

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

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

Bursa Malaysia Securities Berhad has not perused this Circular, except in respect of the new shareholders' mandate for the additional Recurrent Related Party Transactions on a limited review basis pursuant to Practice Note 18 of the Main Market Listing Requirements, prior to the issuance of this Circular.

Bursa Malaysia Securities Berhad 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.



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

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

- (I) PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**
- (II) PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The Notice of the Thirty-Fifth Annual General Meeting ("AGM") of MERCURY INDUSTRIES BERHAD ("the Company") to be convened and held at Lot No. 57C, Ground Floor, South City Plaza, Persiaran Serdang Perdana, Taman Serdang Perdana, Seksyen 1, 43300 Seri Kembangan, Selangor Darul Ehsan on Thursday, 24 May 2018 at 10.00 a.m. and the Form of Proxy are included in the 2017 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 forty-eight (48) 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 No. 57C, Ground Floor, South City Plaza  
Persiaran Serdang Perdana, Taman Serdang Perdana  
Seksyen 1, 43300 Seri Kembangan  
Selangor Darul Ehsan

Last date and time for lodging the Form of Proxy : **Tuesday, 22 May 2018 at 10.00 a.m.**  
Date and time of the AGM : **Thursday, 24 May 2018 at 10.00 a.m.**

---

## DEFINITIONS

---

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

<b>Act</b>	: Companies Act 2016, as amended from time to time and re-enactment thereof
<b>AGM</b>	: Annual General Meeting
<b>AMSB</b>	: Andaman Marketing Sdn Bhd (656964-W)
<b>Audit Committee</b>	: Audit Committee of Mercury
<b>Board</b>	: Board of Directors of Mercury
<b>Bursa Securities</b>	: Bursa Malaysia Securities Berhad (635998-W)
<b>Circular</b>	: This circular dated 30 April 2018 in relation to the Proposed Shareholders' Mandate
<b>Dato' Tiong</b>	: Dato' Tiong Kwing Hee, the Managing Director and Major Shareholder of Mercury as at the LPD
<b>Director(s)</b>	: Shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007, and includes any person who is or was within the preceding 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
<b>EcoFirst</b>	: EcoFirst Consolidated Bhd (15379-V)
<b>EcoFirst Group</b>	: EcoFirst and its subsidiaries
<b>FYE(s)</b>	: Financial year(s) ended/ending, as the case may be
<b>Gelaran Bina</b>	: Gelaran Bina Sdn Bhd (1181166-U)
<b>Listing Requirements</b>	: Main Market Listing Requirements of Bursa Securities
<b>LPD</b>	: 30 March 2018, 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 the Company and the number or aggregate number of shares, is:-  (a) equal to or more than 10% of the total number of voting shares in the Company; or  (b) equal to or more than 5% of the total number of 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

---

**DEFINITIONS (cont'd)**

---

<b>Mandated Related Parties</b>	:	EcoFirst Group, Meda Group and Gelaran Bina, details of which are set out in Section 2.4 of this Circular
<b>Meda</b>	:	Meda Inc. Berhad (507785-P)
<b>Meda Group</b>	:	Meda and its subsidiaries
<b>Mercury or Company</b>	:	Mercury Industries Berhad (105550-K)
<b>Mercury Group or Group</b>	:	Mercury and its subsidiaries
<b>PBSB</b>	:	Paramount Bounty Sdn Bhd (759894-H)
<b>Proposed New Shareholders' Mandate</b>	:	Proposed new shareholders' mandate for the Mercury Group to enter into additional Recurrent Transactions as set out in Section 2.5 of this Circular
<b>Proposed Renewal of Shareholders' Mandate</b>	:	Proposed renewal of the existing shareholders' mandate for the Mercury Group to enter into Recurrent Transactions as set out in Section 2.5 of this Circular
<b>Proposed Shareholders' Mandate</b>	:	Proposed renewal of the existing and new shareholders' mandate for the Mercury Group to enter into Recurrent Transactions
<b>Recurrent Transactions</b>	:	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 Shareholders' Mandate
<b>RM and sen</b>	:	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.

*The rest of the page is intentionally left blank*

---

## TABLE OF CONTENTS

---

LETTER FROM THE BOARD OF DIRECTORS TO THE SHAREHOLDERS OF MERCURY CONTAINING:

	<u>Page</u>
1. INTRODUCTION	1
2. PROPOSED SHAREHOLDERS' MANDATE:	
2.1 DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE	2
2.2 PARAGRAPH 10.09, PART E OF CHAPTER 10 OF THE LISTING REQUIREMENTS	2
2.3 THE COMPANIES WITHIN THE MERCURY GROUP TO WHICH THE PROPOSED SHAREHOLDERS' MANDATE IS APPLICABLE	2
2.4 THE MANDATED RELATED PARTIES TO WHICH THE PROPOSED SHAREHOLDERS' MANDATE IS APPLICABLE	3
2.5 NATURE OF RECURRENT TRANSACTIONS CONTEMPLATED UNDER THE PROPOSED SHAREHOLDERS' MANDATE	5
2.6 REVIEW PROCEDURES IN RELATION TO RECURRENT TRANSACTIONS	6
2.7 AUDIT COMMITTEE STATEMENT	7
3. RATIONALE AND BENEFITS OF THE PROPOSED SHAREHOLDERS' MANDATE	8
4. VALIDITY PERIOD FOR THE PROPOSED SHAREHOLDERS' MANDATE	8
5. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE	8
6. APPROVALS REQUIRED	8
7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS	8
8. DIRECTORS' RECOMMENDATION	9
9. 35 <sup>TH</sup> AGM	9
10. FURTHER INFORMATION	10
APPENDIX – FURTHER INFORMATION	11



**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

30 April 2018

**Board of Directors**

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

Dato' Tiong Kwing Hee (*Managing Director*)

Dato' Ting Heng Peng (*Independent Non-Executive Director*)

Koo Hoong Kwan (*Independent Non-Executive Director*)

**To: The Shareholders of Mercury**

Dear Sir/Madam,

- (I) PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**
  - (II) PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**
- 

**1. INTRODUCTION**

The Company had at the Thirty-Fourth AGM held on 24 May 2017 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 28 March 2018, the Company announced that it proposes to seek shareholders' approval for the Proposed Shareholders' Mandate at the forthcoming Thirty-Fifth AGM ("**35<sup>th</sup> AGM**").

The purpose of this Circular is to provide you with details on the Proposed 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 35<sup>th</sup> AGM.

**YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE ORDINARY RESOLUTION ON THE PROPOSED SHAREHOLDERS' MANDATE TO BE TABLED AT THE FORTHCOMING 35<sup>TH</sup> AGM.**

## 2. PROPOSED SHAREHOLDERS' MANDATE

### 2.1 Details of the Proposed Shareholders' Mandate

The Company is seeking approval from the shareholders for the Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' 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 Shareholders' Mandate is Applicable

Mercury's principal activities are investment holding and provision of management services to its subsidiary companies. As at the LPD, the principal activities of the subsidiaries in Mercury Group are tabulated below:-

Name of Subsidiaries	Effective Equity	
	Interest	Principal Activities
PBSB	70%	Civil and building construction works
AMSB	100%	Marketing agent and general trader of building materials

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

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

Mandated Related Parties	Principal Activities	Interested Director/Major Shareholder/ Person(s) connected to them	Relationship with the Related Parties
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, construction, property investment, investment holding, general insurance agency, bowling alley operator, provision of management services and operation of agriculture related businesses.</p> <p><i>(Source: EcoFirst's annual report for the FYE 31 May 2017)</i></p>	<ul style="list-style-type: none"> <li>➤ Dato' Tiong</li> </ul>	<p>Dato' Tiong is the Managing Director and Major Shareholder of Mercury. He is also the Group Chief Executive Officer, Director and Major Shareholder of EcoFirst.</p>
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 construction, 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 2016)</i></p>	<ul style="list-style-type: none"> <li>➤ Dato' Tiong</li> <li>➤ Teoh Seng Aun</li> <li>➤ Dato (Dr) Teoh Seng Foo</li> <li>➤ Dato' Teoh Seng Kian</li> </ul>	<ul style="list-style-type: none"> <li>➤ Dato' Tiong is a Major Shareholder of Meda.</li> <li>➤ Teoh Seng Aun is a Director of AMSB and he is also a Major Shareholder of Meda.</li> <li>➤ Dato' (Dr) Teoh Seng Foo, the brother of Teoh Seng Aun, is the Executive Director/ Deputy Chairman of Meda. He is also a shareholder of Meda.</li> <li>➤ Dato' Teoh Seng Kian, the brother of Teoh Seng Aun, is the Executive Director/ Managing Director of Meda. He is also a Major Shareholder of Meda.</li> </ul>

**2.4 The Mandated Related Parties to which the Proposed Shareholders' Mandate is Applicable – cont'd**

<b>Mandated Related Parties</b>	<b>Principal Activities</b>	<b>Interested Director/Major Shareholder/ Person(s) connected to them</b>	<b>Relationship with the Related Parties</b>
Gelaran Bina	<p>Gelaran Bina principal activity is that of property development.</p> <p><i>(Source: Gelaran Bina's audited financial statements for FYE 30 June 2017)</i></p>	<ul style="list-style-type: none"> <li>➤ Dato' Tiong</li> <li>➤ Teoh Seng Aun</li> </ul>	<ul style="list-style-type: none"> <li>➤ Dato' Tiong is a Director and shareholder of Gelaran Bina</li> <li>➤ Teoh Seng Aun is a Director and shareholder of Gelaran Bina</li> </ul>

*The rest of the page is intentionally left blank*



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

The Proposed 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 Shareholders' Mandate are as follows:-

