shares; or
- (h) Deal with the Purchased Shares in any other manner as may be permitted by the applicable laws and/or regulations in force from time to time.

As at the date of this Statement, the Board has yet to make any decision with regard to the treatment of the Purchased Shares and will take into consideration the effects of such treatment on the Group in arriving at its decision. An immediate announcement will be made to Bursa Securities and the relevant authorities in respect of the Board's decision on the treatment of the Purchased Shares in compliance with the Listing Requirement and the Act.

In the event that the Purchased Shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in other distributions whether cash or otherwise would be suspended. The treasury shares shall not be taken into account in calculating the number or percentage of Shares or of a class of shares in the Company for any purposes including the determination of substantial shareholdings, take-overs, notices, the requisitioning of meetings, the quorum for meetings and the result of votes on the resolution at a meeting of members.

### **2.4 Purchase/ Resale/ Transfer Price**

Pursuant to Rule 12.17 of the Listing Requirements, the Company may only purchase the Shares at a price which is not more than fifteen percent (15%) above the weighted average market price of the Shares for the past five (5) Market Days immediately preceding the date of purchase.

The Board may decide to cancel the Purchased Shares if the cancellation of the said shares is expected to enhance the EPS of the Group and thereby in the long term, have a positive impact on the market price of Deleum Shares. The Board may also decide to retain them as treasury shares for resale if higher values can be realised or to be distributed as share dividends.

In the case of a resale or transfer of treasury shares, the Company may only resell the treasury shares on Bursa Securities or transfer the treasury shares at a price:

- (a) not less than the weighted average market price of the Shares for the five (5) Market Days immediately before the date of the resale or transfer; or
- (b) at a discount of not more than five percent (5%) to the weighted average market price of the Shares for the five (5) Market Days immediately before the date of the resale or transfer provided that:
  - (i) the resale or transfer takes place no earlier than thirty (30) days from the date of purchase; and
  - (ii) the resale or transfer price is not less than the cost of purchase of the Shares being resold or transferred.

## **2.5 Public Shareholding Spread**

Pursuant to Rule 8.02(1) of the Listing Requirements, a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. Bursa Securities may accept a percentage lower than the 25% if it is satisfied that such lower percentage is sufficient for a liquid market in such securities.

Based on the Record of Depositors of the Company as at LPD, the public shareholding spread of the Company was 39.86% of the total number of issued Shares. In compliance with Rule 12.14 of the Listing Requirements, the Board will endeavour to ensure that the Company complies with the required public shareholding spread and shall not buy back the Shares if the purchase would result in the public shareholding spread requirement not being met.

## **2.6 Implications Relating to the Code**

Pursuant to Rule 4 of the Code, a person and any parties acting in concert with him will be required to make a mandatory offer for the remaining Deleum Shares not already owned by him/her/them if his/her/their stake in the Company is increased to beyond 33% or if his/her/their shareholdings is between 33% and 50% and increases by another 2% in any six (6) months period.

However, an exemption from mandatory offer obligation may be granted by the SC under the Code subject to the parties acting in concert complying with the conditions stipulated in the Code.

The Company intends to implement the Proposed Share Buy-Back Authority in the manner that will not result in any of the shareholders having to undertake a mandatory offer pursuant to the Code. In this respect, the Board will be mindful of the requirements of the Code when implementing the Proposed Share Buy-Back Authority.

## **2.7 Rationale/ Potential Advantages and Disadvantages of Share Buy-Back**

The Proposed Share Buy-Back Authority, if renewed, will enable Deleum to utilise any of its surplus financial resources, which is not immediately required for other uses, to purchase the Shares from the market.

Any Share Buy-Back, if implemented pursuant to the Proposed Share Buy-Back Authority, is likely to potentially benefit Deleum and its shareholders in the following manner:

- (a) To allow the Company to take preventive measures against speculation particularly when the Shares are undervalued which would in turn stabilise the supply and demand of its Shares in the open market and thereby supporting its fundamental values;
- (b) Purchased Shares, whether to be held as treasury shares or subsequently cancelled, will effectively reduce the number of Shares carrying voting rights. Therefore, shareholders are likely to enjoy an increase in the value of their investment in the Company due to the increase in the Company's EPS; or
- (c) The Purchased Shares may be held as treasury shares and distributed to shareholders as share dividends and/or resell or partially resell in the open market with the intention of realising a potential capital gain if the Purchased Shares are resold at price(s) higher than their purchase price(s).
- (d) The Purchased Shares may be used to incentivise key and relevant employees whose contributions are vital to the operations, long-term growth and profitability of the Group, and to motivate and retain such employees.

