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MERCURY INDUSTRIES BERHAD
(Company No. 105550-K)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

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

The Notice of the Thirty-Fourth Annual General Meeting ("AGM") of MERCURY INDUSTRIES BERHAD ("the Company") to be convened and held at Lot 10, Jalan Perusahaan 4, Batu Caves Industrial Estate, 68100 Batu Caves, Selangor Darul Ehsan on Wednesday, 24 May 2017 at 10.00 a.m. and the Form of Proxy are included in the 2016 Annual Report of the Company which is sent to you together with this Circular.

The original Form of Proxy should be completed and lodged at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than twenty-four (24) hours before the time stipulated for holding the AGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM if you subsequently wish to do so.

Venue of AGM	:	Lot 10, Jalan Perusahaan 4 Batu Caves Industrial Estate 68100 Batu Caves Selangor Darul Ehsan
Last date and time for lodging the Form of Proxy	:	Tuesday, 23 May 2017 at 10.00 a.m.
Date and time of the AGM	:	Wednesday, 24 May 2017 at 10.00 a.m.

This Circular is dated 28 April 2017

DEFINITIONS

For the purpose of this Circular, except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

Act	: Companies Act 2016
AGM	: Annual General Meeting
Audit Committee	: Audit Committee of Mercury
Board	: Board of Directors of Mercury
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
Circular	: This circular dated 28 April 2017 in relation to the Proposed Renewal of Shareholders' Mandate
Dato' Tiong	: Dato' Tiong Kwing Hee, a Director and Major Shareholder of Mercury as at the LPD
Director(s)	: Shall have the meaning given in Section 2 of the Act and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Director of the Company or any other company which is its subsidiary or holding company or chief executive officer of the Company, its subsidiary or holding company
EcoFirst	: EcoFirst Consolidated Bhd (15379-V)
EcoFirst Group	: EcoFirst and its subsidiaries
FYE(s)	: Financial year(s) ended/ending, as the case may be
Listing Requirements	: Main Market Listing Requirements of Bursa Securities
LPD	: 31 March 2017, being the latest practicable date prior to the printing of this Circular
Major Shareholder(s)	: A person who has an interest or interests in one or more voting shares in the Company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:- (a) equal to or more than 10% of the aggregate of the nominal amounts of all the voting shares in the Company; or (b) equal to or more than 5% of the aggregate of the nominal amounts of all the voting shares in the Company where such person is the largest shareholder of the Company. 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 major shareholder of Mercury or any other company which is its subsidiary or holding company. For the purpose of this definition, "interest in shares" shall have the meaning given in Section 8 of the Act
Mandated Related Parties	: EcoFirst Group, Meda Group and Leow Lai Ching, details of which are set out in Section 2.4 of this Circular

DEFINITIONS (cont'd)

Meda	: Meda Inc. Berhad (507785-P)
Meda Group	: Meda and its subsidiaries
Mercury or Company	: Mercury Industries Berhad (105550-K)
Mercury Group or Group	: Mercury and its subsidiaries
PBSB	: Paramount Bounty Sdn Bhd (759894-H)
Proposed Disposal	: The proposed disposal by Mercury to Interglobal Dynasty Sdn Bhd of its entire equity interest in Silverlight Prospect Sdn Bhd, a wholly-owned subsidiary of Mercury
Proposed Renewal of Shareholders' Mandate	: Proposed renewal of shareholders' mandate for the Mercury Group to enter into Recurrent Transactions as set out in Section 2.5 of this Circular, for which approval from shareholders is being sought at the forthcoming AGM
Recurrent Transactions	: Recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations entered into by all or any of the companies within the Group with the Mandated Related Parties, which is the subject of the Proposed Renewal of Shareholders' Mandate
RM and sen	: Ringgit Malaysia and sen, respectively

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and/or neuter gender, and vice versa.

References to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment or guidelines is a reference to that enactment or guidelines as for the time being amended or re-enacted.

