

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

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

Bursa Malaysia Securities Berhad (“Bursa Securities”) has only perused through this Circular in respect of the proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature on a limited review basis pursuant to the provisions of Guidance Note 22 of the ACE Market Listing Requirements of Bursa Securities.

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.



**MLABS SYSTEMS BERHAD**

Registration No. 200401014724 (653227-V)  
(Incorporated in Malaysia under the Companies Act, 1965)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

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

The above proposal will be tabled as Special Business at the Nineteenth (19<sup>th</sup>) Annual General Meeting (“AGM”) of MLABS Systems Berhad (“MLABS” or “the Company”) will be conducted on a virtual basis from the Broadcast Venue at Lot 4.1, 4<sup>th</sup> Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan via online meeting platform at <https://rebrand.ly/MLABS-AGM> on Wednesday, 29 November 2023 at 2.30 p.m. or at any adjournment thereof. The Notice of AGM together with the Form of Proxy are enclosed in the Company's 2023 Annual Report.

A member entitled to attend, participate, speak and vote at the AGM is entitled to appoint a proxy or proxies to attend, participate, speak and vote on his/her behalf. In such event, the completed and signed Form of Proxy must be lodged at the Poll Administrator's office of the Company, Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur on or before the date and time as indicated below or at any adjournment thereof. The lodging of the Form of Proxy shall not preclude you from attending, participating, speaking and voting in person at the AGM should you subsequently wish to do so.

Last day and time for lodging the Form of Proxy : Tuesday, 28 November 2023 at 2.30 p.m.

Date and time of Nineteenth (19<sup>th</sup>) AGM : Wednesday, 29 November 2023 at 2.30 p.m.

*This Circular is dated 31 October 2023*

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## DEFINITIONS

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

- “Act” : The Companies Act 2016 as amended from time to time, and includes every statutory modification or any re-enactment thereof for the time being in force
- “AGM” : Annual General Meeting
- “Audit Committee” : The Audit Committee of MLABS
- “Board” : The Board of Directors of MLABS
- “Bursa Securities” : Bursa Malaysia Securities Berhad [200301033577 (635998-W)]
- “Circular” : Circular to Shareholders in relation to the Proposed Shareholders’ Mandate
- “DGB” : DGB Asia Berhad [200601001857 (721605-K)]
- “DGB Group” : DGB and its subsidiaries
- “Director” : Shall have the same 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) a director of the Company, its subsidiary or holding company; or
  - (b) a chief executive of the Company, its subsidiary or holding company
- “EPS” : Earnings per Share
- “Fintec” : Fintec Global Berhad [200701016619 (774628-U)]
- “Fintec Group” : Fintec and its subsidiaries
- “LPD” : 13 October 2023, being the latest practicable date prior to the printing of this Circular
- “Listing Requirements” : ACE Market Listing Requirements of Bursa Securities, including any amendments made in respect thereof from time to time
- “Major Shareholder(s)” : A person who has an interest or interests in one (1) or more voting shares in the Company and the number or aggregate number of those shares is:
- (a) equal to or more than 10% of the total number of the 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.

For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8 of the Act and “Major Shareholder” 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, its subsidiary or holding company

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**DEFINITIONS (CONT'D)**

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“MLABS” or “the Company”	: MLABS Systems Berhad
“MLABS Group” or “the Group”	: MLABS and its subsidiaries
“MLABS Share(s)” or “Share(s)”	: Ordinary Shares of MLABS
“NA”	: Net assets attributable to ordinary equity holders of MLABS
“NetX”	: NetX Holdings Berhad [200001030834 (533441-W)]
“NetX Group”	: NetX and its subsidiaries
“Proposed Shareholders’ Mandate”	: Proposed new shareholders’ mandate and renewal of existing shareholders’ mandate for MLABS Group to enter into RRPT(s) of a revenue or trading nature
“R&D”	: Research and Development
“Related Party(ies)”	: Director(s), major shareholder(s) or person(s) connected with such director(s) or major shareholder(s) of MLABS
“RRPT(s)”	: A transaction entered into by the Company or its subsidiaries which involves the interest, direct or indirect, of a Related Party, which is recurrent, of a revenue or trading nature and which is necessary for day to day operations of the Company or its subsidiaries
“RM” and “sen”	: Ringgit Malaysia and sen, respectively
“Shareholders”	: Shareholders of MLABS
“Substantial Shareholder(s)”	: A person who has interest or interests in one or more voting Shares in the Company and the number of that Share, or aggregate number of those Shares, is not less than 5% of the total number of all the voting Shares in the Company
“Symphony Life”	: Symphony Life Berhad [196401000264 (5572-H)]
“Symphony Life Group”	: Symphony Life and its subsidiaries
“XOX”	: XOX Bhd [201001016682 (900384-X)]
“XOX Group”	: XOX and its subsidiaries
“2023 Annual Report”	: Annual Report of MLABS issued for the financial year ended 30 June 2023