The potential disadvantages of the Share Buy-Back to the Company and its shareholders are as follows:

- (a) The Proposed Share Buy-Back Authority, if exercised, is expected to temporarily reduce the financial resources of the Group and may represent an opportunity cost to the Group in respect of its ability to undertake other investment opportunities and/or to earn any income that may be derived from other alternative use of such funds such as deposits in interest bearing instruments; and
- (b) The Proposed Share Buy-Back Authority, if exercised, must be made wholly out of the retained earnings of the Company, it may result in the reduction of financial resources available for distribution to the shareholders in the form of cash dividends as the funds are utilised to purchase the Shares.

Nevertheless, the Board is of the view that the exercise of the Proposed Share Buy-Back Authority is not expected to have any potential material disadvantage to the Company and its shareholders as it will be implemented only after in-depth consideration of the financial resources of the Company and the resultant impact on the shareholders. The Board will be mindful of the interest of the Company and its shareholders in undertaking the Proposed Share Buy-Back Authority and in the subsequent cancellation of the Purchased Shares.

## **2.8 Purchase, Resale and Cancellation of Shares Made in Previous Twelve (12) Months**

There were no purchase, resale, transfer or cancellation of shares made by Deleum in the previous twelve (12) months preceding the date of this Statement.

## **3. EFFECTS OF THE PROPOSED SHARE BUY-BACK AUTHORITY**

### **3.1 Share Capital**

The effect of the exercise of the Proposed Share Buy-Back Authority on the issued share capital of the Company will depend on whether the Purchased Shares are cancelled or retained as treasury shares. The Proposed Share Buy-Back Authority will result in a reduction of the issued shares capital of the Company if the Purchased Shares are cancelled.

In the event the Proposed Share Buy-Back Authority is carried out in full and all the Purchased Shares are cancelled, the present issued share capital of the Company will be reduced by the number of Shares so cancelled as follows:-

	<u>No. of Shares</u>
Existing share capital as at LPD	401,553,500
Assuming all the Purchased Shares pursuant to the Proposed Share Buy Back Authority are cancelled	(40,155,350)
Resultant ordinary issued share capital	<u>361,398,150</u>

Alternatively, if the Company retains the Purchased Shares as treasury shares, it will not have any effect on the total issued and paid-up share capital of the Company. However, the rights attached to the Purchased Shares as to voting, dividend and participation in other distribution and otherwise will be suspended as long as they are retained as treasury shares.

### **3.2 Earnings and EPS**

The effects of the exercise of the Proposed Share Buy-Back Authority on the earnings and EPS of Deleum will depend on the purchase price of such Shares, the number of Purchased Shares, the effective funding cost to the Group to finance the Purchased Shares or any loss in interest income to the Company and the proposed treatment of the Purchased Shares.

The reduction in the number of Deleum Shares applied in the computation of the EPS pursuant to the Proposed Share Buy-Back Authority may generally, all else being equal, have a positive impact on the consolidated EPS for the financial year when the Proposed Share Buy-Back Authority is implemented.

Should the Company choose to hold the Purchased Shares as treasury shares and resell the Shares subsequently, the effect on the EPS of the Group will depend on the actual selling price, the number of treasury shares resold, and the effective gain or interest saving arising from the exercise.

If the Shares so purchased are cancelled, the Share Buy-Back will increase the EPS of the Group provided that the income foregone and interest expenses incurred on the Purchase Shares is less than the EPS before Share Buy-Back.

### **3.3 Net Assets (“NA”)**

The effect of the exercised of the Proposed Share Buy-Back Authority on the consolidated NA of the Group will depend on the purchase price and the number of Shares purchased and the treatment of the Purchased Shares. In the event that the resale price is higher than the purchase price, there will be an increase in the consolidated NA, and vice versa.

If the treasury shares are distributed as share dividends, the consolidated NA would decrease by any associated costs incurred in the distribution of the treasury shares.