### (i) Proposed Renewal of Shareholders' Mandate

Mandated Related Parties	Transacting Parties within Mercury Group	Recurrent Transactions	Estimated transaction value disclosed in the Circular dated 28 April 2017	Actual value	Estimated transaction value from 24 May 2018 to the date of next AGM
			(RM'000)	(RM'000)	(RM'000)
EcoFirst Group	PBSB	Construction works	(a)	(a)	500,000
Meda Group	PBSB	Construction works	(b)	(b)	100,000

### 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 28 April 2017 (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.*

*There were no 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 35<sup>th</sup> AGM, Mercury Group will be allowed to continue seeking construction business opportunities with EcoFirst Group.*

- (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 28 April 2017 (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 35<sup>th</sup> AGM, Mercury Group will be allowed to continue seeking construction business opportunities with Meda Group.*

(ii) Proposed New Shareholders' Mandate

<b>Mandated Related Parties</b>	<b>Transacting Parties within Mercury Group</b>	<b>Recurrent Transactions</b>	<b>Estimated transaction value from 24 May 2018 to the date of next AGM</b>
			<b>(RM'000)</b>
Pujian Development Sdn Bhd, a wholly-owned subsidiary of EcoFirst <sup>#</sup> ("Pujian")	Mercury	Rental of office space	250
Pujian	Mercury Group	Provision of insurance agency services	500
Meda Group	AMSB	Sales of building materials	1,000
Gelaran Bina	Mercury Group	Construction works and sales of building materials	110,000

<sup>#</sup> Pursuant to Tenancy Agreement dated 5 September 2017 for the rental by Mercury from Pujian, a wholly-owned subsidiary of EcoFirst, of an office space measuring approximately 4,427 square feet located at Lot No G57, Ground Floor, South City Plaza, Persiaran Serdang Perdana, Seksyen 1, 43300 Seri Kembangan, Selangor for a tenure of 36 months commencing from 1 July 2017 to 30 June 2020, at a rental including service and promotion charges of RM18,770.48 per month (inclusive of 6% 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 SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate will allow Mercury Group to continue seeking construction business opportunities from EcoFirst Group and Meda Group respectively and as well as from Gelaran Bina. 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 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 SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate, if obtained at the 35<sup>th</sup> 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 SHAREHOLDERS' MANDATE

The Proposed 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 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 Shareholders' Mandate is subject to approval being obtained from the shareholders of the Company at the 35<sup>th</sup> 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 Shareholders' Mandate.

The shareholdings of the interested Directors and Major Shareholders in Mercury Group as at LPD is set out below:-

Name	Direct No. of shares	%
Dato' Tiong	7,331,100	18.25
Teoh Seng Aun	270,000	0.67

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.

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

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

Teoh Seng Aun, being a Director of AMSB is interested in the Proposed Shareholders' Mandate by virtue of him being:

- (a) Major Shareholder of Meda; and
- (b) Director and shareholder of Gelaran Bina.

Accordingly, Dato' Tiong and Teoh Seng Aun have abstained and will continue to abstain from all deliberations and decision at the relevant Board meetings relating to the Proposed Shareholders' Mandate.

In addition, Dato' Tiong and Teoh Seng Aun will also abstain from voting in respect of their shareholdings in Mercury on the resolution to be tabled in relation to the Proposed Shareholders' Mandate at the 35<sup>th</sup> AGM of Mercury and shall undertake to ensure that persons connected to them shall abstain from voting in respect of their direct and/or indirect interests (if any) on the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the 35<sup>th</sup> AGM of Mercury.

## **8. DIRECTORS' RECOMMENDATION**

The Board (save for Dato' Tiong), having considered all aspects of the Proposed Shareholders' Mandate, is of the opinion that the Proposed 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 Shareholders' Mandate to be tabled at the 35<sup>th</sup> AGM.

## **9. 35<sup>TH</sup> AGM**

The 35<sup>th</sup> AGM, the notice of which is enclosed in 2017 Annual Report of the Company, will be convened and held at Lot No. 57C, Ground Floor, South City Plaza, Persiaran Serdang Perdana, Taman Serdang Perdana, Seksyen 1, 43300 Seri Kembangan, Selangor Darul Ehsan on Thursday, 24 May 2018 at 10.00 a.m. for the purposes of considering and if thought fit, passing the resolution to give effect to the Proposed Shareholders' Mandate.

If you are unable to attend and vote in person at the 35<sup>th</sup> AGM, please complete, sign and send the Form of Proxy which is enclosed in the 2017 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 48 hours before the time fixed for holding the 35<sup>th</sup> AGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting at the 35<sup>th</sup> 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

---

**APPENDIX - FURTHER INFORMATION**

---

**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 Silverlight Prospect Sdn Bhd ("SPSB") representing 100% equity interest in SPSB for a total cash consideration of RM50,500,000 ("Disposal of SPSB").

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 35<sup>th</sup> AGM:-

- (a) the Constitution of Mercury;
- (b) the audited consolidated financial statements of Mercury Group for the past two (2) FYEs 31 December 2016 and 2017; and
- (c) Conditional share sale agreement dated 23 November 2016 in relation to the Disposal of SPSB.

[END]