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

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MERCURY INDUSTRIES BERHAD
(Company No. 105550-K)
(Incorporated in Malaysia)

Registered Office:
Suite 11.1A, Level 11
Menara Weld
76, Jalan Raja Chulan
50200 Kuala Lumpur

28 April 2017

Board of Directors

Fazrin Azwar Bin Dato' Md. Nor (*Chairman/Senior Independent Non-Executive Director*)
Dato' Tiong Kwing Hee (*Executive Director*)
Sou Yong (*Independent Non-Executive Director*)
Koo Hoong Kwan (*Independent Non-Executive Director*)

To: The Shareholders of Mercury

Dear Sir/Madam,

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

1. INTRODUCTION

The Company had at the Thirty-Third AGM held on 31 May 2016 obtained the mandate from its shareholders for Mercury Group to enter into Recurrent Transactions with the Mandated Related Parties. The said shareholders' mandate was in force since the date of the AGM and shall lapse in accordance with the Listing Requirements, at the conclusion of the forthcoming AGM unless authority for its renewal is obtained from the shareholders of the Company at the AGM.

On 24 March 2017, the Company announced that it proposes to seek shareholders' approval for the Proposed Renewal of Shareholders' Mandate at the forthcoming Thirty-Fourth AGM ("**34th AGM**").

The purpose of this Circular is to provide you with details on the Proposed Renewal of Shareholders' Mandate, to set out the views of your Board, and to seek your approval for the Ordinary Resolution to be tabled at the forthcoming 34th AGM.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE ORDINARY RESOLUTION ON THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE TO BE TABLED AT THE FORTHCOMING 34TH AGM.

2. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

2.1 Details of the Proposed Renewal of Shareholders' Mandate

The Company is seeking approval from the shareholders for the renewal of the general mandate for the Company and/or its subsidiaries to enter into arrangements or transactions with the Mandated Related Parties, which are necessary for the day-to-day operations of the Group and are based on normal commercial terms that are not more favourable to the Mandated Related Parties than those generally made available to the public.

2.2 Paragraph 10.09, Part E of Chapter 10 of the Listing Requirements

Paragraph 10.09(2), Part E of Chapter 10 of the Listing Requirements provides that the Company may seek its shareholders' mandate for recurrent related party transactions of a revenue or trading nature which are necessary for its day-to-day operations, subject to the following:-

- (a) The transactions are in the ordinary course of business and are on terms not more favourable to the related 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 threshold prescribed under Paragraph 10.09(1), Part E of Chapter 10 of the Listing Requirements;
- (c) The Company's circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities;
- (d) The interested director, interested major shareholder or interested person connected with a director or major shareholder and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder and the interested person, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with the interested director or interested major shareholder abstain from voting on the resolution approving the transactions; and
- (e) The Company immediately announces to Bursa Securities when the actual value of a recurrent related party transaction entered into by the Company, exceeds the estimated value of the recurrent related party transaction disclosed in the circular by 10% or more and must include information as may be prescribed by Bursa Securities in its announcement.

Where the Company has procured its shareholders' mandate pursuant to the above, the provisions of Paragraph 10.08 of the Listing Requirements shall not apply during the period of validity of the shareholders' mandate.

2.3 The Companies Within the Mercury Group to which the Proposed Renewal of Shareholders' Mandate is Applicable

Mercury's principal activities are investment holding and provision of management services to its subsidiary companies. As at the LPD, its subsidiaries in the paint division are primarily engaged in the manufacturing and trading of automotive paints and other related products used in the auto refinish industry. PBSB, the Company's 70%-owned subsidiary which is the construction arm of Mercury Group is principally involved in civil and building construction works.