### **3.4 Working Capital**

The effect of the exercised of the Proposed Share Buy-Back Authority is likely to reduce the working capital of the Group, the quantum of which will depend on the actual number of Deleum Shares purchased and the price paid and any associated costs incurred for the purchase of the Shares. In the event that the treasury shares are subsequently resold on the stock market, the working capital of the Group will increase upon the receipt of the proceeds of the resale.

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### 3.5 Directors' and/or Substantial Shareholders' Shareholdings

The effect of the exercised of the Proposed Share Buy-Back Authority in full on the shareholdings of the Directors and Substantial Shareholders as at LPD, are set out as follows:

	Number of Shares held as at LPD*			After Proposed Share Buy-Back <sup>^</sup>			
	Direct	%	Indirect	Direct	%	Indirect	
<b><u>Directors</u></b>							
Dato' Izham bin Mahmud	11,200,000	2.79	138,466,598 <sup>(1)</sup>	11,200,000	3.10	138,466,598 <sup>(1)</sup>	38.31
Datuk Vivekanathan a/l M.V. Nathan	43,302,600	10.78	81,740,900 <sup>(2)</sup>	43,302,600	11.98	81,740,900 <sup>(2)</sup>	22.62
<b><u>Substantial Shareholders</u></b>							
Lantas Mutiara Sdn. Bhd.	81,740,900	20.36	-	81,740,900	22.62	-	-
Hartapac Sdn. Bhd.	48,165,418	11.99	-	48,165,418	13.33	-	-
Datuk Vivekanathan a/l M.V. Nathan	43,302,600	10.78	81,740,900 <sup>(2)</sup>	43,302,600	11.98	81,740,900 <sup>(2)</sup>	22.62
Datin Che Bashah @ Zaiton binti Mustaffa	32,365,698	8.06	-	32,365,698	8.96	-	-
IM Holdings Sdn. Bhd.	24,360,000	6.07	-	24,360,000	6.74	-	-
Dato' Izham bin Mahmud	11,200,000	2.79	138,466,598 <sup>(1)</sup>	11,200,000	3.10	138,466,598 <sup>(1)</sup>	38.31
Datin Sian Rahimah Abdullah	-	-	48,165,418 <sup>(3)</sup>	-	-	48,165,418 <sup>(3)</sup>	13.33
Faye Miriam Abdullah	-	-	48,165,418 <sup>(3)</sup>	-	-	48,165,418 <sup>(3)</sup>	13.33
Hugh Idris Abdullah	-	-	48,165,418 <sup>(3)</sup>	-	-	48,165,418 <sup>(3)</sup>	13.33
Farid Riza Izham	-	-	24,360,000 <sup>(4)</sup>	-	-	24,360,000 <sup>(4)</sup>	6.74
Faidz Raziff Izham	-	-	24,360,000 <sup>(4)</sup>	-	-	24,360,000 <sup>(4)</sup>	6.74
Hana Sakina Izham	-	-	24,360,000 <sup>(4)</sup>	-	-	24,360,000 <sup>(4)</sup>	6.74

**Notes:**

\* Based on the 401,553,500 total number of issued shares of the Company.

<sup>^</sup> Assuming the Proposed Share Buy-Back Authority is implemented in full, i.e. up to 10% of total number of issued shares of the Company, the Purchased Shares are held as treasury shares and that the Directors and the substantial shareholders' shareholdings in Deleum remain unchanged.

(1) Deemed interested by virtue of his shareholdings in IM Holdings Sdn. Bhd. and Lantas Mutiara Sdn. Bhd. pursuant to Section 8 of the Act and shares held by his spouse.

(2) Deemed interested by virtue of his shareholdings in Lantas Mutiara Sdn. Bhd. pursuant to Section 8 of the Act.

(3) Deemed interested by virtue of his/her shareholdings in Hartapac Sdn. Bhd. pursuant to Section 8 of the Act.

(4) Deemed interested by virtue of his/her shareholdings in IM Holdings Sdn. Bhd. pursuant to Section 8 of the Act.