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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**MLABS SYSTEMS BERHAD**

Registration No. 200401014724 (653227-V)  
(Incorporated in Malaysia under the Companies Act, 1965)

**Registered Office:**  
22-09, Menara 1MK  
No. 1 Jalan Kiara, Mont Kiara  
50480 Kuala Lumpur

31 October 2023

**Board of Directors:**

General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd)	<i>(Non-Independent Non-Executive Director/Chairman)</i>
Mejar Dato' Ismail bin Ahmad (R)	<i>(Non-Independent Non-Executive Director)</i>
Ong Tee Kein	<i>(Non-Independent Non-Executive Director)</i>
Professor Emeritus Dr. Sureswaran Ramadass	<i>(Independent Non-Executive Director)</i>
Chuah Hoon Hong	<i>(Independent Non-Executive Director)</i>
Karina binti Idris Ahmad Shah	<i>(Independent Non-Executive Director)</i>
Tan Sik Eek	<i>(Executive Director)</i>

**To : The Shareholders of MLABS**

**Dear Sir/Madam,**

**PROPOSED SHAREHOLDERS' MANDATE**

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**1. INTRODUCTION**

At the AGM of the Company held on 29 November 2022, the Company sought and obtained from its shareholders the general mandate for MLABS Group to enter into RRPTs of a revenue or trading nature in the ordinary course of business based on commercial terms which are not more favourable to the Related Parties than those generally available to the public and which are necessary for MLABS Group's day to day operations. The aforesaid mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming Nineteenth (19<sup>th</sup>) AGM of the Company unless authority for its renewal is obtained from the Shareholders.

On 19 October 2023, the Board of Directors of MLABS announced that the Company has proposed to seek its shareholders' approval for the Proposed Shareholders' Mandate pursuant to Rule 10.09 of the Listing Requirements at the Nineteenth (19<sup>th</sup>) AGM of the Company.

The purpose of this Circular is to provide you with the relevant information of the Proposed Shareholders' Mandate and to seek your approval on the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming Nineteenth (19<sup>th</sup>) AGM, which will be held on Wednesday, 29 November 2023 at 2.30 p.m. The notice of the Nineteenth (19<sup>th</sup>) AGM together with the Form of Proxy is enclosed in the 2023 Annual Report of the Company for the financial year ended 30 June 2023.

**SHAREHOLDERS OF MLABS ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE AT THE FORTHCOMING AGM.**

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

Pursuant to Rule 10.09(2) of the Listing Requirements, a listed issuer may seek a mandate from its shareholders in respect of RRPT(s) subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Parties 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 the transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold below in relation to a listed issuer with an issued and paid-up capital of RM60.0 million and above:
  - (i) the consideration, value of the assets, capital outlay or costs of the RRPT(s) is RM1.0 million or more; or
  - (ii) the percentage ratio of such RRPT(s) is 1% or more,whichever is the higher.
- (c) the listed issuers' circular to shareholders for the shareholder mandate includes the information as may be prescribed by Bursa Securities. The circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (d) in a meeting to obtain shareholders' mandate, the interested directors, interested major shareholders 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 directors or major shareholder, must not vote on the resolution to approve the RRPT(s). An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the RRPT(s); and
- (e) the listed issuer immediately announces to Bursa Securities when the actual value of a RRPT(s) entered into by the listed issuer, exceeds the estimated value of the RRPT(s) disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

**2.1 Principal Activities of MLABS Group**

The principal activity of MLABS is investment holding, while its subsidiaries and their principal activities are set out in the table below:

<b>Name of company</b>	<b>Percentage of shares held (%)</b>	<b>Principal Activities</b>
<b><u>(I) SUBSIDIARY COMPANIES OF MLABS</u></b>		
Mlabs Research Sdn. Bhd.	100	Business of research and development in multimedia video conferencing system as well as assembling and trading of multimedia video conferencing system and equipment.
Mlabs Properties Sdn. Bhd.	100	Investment and holding of investment properties.
Mlabs Academy Sdn. Bhd.	100	Employment agency and provide all types of training for the workers; and business management consultancy services.
Mlabs Capital Sdn. Bhd.	100	Investment holdings.
Champagne Carbon Sdn. Bhd.	100	Distribution and supply of alcoholic beverage and business of event management company.
Carbon International Sdn. Bhd.	100	Dormant, yet to commence business of retail sale of products over the internet.
Champagne Carbon Asia Limited	100	Investment holding.
Linkodes International Limited	60	Software development and investment holding.
Pacifica Direct Sdn. Bhd.	100	Retail sale of any kind of product over the Internet; wholesale of household appliances, computer hardware, software and peripherals.
Inbase Partners Limited	51	Software engineering and development, financial technology legal consultant and digital crypto currency market analysis.
<b><i>Company held by Mlabs Research Sdn. Bhd.</i></b>		
Inshub Sdn. Bhd.	100	Provision of all types of services and products relating to the brand development, marketing, advertisement, design, event management and commercial photography; and provision of service and products relating to website design, development and maintenance.

<b>Name of company</b>	<b>Percentage of shares held (%)</b>	<b>Principal Activities</b>
<b><i>Company held by Mlabs Capital Sdn. Bhd.</i></b>		
Ikhlas Al Dain Sdn. Bhd.	100	Factoring and other finance business.
Mlabs Capital Limited	100	Investment holdings.
<b><i>Company held by Champagne Carbon Asia Limited</i></b>		
Carbon Champagne Taiwan Limited	100	Reseller of alcoholic beverage.
Shenzhen Carbon Champagne Development Limited	100	Dormant, yet to commence commercial operations on reseller of alcoholic beverage.
<b><i>Company held by Inbase Partners Limited</i></b>		
Inbase Partners Taiwan Limited	100	Financial technology related services and trade of precious metals.
<b><i>Company held by Linkodes International Limited</i></b>		
Swapp Asia Sdn. Bhd.	100	Research and development of mobile applications and software platforms and e-commerce.
<b><u>(II) ASSOCIATE COMPANY OF MLABS</u></b>		
Longhouse Films Sdn. Bhd.	48.9	Film entertainment, film investment, film production, film development and film distribution.
<b><i>Company held by Longhouse Films Sdn. Bhd.</i></b>		
Longhouse Animation Sdn. Bhd.	100	Dormant, yet to commence business in motion picture, video and television programme production activities

Due to the diversity of MLABS Group, it is anticipated that MLABS Group would, in the normal course of business, continue to enter into transactions with the Related Parties, details of which are set out in Section 2.4 below. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

The Board proposes to seek the shareholders' approval for the Proposed Shareholders' Mandate for the MLABS Group to enter into transactions in the normal course of business within the classes of Related Parties set out in Section 2.4 below, provided such transactions are entered into at arm's 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 of the minority shareholders. Such mandate will enable the Group to enter into the RRPT(s) without the necessity, in most instances, to make announcement or to



convene meetings in order to procure specific prior approval of its shareholders. The RRPT(s) will also be subject to the review procedures set out in Section 2.6 below.

## 2.2 Categories of RRPT(s)

The types of RRPT(s) to be covered by the Proposed Shareholders' Mandate includes the following:

(a) Leasing/renting/letting of Asset as Offices

In the course of the MLABS Group's business, it is anticipated that transactions with Related Parties under this category will include leasing/renting/letting of office premises to and/or from the Related Parties.

(b) Provision of Network Integration, Performance Optimisation, Data Center Build and Solution, Microsoft Solutions, Collaboration, Cybersecurity, and Cloud Computing & Co-Location

In the course of MLABS Group's business, it is anticipated that MLABS Group may enter into RRPT(s) by provision of abovementioned products and/or services to the Related Parties:

<b>Business Activities</b>	<b>Description</b>
Network Integration	Provision of networking infrastructures of hardware and software -based that enable wired and/or wireless network connectivity and communication between users, devices, apps, and the internet.
Data Centre Build and Solutions	Provision of own physical data center covering design, purchasing, data security, data storage, and ongoing maintenance and monitoring which includes laptops, desktops, peripherals, routers, switches, firewalls, storage systems, servers, and software applications.
Cybersecurity	Software based protection of computer systems and networks from attacks by malicious actors that may result in unauthorized information disclosure, theft of, or damage to hardware, software, or data, as well as from the disruption or misdirection of the services they provide.
Collaboration	All collaborative solutions covering video and web conferencing, unified communication, and contact centre infrastructures that enables employees to present, share, engage customers and collaborate in real time anywhere, on any device.
Cloud Computing & Co-Location	We offer customisable Co-Location service (or CoLo) which is a data center facility in which a business can rent required space for servers. The server space and performance can be scalable depending on customer's financial and operation needs.
Microsoft Solutions	Provision of software-based solutions and services covering Microsoft-based software solutions offering 3D architecture design software solution, Linux-based collaborative IT system development software, and multimedia and creativity design software, Robotic Process Automation software solution (RPA).

- (b) Provision of Network Integration, Performance Optimisation, Data Center Build and Solution, Microsoft Solutions, Collaboration, Cybersecurity, and Cloud Computing & Co-Location (Cont'd)

Business Activities	Description
Performance Optimisation	Provision of product and service offering comprehensive networking technology that uses software-defined networking principles to manage and optimise the performance of wide area networks (WANs) of an organisation.

- (c) Provision of Blockchain & Digital Assets Advisory Services, Fintech Technology Research & Development, High-Frequency & Quant Trading Solutions, Investment Managed Account Services, Software Application Development and Trading of Precious Metal

In the course of MLABS Group's business, it is anticipated that MLABS Group may enter into RRPT(s) by provision of abovementioned products and/or services to the Related Parties.

- (d) Provision of Branding, Digital Marketing, Online Media Portal, Offline Marketing, Business Event's Organiser, and Seminar & Training Organiser

In the course of MLABS Group's business, it is anticipated that MLABS Group may enter into RRPT(s) by provision of abovementioned products and/or services to the Related Parties.

- (e) Purchase of Glove and Fertiliser Products

In the course of MLABS Group's business, it is anticipated that MLABS Group may enter into RRPT(s) to purchase of the glove and fertiliser products from the Related Parties.

- (f) Provision of Property Management Services and Legal Services

In the course of MLABS Group's business, it is anticipated that MLABS Group may enter into RRPT(s) by provision of management services such as property management services, legal services or any shared services to and/or by the Related Parties.

- (g) Provision of Turnkey Solutions on Network Infrastructure, Security Management, System Security Management, System Design, System Integration and Installation Including Supply of Related Hardware and Provision of Related Software and Hardware Maintenance and Support Services

In the course of MLABS Group's business, it is anticipated that MLABS Group may enter into RRPT(s) by acquiring the abovementioned products and/or services from the Related Parties.

- (h) Provision of Celebration Events Planning and Gifting Services

In the course of MLABS Group's business, it is anticipated that MLABS Group may enter into RRPT(s) by acquiring the celebration events planning and gifting services from the Related Parties.

(i) Provision of Vending Machine Maintenance and Support Services and Subscription Package

In the course of MLABS Group's business, it is anticipated that MLABS Group may enter into RRPT(s) by acquiring the vending machine maintenance and support services and subscription package from the Related Parties.

(j) Provision of Advertising Services

In the course of MLABS Group's business, it is anticipated that MLABS Group may enter into RRPT(s) by provision of advertising services to and/or by the Related Parties.

(k) Provision of Logistics, Fulfilment, Warehousing and Storage Services

In the course of MLABS Group's business, it is anticipated that MLABS Group may enter into RRPT(s) by acquiring logistics, fulfilment, warehousing and storage services from the Related Parties.

(l) Provision of Research and Development of Mobile Applications and Software Platforms

In the course of MLABS Group's business, it is anticipated that MLABS Group may enter into RRPT(s) by provisioning research and development of mobile applications and software platforms to the Related Parties.

(m) Provision of Distribution and Supply of Alcoholic Beverage and Business of Event Management

In the course of MLABS Group's business, it is anticipated that MLABS Group may enter into RRPT(s) by provisioning distribution and supply of alcoholic beverage and business of event management to the Related Parties.

(n) Provision of Retail Sale of Any Kind of Product Over the Internet; Wholesale of Household Appliances, Computer Hardware, Software and Peripherals

In the course of MLABS Group's business, it is anticipated that MLABS Group may enter into RRPT(s) by provisioning retail sale of any kind of product over the Internet; wholesale of household appliances, computer hardware, software and peripherals to the Related Parties.