A summary of the principal activities of the subsidiaries in Mercury Group as at the LPD is tabulated below:-

Name of Subsidiaries	Effective Equity Interest	Principal Activities
<u>Directly held by Mercury:</u>		
Silverlight Prospects Sdn Bhd ("SPSB")*	100%	Investment holding
PBSB	70%	Civil and building construction works
<u>Indirectly held by Mercury via SPSB:</u>		
Brilliant Paints Sdn Bhd	100%	Trading, marketing and distribution of paints products
Good Frontier Sdn Bhd	100%	Dormant
Heap Seng Heng (M) Sdn Bhd	100%	Marketing of paints and related products
Heap Seng Heng Paints Sdn Bhd	100%	Marketing of paints and related products
Mercury Paints Factory Sdn Bhd	100%	Manufacturing and sales of putty, hardener, underseal and paints

Note: * The shareholders of the Company have, at the Extraordinary General Meeting ("EGM") held on 27 February 2017, passed the ordinary resolution as set out in the Notice of EGM dated 10 February 2017 on the Proposed Disposal.

As at LPD, the Proposed Disposal is pending completion.

2.4 The Mandated Related Parties to which the Proposed Renewal of Shareholders' Mandate is Applicable

The Mandated Related Parties to which the Proposed Renewal of Shareholders' Mandate is applicable are as follows:-

Mandated Related Parties	Principal Activities	Relationship
EcoFirst Group	<p>EcoFirst's principal activities consist of investment holding and provision of management services.</p> <p>Its subsidiaries are principally involved in property development, property investment, investment holding, general insurance agency, bowling alley operator, provision of management services and operation of agriculture related businesses.</p> <p>(Source: EcoFirst's annual report for the FYE 31 May 2016)</p>	<p>Dato' Tiong is a Director and Major Shareholder of Mercury.</p> <p>Dato' Tiong is also the Group Chief Executive Officer, Director and Major Shareholder of EcoFirst.</p>

Mandated Related Parties	Principal Activities	Relationship
Meda Group	<p>Meda is principally an investment holding company.</p> <p>Its subsidiaries are principally involved in property investment, operation of hotel and car park, investment holding, property development, project management services, building contractor, cultivation of oil palm, provision of services in relation to Malaysia My Second Home Program, provision of adventure facilities, design and installation, management training and consultancy services.</p> <p><i>(Source: Meda's annual report for the FYE 31 December 2015)</i></p>	<p>Dato' Tiong is a Director and Major Shareholder of Mercury.</p> <p>Dato' Tiong is also a Major Shareholder of Meda.</p>
Leow Lai Ching	-	Leow Lai Ching is the wife of Chow Kit Loong, who is the Director and Major Shareholder of PBSB, holding the remaining 30% equity interest in PBSB as at the LPD.

2.5 Nature of Recurrent Transactions Contemplated under the Proposed Renewal of Shareholders' Mandate

The Proposed Renewal of Shareholders' Mandate will facilitate the transactions in the normal course of business of Mercury Group which are/will be transacted from time to time with the Mandated Related Parties, provided that they are consistent with Mercury Group's normal business practices and policies and are on transaction prices and terms which are not more favourable to the Mandated Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Details of the Recurrent Transactions contemplated under the Proposed Renewal of Shareholders' Mandate are as follows:-

Mandated Related Parties	Transacting Parties within Mercury Group	Recurrent Transactions	Estimated transaction value disclosed in the Circular dated 29 April 2016	Actual value	Estimated transaction value from 24 May 2017 to the date of next AGM
			(RM'000)	(RM'000)	(RM'000)
EcoFirst Group	PBSB	Construction works	(a)	238,000	(a)
Meda Group	PBSB	Construction works	(b)	(b)	(b)
Leow Lai Ching	PBSB	Rental of office space	52 ^(c)	48 ^(c)	48 ^(c)

Notes:-

(a) Mercury Group, in its ordinary course of business, will bid for construction contracts from EcoFirst Group as and when the opportunity arises.

There was no estimated transaction value ascribed to the Recurrent Transactions to be entered into with EcoFirst Group in the Circular dated 29 April 2016 (in respect of the shareholders' mandate procured at the AGM held last year) due to the uncertainty of the number and size of construction contracts which Mercury Group may be able to successfully bid from EcoFirst Group.