#### 4. INTERESTS OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save for the consequential increase in the percentage of shareholdings and/or voting rights of the Directors and substantial shareholders of the Company as a result of the decrease in the total number of issued Shares after the exercise of the Proposed Share Buy-Back Authority, none of the Directors and/or Substantial Shareholders and/or persons connected to them have any interest, either direct or indirect in the Share Buy-Back and the subsequent resale of treasury shares, if any, in the future.

#### 5. APPROVAL REQUIRED

The Proposed Share Buy-Back Authority is conditional upon the approval of the shareholders of the Company being obtained at the forthcoming AGM to be convened or any adjournment thereof.

#### 6. HISTORICAL SHARE PRICES

The following table sets out the monthly highest and lowest prices of Deleum Shares traded on Bursa Securities for the preceding twelve (12) months from April 2022 up to March 2023

Month	Highest (RM)	Lowest (RM)
April 2022	0.700	0.590
May 2022	0.775	0.625
June 2022	0.685	0.540
July 2022	0.640	0.545
August 2022	0.735	0.560
September 2022	0.830	0.665
October 2022	0.750	0.635
November 2022	0.805	0.685
December 2022	0.970	0.785
January 2023	1.040	0.875
February 2023	1.040	0.925
March 2023	1.010	0.845

The last transacted price of Deleum Shares as at LPD is RM0.890.

(Source: Bloomberg Finance L.P.)

#### 7. AGM

The 18th AGM of the Company will be held virtually via live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-02, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur and by Remote Participation and Voting ("RPV") facilities through meeting platform at TIIH Online website at <https://tjih.online> on Tuesday, 23 May 2023 at 10.00 a.m., or at any adjournment thereof for the purpose of considering and if thought fit, passing the resolution to approve and give effect to the Proposed Share Buy-Back Authority at the AGM. The Notice of the AGM, Proxy Form and Administrative Guide are available on the Company's website at [www.deleum.com/agm2023](http://www.deleum.com/agm2023).

If you are unable to attend and vote at the 18th AGM and wish to appoint a proxy instead, you should complete and return the Proxy Form in accordance with the instructions printed thereon. The Proxy Form can be submitted electronically via TIIH Online website at <https://tjih.online> or deposited with the Company's Registered Office at No. 2, Jalan Bangsar Utama 9, Bangsar Utama, 59000 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time appointed for the 18th AGM or any adjournment thereof. Please follow the procedures set out in the Administrative Guide for the 18th AGM.

Please refer to the Notice of the 18th AGM and the Administrative Guide for further information on the meeting.

**8. DIRECTORS' RECOMMENDATION**

The Board, having taken into consideration all relevant aspects of the Proposed Share Buy-Back Authority, is of the opinion that the Proposed Share Buy-Back Authority is in the best interests of the Deleum Group. Accordingly, the Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Share Buy-Back Authority to be tabled at the forthcoming 18th AGM.

**9. FURTHER INFORMATION**

Shareholders are advised to refer to Appendix I for further information.

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## APPENDIX I – FURTHER INFORMATION

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### 1. RESPONSIBILITY STATEMENT

This Circular/Statement has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given 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. MATERIAL LITIGATION

Save as disclosed below, as at 21 March 2023 (being the LPD), Deleum Group has not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant and our Board is not aware of any proceedings, pending or threatened, against the Deleum Group or any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Deleum Group

All the material litigation below relates to Deleum Technology Solutions Sdn. Bhd. (formerly known as Deleum Primera Sdn. Bhd.), a 86.67% owned indirect subsidiary of Deleum, and does not relate to Deleum and its other subsidiaries.

1. **High Court of Kuala Lumpur (Civil Suit No. WA-22NCVC-508-08/2020) brought by Synergy Spectacular Sdn. Bhd. (“Plaintiff”) against Deleum Technology Solutions Sdn. Bhd. (“Defendant”)**

The Plaintiff has commenced the above legal proceedings against the Defendant wherein it is alleged, *inter alia*, that the Defendant had unlawfully terminated the agreement entered into between parties for the supply and delivery of Cargo Handling Equipment (“CHE”) by the Plaintiff to the Defendant, and wherein there had been severe and protracted delay in delivery of the CHE by the Plaintiff.