(o) Provision of Employment Sourcing and Provide All Types of Training for the Workers and Business Management Consultancy Services

In the course of MLABS Group's business, it is anticipated that MLABS Group may enter into RRPT(s) by provisioning employment sourcing and provide all types of training for the workers; and business management consultancy services to the Related Parties.

Including the abovementioned transactions in the Proposed Shareholders' Mandate will facilitate such transactions by MLABS Group with Related Parties that arise in the normal course of operations of the Group more expeditiously.

### **2.3 Validity Period of the Proposed Shareholders' Mandate**

The Proposed Shareholders' Mandate is subject to annual renewal. In this respect, any authority conferred by the Proposed Shareholders' Mandate, if approved by the shareholders, shall take effect from the passing of the ordinary resolution proposed at the forthcoming AGM and shall continue to be in force until:

- (a) the conclusion of the next AGM of MLABS following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the general meeting, the mandate is renewed;
  - (b) the expiration of the period within which the next AGM of the Company after the date 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 in general meeting,
- whichever is earlier.

Thereafter, approval from shareholders will be sought for the renewal of the Proposed Shareholders' Mandate.

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## 2.4 Classes of Related Parties and Nature of RRPT(s)

The Proposed Shareholders' Mandate will apply to the transactions with the following Companies:

### a) Proposed New Shareholders Mandate

Related Party and its Principal Activities	MLABS Group - Transacting Party	Nature of Transaction with MLABS Group	Actual value transacted (from 28 November 2022 to the LPD) (RM'000) #	Estimated value to be transacted from the LPD up to the forthcoming AGM # (RM'000)	Estimated aggregate value of transaction for the period from the forthcoming Nineteenth (19 <sup>th</sup> ) AGM to the next AGM * (RM'000)	Interested Director and Major Shareholders and nature of their relationship with Related Party
NetX Group – Investment holding, research and development of software, system design, integration and installation and provision of information technology services	MLABS Group	<p>Provision of research and development of mobile applications and software platforms by MLABS Group</p> <p>Provision of distribution and supply of alcoholic beverage and business of event management by MLABS Group</p> <p>Provision of retail sale of any kind of product over the internet by MLABS Group</p> <p>Provision of wholesale of household appliances, computer hardware, software and peripherals by MLABS Group</p> <p>Provision of wholesale of computer hardware, software and peripherals to MLABS Group</p>	5	-	5,000	<p>NetX is a Major Shareholder of MLABS with a shareholding of 15.8%.</p> <p>Mr Tan Sik Eek is the Executive Director of MLABS and NetX. He is also a shareholder of MLABS and NetX with a shareholding of 0.05% and 4.35%, respectively.</p>

Related Party and its Principal Activities	MLABS Group - Transacting Party	Nature of Transaction with MLABS Group	Actual value transacted (from 28 November 2022 to the LPD) (RM'000) #	Estimated value to be transacted from the LPD up to the forthcoming AGM # (RM'000)	Estimated aggregate value of transaction for the period from the forthcoming Nineteenth (19 <sup>th</sup> ) AGM to the next AGM * (RM'000)	Interested Director and Major Shareholders and nature of their relationship with Related Party
NetX Group – Investment holding, research and development of software, system design, integration and installation and provision of information technology services (Cont'd)		Provision of employment sourcing and provide all types of training for the workers; and business management consultancy services by MLABS Group				
Fintec Group – Technology incubation, investment holding, manufacturing and sale of rubber gloves and sale and production of microbiology fertiliser and probiotic effective microorganisms	MLABS Group	Provision of research and development of mobile applications and software platforms by MLABS Group  Provision of distribution and supply of alcoholic beverage and business of event management by MLABS Group	2	-	5,000	Mr Tan Sik Eek is the Executive Director of MLABS and Managing Director of Fintec. He is also a shareholder of MLABS and Fintec with a shareholding of 0.05% and 0.01%, respectively

Related Party and its Principal Activities	MLABS Group - Transacting Party	Nature of Transaction with MLABS Group	Actual value transacted (from 28 November 2022 to the LPD) (RM'000) #	Estimated value to be transacted from the LPD up to the forthcoming AGM # (RM'000)	Estimated aggregate value of transaction for the period from the forthcoming Nineteenth (19 <sup>th</sup> ) AGM to the next AGM * (RM'000)	Interested Director and Major Shareholders and nature of their relationship with Related Party
Fintec Group – Technology incubation, investment holding, manufacturing and sale of rubber gloves and sale and production of microbiology fertiliser and probiotic effective microorganisms (Cont'd)		<p>Provision of retail sale of any kind of product over the internet; wholesale of household appliances, computer hardware, software and peripherals by MLABS Group</p> <p>Provision of employment sourcing and provide all types of training for the workers; and business management consultancy services by MLABS Group</p>				