On 14 March 2016, PBSB had submitted a tender to Curah Bahagia Sdn. Bhd for construction works which include piling, pile caps and column stumps works. It was not successful with this tender.

There is no tender sum being disclosed in this Circular, in respect of the above, for commercial reasons.

During the validity of the shareholders' mandate procured last year, Mercury Group had tendered for and subsequently on 20 February 2017 accepted a Letter of Appointment for a contract worth RM238 million from Pujian Development Sendirian Berhad, a wholly-owned subsidiary of EcoFirst, for the construction and completion of 1,632 Small Office Home Office units and 32 retail units and other related facilities in Ulu Kelang.

Except for the above, there were no other contracts from EcoFirst Group that Mercury Group had bid for during the validity of the shareholders' mandate procured last year. If the Proposed Renewal of Shareholders' Mandate is approved at the forthcoming AGM, Mercury Group will be allowed to continue seeking construction business opportunities with EcoFirst Group. Based on the same reason as stated above, there is no estimated transaction value to be determined for the purpose of this Circular.

- (b) *Mercury Group, in its ordinary course of business, will bid for construction contracts from Meda Group as and when the opportunity arises.*

There was no estimated transaction value ascribed to the Recurrent Transactions to be entered into with Meda Group in the Circular dated 29 April 2016 (in respect of the shareholders' mandate procured at the AGM held last year) due to the uncertainty of the number and size of construction contracts which Mercury Group may be able to successfully bid from Meda Group.

There were no contracts from Meda Group that Mercury Group had bid for during the validity of the shareholders' mandate procured last year. If the Proposed Renewal of Shareholders' Mandate is approved at the forthcoming AGM, Mercury Group will be allowed to continue seeking construction business opportunities with Meda Group. Based on the same reason as stated above, there is no estimated transaction value to be determined for the purpose of this Circular.

- (c) *Pursuant to a renewal letter dated 30 December 2016 for the rental by PBSB from Leow Lai Ching of an office space measuring approximately 4,300 square feet located at 24-1, Jalan Puteri 1/8, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan for a tenure of 12 months commencing from 1 January 2017 to 31 December 2017, at a rental of RM48,000-00 per annum. The rental payable by PBSB to Leow Lai Ching is on monthly basis and not subject to Goods and Services Tax.*

As at the LPD, there is no amount due to and owing by the Mandated Related Parties to Mercury Group pursuant to the Recurrent Transactions which exceeds the credit terms.

2.6 Review Procedures in relation to Recurrent Transactions

Mercury Group has established the following procedures to ensure that the Recurrent Transactions are undertaken at arm's length basis and on normal commercial terms which are consistent with the Group's normal business practices and policies; on transaction prices and terms not more favourable to the Mandated Related Parties than those generally available to the public and are not to the detriment of the minority shareholders:

Monitoring of Recurrent Transactions

- (a) All companies within Mercury Group will be required to adhere to the standard operating procedures established in respect of identifying the Mandated Related Parties and the potential Recurrent Transactions, including the procedures in respect of determination of pricing and seeking of approval from the Audit Committee and Board prior to entering into such Recurrent Transactions.
- (b) Upon recommendation from the Audit Committee and approval obtained from the Board for Mercury Group to proceed with a Recurrent Transaction which is covered by the Proposed Renewal of Shareholders' Mandate, an immediate announcement on the details of the Recurrent Transaction will be made to Bursa Securities in accordance with the requirements prescribed by Bursa Securities.

Determination of Arm's Length Recurrent Transactions

To ensure that all Recurrent Transactions are transacted on terms which are consistent with Mercury Group's normal business practices and policies; are not more favourable to the Mandated Related Parties than those generally available to the public and are not to the detriment of the minority shareholders, the division head or personnel will be required to:

- (a) Where practical and/or feasible, obtain at least two (2) other contemporaneous transactions with unrelated third parties for similar contracts, products and/or quantities to be used as comparison for determining that the price and terms offered by/to the Mandated Related Parties are fair and reasonable as compared with those offered by/to unrelated third parties.
- (b) In the event that the quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined based on those offered by/to other unrelated parties for substantially similar types of transactions to ensure that the Recurrent Transactions are not detrimental to Mercury Group.