By a Writ of Summons and Statement of Claim dated 21 August 2020, the Plaintiff commenced the above legal proceedings against the Defendant concerning the alleged unlawful termination of the CHE Project contract dated 11 October 2018 by the Defendant, claiming for *inter alia* Judgment for the amount of RM1,400,500.00, being the total sum from invoices allegedly outstanding, and damages in the amount of RM874,500.00 arising from the Defendant’s alleged refusal to accept delivery of the CHE.

The Orders and/or relief sought by the Plaintiff against the Defendant, are as follows:

- (a) A Declaration that the termination of the CHE Project contract dated 11 October 2018 by the Defendant, was unlawful;
- (b) Judgment for the sum of RM1,400,500.00, being the total sum from invoices allegedly outstanding;
- (c) Damages in the amount of RM874,500.00 due to the Defendant’s alleged refusal to accept delivery of the CHE;
- (d) General damages;
- (e) Late payment charges of 1.5% per month, from the date of the Writ of Summons until full settlement of all outstanding invoices;
- (f) Interest at the rate of 5% per annum on the Judgment sum from the date of Judgment until full settlement;
- (g) Costs; and
- (h) Any other relief deemed fit by the High Court.

The Suit proceeded for Trial on 27 - 28 September and 28 October 2021 and on 20 January 2022, the following Decision was delivered by the Court:

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## APPENDIX I – FURTHER INFORMATION

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1. The Plaintiff's claim is dismissed;
2. The Defendant's counterclaim is dismissed, save for the declaration sought by the Defendant, namely for a declaration that the termination of the CHE Project by the Defendant was lawful and valid, which declaration was granted; and
3. The Plaintiff and the Defendant shall bear its own costs.

The Plaintiff has filed their appeal at the Court of Appeal on 17 February 2022 and the Memorandum of Appeal together with the Record of Appeal on 20 April 2022.

At the Case Management on 7 July 2022, Solicitors for the Plaintiff informed the Court that Plaintiff has been wound up and that they must apply to the liquidator, i.e., the Director General of Insolvency ("DGI"), for sanction to proceed with the appeal in the Court of Appeal under Section 486 [Powers of Liquidator in Winding Up by Court] (read together with Part I of the Twelfth Schedule) of the Companies Act 2016.

At the Case Management on 30 November 2022, solicitors for the Plaintiff informed that they have filed a letter in Court on 22 November 2022 enclosing the DGI's approval of the Plaintiff's application for sanction to continue the above action.

Pursuant to the Hearing of the Appeal held on 12 January 2023, the Court of Appeal has granted the following Orders in favour of the Plaintiff:

1. Judgment for the sum of RM1,400,500.00 for outstanding invoices, as pleaded in the Statement of Claim;
2. Interest at the rate of 5% per annum on the judgment sum from the date of filing of the Suit, 21 August 2020, until the date of full settlement; and
3. Costs of RM10,000.00 be paid to the Plaintiff, subject to payment of the Allocatur fee.

Item 1 & 3 has been paid to the Plaintiff on 23 February 2023 whilst Item 2 was paid on 3 March 2023.

2. **High Court of Kuala Lumpur (Civil Suit No. WA-22NCVC-768-11/2020) brought by Synergy Spectacular Sdn. Bhd. ("Plaintiff") against Deleum Technology Solutions Sdn. Bhd. ("Defendant")**

The Plaintiff had commenced the above legal proceedings against the Defendant, wherein it is alleged, *inter alia*, that the Defendant had failed to make payment for certain works carried out by the Plaintiff, for which the Defendant had engaged the Plaintiff.

The Writ of Summons and Statement of Claim, both dated 23 November 2020, were served on the Defendant on 26 November 2020. The Defendant has filed its Memorandum of Appearance dated 9 December 2020 and Defence dated 7 January 2021. The Plaintiff thereafter filed its Reply to Defence dated 21 January 2021.

The Plaintiff's solicitors have, on 25 January 2021, served on the Defendant's solicitors an Amended Writ and Statement of Claim, both dated 22 January 2021, to:

- (i) amend the original claim sum from RM1,568,048.66 to an amended claim sum of RM2,184,584.45; and
- (ii) withdraw their claim for a declaration and injunction as the amended claim sum has rendered the declaration and injunction as no longer applicable.

The amendments have been sought on the basis that Invoice No. SS/CWR/BAP A Standby dated 3 November 2020 for the amount of RM616,535.79 became due and payable on 3 December 2020 (i.e. after the filing of their suit on 23 November 2020). Therefore, the Plaintiff has included the invoice amount in the total sum claimed.