Related Party and its Principal Activities	MLABS Group - Transacting Party	Nature of Transaction with MLABS Group	Actual value transacted (from 28 November 2022 to the LPD) (RM'000) #	Estimated value to be transacted from the LPD up to the forthcoming AGM # (RM'000)	Estimated aggregate value of transaction for the period from the forthcoming Nineteenth (19 <sup>th</sup> ) AGM to the next AGM * (RM'000)	Interested Director and Major Shareholders and nature of their relationship with Related Party
XOX Group – Mobile telecommunication, fintech, mobile application, mobile cellular, wireless telecommunication	MLABS Group	<p>Provision of research and development of mobile applications and software platforms by MLABS Group</p> <p>Provision of distribution and supply of alcoholic beverage and business of event management by MLABS Group</p> <p>Provision of retail sale of any kind of product over the internet; wholesale of household appliances, computer hardware, software and peripherals by MLABS Group</p> <p>Provision of employment sourcing and provide all types of training for the workers; and business management consultancy services by MLABS Group</p>	0.6	-	5,000	Mr Tan Sik Eek is the Executive Director of MLABS and XOX. He is also a shareholder of MLABS with a shareholding of 0.05%.



Related Party and its Principal Activities	MLABS Group - Transacting Party	Nature of Transaction with MLABS Group	Actual value transacted (from 28 November 2022 to the LPD) (RM'000) #	Estimated value to be transacted from the LPD up to the forthcoming AGM # (RM'000)	Estimated aggregate value of transaction for the period from the forthcoming Nineteenth (19 <sup>th</sup> ) AGM to the next AGM * (RM'000)	Interested Director and Major Shareholders and nature of their relationship with Related Party
DGB Group – Digital scan equipment, vending machines, hotel operator, software customisation and developments	MLABS Group	<p>Provision of research and development of mobile applications and software platforms by MLABS Group</p> <p>Provision of distribution and supply of alcoholic beverage and business of event management by MLABS Group</p> <p>Provision of retail sale of any kind of product over the internet; wholesale of household appliances, computer hardware, software and peripherals by MLABS Group</p> <p>Provision of employment sourcing and provide all types of training for the workers; and business management consultancy services by MLABS Group</p>	0.6	-	5,000	<p>Mr Tan Sik Eek is the Executive Director of MLABS with a shareholding of 0.05%.</p> <p>He is also a shareholder of DGB with a shareholding of 0.001% and a director of the subsidiaries of DGB.</p>

Related Party and its Principal Activities	MLABS Group - Transacting Party	Nature of Transaction with MLABS Group	Actual value transacted (from 28 November 2022 to the LPD) (RM'000) #	Estimated value to be transacted from the LPD up to the forthcoming AGM # (RM'000)	Estimated aggregate value of transaction for the period from the forthcoming Nineteenth (19 <sup>th</sup> ) AGM to the next AGM * (RM'000)	Interested Director and Major Shareholders and nature of their relationship with Related Party
Symphony Life Group – Property development, property investment and investment holding	MLABS Group	<p>Provision of Network Integration, Performance Optimisation, Data Center Build and Solution, Microsoft Solutions, Collaboration, Cybersecurity, and Cloud Computing &amp; Co-Location by MLABS Group</p> <p>Provision of Blockchain &amp; Digital Assets Advisory Services, Fintech Technology Research &amp; Development, High-Frequency &amp; Quant Trading Solutions, Investment Managed Account Services, Software Application Development and Trading of Precious Metal by MLABS Group</p> <p>Provisioning of Branding, Digital Marketing, Online Media Portal, Offline Marketing, Business events organiser, and Seminar &amp; Training Organiser by MLABS Group</p> <p>Provision of advertisement by MLABS Group</p>	96	-	6,000	<p>Mr Tan Sik Eek is the Executive Director of MLABS with a shareholding of 0.05%.</p> <p>He is also a Non-Independent Executive Director of Symphony Life.</p>