Recording, Review and Disclosure of Recurrent Transactions

- (a) Records will be maintained by Mercury Group to capture all the Recurrent Transactions which are entered into, for monitoring purposes. In the event a potential new related party transaction arises, the Company will observe compliance with the relevant requirements and procedures and incorporate it into a new shareholders' mandate, if applicable.
- (b) Annual review of the existing guidelines and procedures established to monitor Recurrent Transactions will also be carried out to ascertain that the guidelines and procedures are adequate and relevant to the business environment in which Mercury Group operates.
- (c) The Audit Committee and the Board shall have the overall responsibility for the determination of the review procedures for Recurrent Transactions including addition of new review procedures, where applicable. The Audit Committee and the Board may also appoint individuals and committees within the Group to examine the Recurrent Transactions, as they may deem appropriate. If a member of the Audit Committee or the Board has an interest in a particular transaction, he or she will abstain from any deliberation and decision-making by the Board and/or the Audit Committee in respect of the said transaction.
- (d) Disclosure will be made in the annual report of the aggregate value of Recurrent Transactions conducted pursuant to the Proposed Renewal of Shareholders' Mandate during the financial year in accordance with the requirements prescribed by Bursa Securities.

There is no specific threshold for approval of recurrent related party transactions to be entered into by Mercury Group with the Mandated Related Parties, so long that such recurrent related party transactions are determined at arm's length and based on normal commercial terms which are not more favourable to the related parties than those generally available to the public and consistent with the Mercury Group's procedures and policies established for monitoring of recurrent related party transactions. Where necessary, the Audit Committee and the Board will review the need to impose a threshold for approval of recurrent related party transactions, based on market practice and at the same time protecting the interests of the minority shareholders.

2.7 Audit Committee Statement

The Audit Committee has carried out an annual review of the procedures as set out in Section 2.6 above and is of the view that:

- (a) the procedures are sufficient to ensure that the Recurrent Transactions are not more favourable to the Mandated Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and
- (b) Mercury Group has in place adequate procedures and processes to monitor, track and identify Recurrent Transactions in a timely and orderly manner and such procedures and processes would be reviewed annually or whenever the need arises.

3. RATIONALE AND BENEFITS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Proposed Renewal of Shareholders' Mandate will allow Mercury Group to continue seeking construction business opportunities from EcoFirst Group and Meda Group respectively. Such opportunities may arise at any time and the Proposed Renewal of Shareholders' Mandate will allow Mercury Group to pursue such business opportunities which may be time sensitive in nature.

The Proposed Renewal of Shareholders' Mandate will eliminate the need to convene separate general meetings on each occasion to seek shareholders' prior approval for the entry by the Group into such transactions. Apart from reducing the expenses associated with convening of general meetings, it will improve administrative efficiency and allowing manpower, resources and time to be better channelled by Mercury Group towards achieving other corporate objectives.

4. VALIDITY PERIOD FOR THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Proposed Renewal of Shareholders' Mandate, if renewed at the forthcoming AGM, will continue to be in force until:-

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

whichever is earlier.

5. EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Proposed Renewal of Shareholders' Mandate does not have any effects on the issued and paid-up share capital of the Company, substantial shareholders' shareholdings in the Company, and is not expected to have any material effect on the net assets, earnings, gearing and dividend of the Group.

Nevertheless, the Proposed Renewal of Shareholders' Mandate is in relation to transactions which are to be undertaken by Mercury Group in its day-to-day operations and hence, may contribute to the Mercury Group's financial performance.

6. APPROVALS REQUIRED

The Proposed Renewal of Shareholders' Mandate is subject to approval being obtained from the shareholders of the Company at the forthcoming AGM.