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## APPENDIX I – FURTHER INFORMATION

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The said amendment is to regularise the Plaintiff's claim and the same would not jeopardise the rights of the Defendant.

Pursuant to the Amended Writ & Statement of Claim, both dated 22 January 2021, the Plaintiff has sought for the following relief:

- (a) Judgment for the sum of RM2,184,584.45 being the total sum from invoices allegedly outstanding;
- (b) Interest at the rate of 5% per annum on the Judgment sum from the date of Judgment until full settlement;
- (c) Costs; and
- (d) Any other relief deemed fit by the High Court.

Pursuant to the Case Management on 21 July 2021, the suit was initially fixed for Trial on 22, 23 and 29 September 2022, but was subsequently rescheduled by the Court to 22 and 23 March 2023.

3. **High Court of Kuala Lumpur (Civil Suit No. WA-22NCC-544-11/2020) brought by Deleum Technology Solutions Sdn. Bhd. ("Plaintiff") against Mazrin bin Ramli & 9 Others ("Defendants")**

The Plaintiff has commenced the above legal proceedings against the Defendants by way of a Writ of Summons dated 5 November 2020 for, *inter alia*, breaches of fiduciary duty, knowing receipt and dishonest assistance in relation to an alleged fraudulent scheme involving its employees, suppliers, contractors and employees of a client. The sum claimed by the Plaintiff in its Statement of Claim dated 5 November 2020 is RM19,876,389.87.

Pursuant to the Recusal Application filed by the 6 Defendants on 9 March 2021, Plaintiff has on 1 April 2022, vide its solicitors, Messrs. Ranjit Singh & Yeoh, filed an application for leave to apply for a committal order against Defendant No. 1 to Defendant No. 4, Syarifuddin bin Abdul Wahab, a director of Defendant No. 8 and Zul Hafizi bin Zainal Karib, a director of Defendant No. 10, for having committed contempt of Court. The case management for the application for leave to apply for a committal order has been scheduled for 13 May 2022.

During the Hearing on 21 November 2022, in relation to DTS Application for Leave to Apply for an Order of Committal against all the above and dismissed the same against Zul Hafizi bin Zainal Karib, a director of Defendant No. 10, with no order as to cost.

Pursuant to the above, DTS have filed an Application for an Order of Committal against all of the above except for Zul Hafizi bin Zainal Karib, a director of Defendant No. 10. The case management for the Application is scheduled on 9 February 2023.

During the case management for the Application on 21 March 2023, the Court has fixed a hearing date for the contempt application and has given directions for the filing of submissions. In this regard, the Court has directed as follows:

1. Written submissions to be filed on 8 May 2023;
2. Reply submissions to be filed on 22 May 2023; and
3. The hearing for the contempt application is fixed on 29 May 2023.

Following the Defendant No. 8 being wound-up on 27 May 2022, the Plaintiff's solicitors have written to the Official Receiver on 27 July 2022 informing them of the ongoing Civil Suit filed by the Plaintiff against the 10 Defendants which includes, Defendant No.8; and filed a Notice of Motion at the Shah Alam High Court for leave to be granted for the Plaintiff to continue with its claim against Defendant No. 8 which was granted by the Court on 26 August 2022.

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## **APPENDIX I – FURTHER INFORMATION**

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Pursuant to the winding up of Defendant No. 8 and a forensic report prepared by our forensic analyst Virdos Lima Consultancy (M) Sdn. Bhd. dated 19 March 2023, DTS will be filing an application to amend its Statement of Claim against the Defendants by 12 April 2023.

### **3. MATERIAL CONTRACTS**

There are no material contracts (including contracts not reduced into writing), not being contracts entered into in the ordinary course of business, which have been entered into by the Company and/or its subsidiaries within two (2) years preceding the date of this Circular.

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

Copies of the following documents are available for inspection at the registered office of the Company following the publication of this Circular from Mondays to Fridays (except public holidays) during normal business hours up to and including the date of the AGM:

- (i) The Constitution of Deleum; and
- (ii) The audited consolidated financial statements of Deleum and its subsidiaries for the past two (2) financial years ended 31 December 2021 and 2022.

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