Related Party and its Principal Activities	MLABS Group - Transacting Party	Nature of Transaction with MLABS Group	Actual value transacted (from 28 November 2022 to the LPD) (RM'000) #	Estimated value to be transacted from the LPD up to the forthcoming AGM # (RM'000)	Estimated aggregate value of transaction for the period from the forthcoming Nineteenth (19 <sup>th</sup> ) AGM to the next AGM * (RM'000)	Interested Director and Major Shareholders and nature of their relationship with Related Party
Symphony Life Group – Property development, property investment and investment holding (Cont'd)	MLABS Group	<p>Provision of research and development of mobile applications and software platforms by MLABS Group</p> <p>Provision of distribution and supply of alcoholic beverage and business of event management by MLABS Group</p> <p>Provision of retail sale of any kind of product over the internet; wholesale of household appliances, computer hardware, software and peripherals by MLABS Group</p> <p>Provision of employment sourcing and provide all types of training for the workers; and business management consultancy services by MLABS Group</p>				

**b) Proposed renewal of existing shareholders' mandate which was approved by the shareholders at the last AGM of the Company held on 29 November 2022**

Related Party and its Principal Activities	MLABS Group - Transacting Party	Nature of Transaction with MLABS Group	Estimated aggregate value as disclosed in the previous Circular to Shareholders dated 31 October 2022	Actual value transacted (from date of AGM on 29 November 2022 to the LPD) (RM'000)	Estimated aggregate value of transaction for the period from the forthcoming Nineteenth (19 <sup>th</sup> ) AGM to the next AGM * (RM'000)	Interested Director and Major Shareholders and nature of their relationship with Related Party
NetX Group – Investment holding, research and development of software, system design, integration and installation and provision of information technology services	MLABS Group	Leasing/renting/letting of office premises to MLABS Group <sup>@</sup>	500	116	500	<p>NetX is a Major Shareholder of MLABS with a shareholding of 15.8%.</p> <p>Mr Tan Sik Eek is the Executive Director of MLABS and NetX. He is also a shareholder of MLABS and NetX with a shareholding of 0.05% and 4.35%, respectively.</p>

Related Party and its Principal Activities	MLABS Group - Transacting Party	Nature of Transaction with MLABS Group	Estimated aggregate value as disclosed in the previous Circular to Shareholders dated 31 October 2022	Actual value transacted (from date of AGM on 29 November 2022 to the LPD) (RM'000)	Estimated aggregate value of transaction for the period from the forthcoming Nineteenth (19 <sup>th</sup> ) AGM to the next AGM * (RM'000)	Interested Director and Major Shareholders and nature of their relationship with Related Party
NetX Group – Investment holding, research and development of software, system design, integration and installation and provision of information technology services	MLABS Group	<p>Provision of Network Integration, Performance Optimisation, Data Center Build and Solution, Microsoft Solutions, Collaboration, Cybersecurity, and Cloud Computing &amp; Co-Location, by MLABS Group</p> <p>Provision of Blockchain &amp; Digital Assets Advisory Services, Fintech Technology Research &amp; Development, High-Frequency &amp; Quant Trading Solutions, Investment Managed Account Services, Software Application Development and Trading of Precious Metal by MLABS Group</p> <p>Provisioning of Branding, Digital Marketing, Online Media Portal, Offline Marketing, Business events organiser, and Seminar &amp; Training Organiser by MLABS Group</p>	5,000	1474	6,000	<p>NetX is a Major Shareholder of MLABS with a shareholding of 15.8%.</p> <p>Mr Tan Sik Eek is the Executive Director of MLABS and NetX. He is also a shareholder of MLABS and NetX with a shareholding of 0.05% and 4.35%, respectively.</p>

Related Party and its Principal Activities	MLABS Group - Transacting Party	Nature of Transaction with MLABS Group	Estimated aggregate value as disclosed in the previous Circular to Shareholders dated 31 October 2022	Actual value transacted (from date of AGM on 29 November 2022 to the LPD) (RM'000)	Estimated aggregate value of transaction for the period from the forthcoming Nineteenth (19 <sup>th</sup> ) AGM to the next AGM * (RM'000)	Interested Director and Major Shareholders and nature of their relationship with Related Party
NetX Group – Investment holding, research and development of software, system design, integration and installation and provision of information technology services ( <i>cont'd</i> )	MLABS Group	<p>Provision of turnkey solutions on network infrastructure, security management, system security management, system design, system integration and installation including supply of related hardware and provision of related software and hardware maintenance and support services by NetX Group</p> <p>Provision of management services such as property management services, legal services or any shared services to MLABS Group</p> <p>Provision of celebration events planning and gifting services to MLABS Group</p> <p>Provision of advertisement by MLABS Group</p>				