7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

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

Dato' Tiong, being a Director and Major Shareholder of Mercury is interested in the Proposed Renewal of Shareholders' Mandate by virtue of him being:-

- (a) the Group Chief Executive Officer, Director and Major Shareholder of EcoFirst; and
- (b) Major Shareholder of Meda.

Accordingly, Dato' Tiong has abstained and will continue to abstain from all deliberations and decision at the Board meetings relating to the Proposed Renewal of Shareholders' Mandate.

Dato' Tiong will also abstain from voting in respect of his shareholdings in Mercury on the resolution to be tabled in relation to the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM of Mercury and shall undertake to ensure that persons connected to him shall abstain from voting in respect of their direct and/or indirect interests (if any) on the resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming AGM of Mercury.

Dato' Tiong's shareholdings in Mercury as at LPD is set out below:-

Name	Direct No. of shares	%
Dato' Tiong	2,791,100	6.95

For information, the daughters of Dato' Tiong, hold 58,900 shares in Mercury representing 0.15% equity interest in Mercury as disclosed by Dato' Tiong pursuant to Section 59(11)(c) of the Act.

8. DIRECTORS' RECOMMENDATION

The Board (save for Dato' Tiong), having considered all aspects of the Proposed Renewal of Shareholders' Mandate, is of the opinion that the Proposed Renewal of Shareholders' Mandate is in the best and long term interests of Mercury Group and its shareholders.

Accordingly, the Board (save for Dato' Tiong), recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming AGM.

9. AGM

The AGM, the notice of which is enclosed in 2016 Annual Report of the Company, will be convened and held at Lot 10, Jalan Perusahaan 4, Batu Caves Industrial Estate, 68100 Batu Caves, Selangor Darul Ehsan on Wednesday, 24 May 2017 at 10.00 a.m. for the purposes of considering and if thought fit, passing the resolution to give effect to the Proposed Renewal of Shareholders' Mandate.

If you are unable to attend and vote in person at the AGM, please complete, sign and send the Form of Proxy which is enclosed in the 2016 Annual Report, in accordance with the instructions therein as soon as possible in any event so as to arrive at the registered office of Mercury at Suite 11.1A, Level 11 Menara Weld, 76, Jalan Raja Chulan 50200 Kuala Lumpur, not later than 24 hours before the time fixed for holding the AGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting at the AGM should you subsequently wish to do so.

10. FURTHER INFORMATION

Shareholders are advised to refer to the attached appendix for further information.

Yours faithfully
For and on behalf of the Board of
MERCURY INDUSTRIES BERHAD

Fazrin Azwar Bin Dato' Md. Nor
Chairman/ Senior Independent Non-Executive Director

1. RESPONSIBILITY STATEMENT

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

2. MATERIAL CONTRACTS

Mercury had on 23 November 2016, entered into a conditional share sale agreement with Interglobal Dynasty Sdn Bhd for the proposed disposal of 10,000,000 ordinary shares of RM1.00 each in SPSB representing 100% equity interest in SPSB for a total cash consideration of RM50,500,000.

Save for the above, Mercury Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business), during the two (2) years preceding the LPD.

3. MATERIAL LITIGATION

As at LPD, there are no material litigations, claims or arbitration, either as a plaintiff or a defendant, which will have a material and/or adverse effect on the financial position or business of Mercury Group and the Board is not aware of any proceedings pending or threatened against Mercury Group or of any fact which is likely to give rise to any proceedings which may materially and/or adversely affect the position or business of Mercury Group.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of Mercury at Suite 11.1A, Level 11 Menara Weld, 76, Jalan Raja Chulan 50200 Kuala Lumpur during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming AGM:-

- (a) the Memorandum and Articles of Association of Mercury;
- (b) the audited consolidated financial statements of Mercury Group for the past two (2) FYEs 31 December 2015 and 2016; and
- (c) Conditional share sale agreement dated 23 November 2016 in relation to the Proposed Disposal.

[END]