Related Party and its Principal Activities	MLABS Group - Transacting Party	Nature of Transaction with MLABS Group	Estimated aggregate value as disclosed in the previous Circular to Shareholders dated 31 October 2022	Actual value transacted (from date of AGM on 29 November 2022 to the LPD) (RM'000)	Estimated aggregate value of transaction for the period from the forthcoming Nineteenth (19 <sup>th</sup> ) AGM to the next AGM * (RM'000)	Interested Director and Major Shareholders and nature of their relationship with Related Party
Fintec Group – Technology incubation, investment holding, manufacturing and sale of rubber gloves and sale and production of microbiology fertiliser and probiotic effective microorganisms	MLABS Group	<p>Provision of Network Integration, Performance Optimisation, Data Center Build and Solution, Microsoft Solutions, Collaboration, Cybersecurity, and Cloud Computing &amp; Co-Location by MLABS Group</p> <p>Provision of Blockchain &amp; Digital Assets Advisory Services, Fintech Technology Research &amp; Development, High-Frequency &amp; Quant Trading Solutions, Investment Managed Account Services, Software Application Development and Trading of Precious Metal by MLABS Group</p>	5,000	35	5,000	Mr Tan Sik Eek is the Executive Director of MLABS and Fintec. He is also a shareholder of MLABS and Fintec with a shareholding of 0.05% and 0.01%, respectively

Related Party and its Principal Activities	MLABS Group - Transacting Party	Nature of Transaction with MLABS Group	Estimated aggregate value as disclosed in the previous Circular to Shareholders dated 31 October 2022	Actual value transacted (from date of AGM on 29 November 2022 to the LPD) (RM'000)	Estimated aggregate value of transaction for the period from the forthcoming Nineteenth (19 <sup>th</sup> ) AGM to the next AGM * (RM'000)	Interested Director and Major Shareholders and nature of their relationship with Related Party
Fintec Group – Technology incubation, investment holding, manufacturing and sale of rubber gloves and sale and production of microbiology fertiliser and probiotic effective microorganisms (Cont'd)	MLABS Group	Provisioning of Branding, Digital Marketing, Online Media Portal, Offline Marketing, Business events organiser, and Seminar & Training Organiser by MLABS Group  Sales of glove and fertiliser products to MLABS Group  Provision of advertisement by MLABS Group				



Related Party and its Principal Activities	MLABS Group - Transacting Party	Nature of Transaction with MLABS Group	Estimated aggregate value as disclosed in the previous Circular to Shareholders dated 31 October 2022	Actual value transacted (from date of AGM on 29 November 2022 to the LPD) (RM'000)	Estimated aggregate value of transaction for the period from the forthcoming Nineteenth (19 <sup>th</sup> ) AGM to the next AGM * (RM'000)	Interested Director and Major Shareholders and nature of their relationship with Related Party
XOX Group – Mobile telecommunication, fintech, mobile application, mobile cellular, wireless telecommunication	MLABS Group	<p>Provision of Network Integration, Performance Optimisation, Data Center Build and Solution, Microsoft Solutions, Collaboration, Cybersecurity, and Cloud Computing &amp; Co-Location by MLABS Group</p> <p>Provisioning of Branding, Digital Marketing, Online Media Portal, Offline Marketing, Business events organiser, and Seminar &amp; Training Organiser by MLABS Group</p> <p>Provision of advertisement at XOX Black Market or any other advertisement platforms to MLABS Group</p> <p>Provision of advertisement by MLABS Group</p>	5,000	610	5,000	Mr Tan Sik Eek is the Executive Director of MLABS and XOX. He is also a shareholder of MLABS with a shareholding of 0.05%.

Related Party and its Principal Activities	MLABS Group - Transacting Party	Nature of Transaction with MLABS Group	Estimated aggregate value as disclosed in the previous Circular to Shareholders dated 31 October 2022	Actual value transacted (from date of AGM on 29 November 2022 to the LPD) (RM'000)	Estimated aggregate value of transaction for the period from the forthcoming Nineteenth (19 <sup>th</sup> ) AGM to the next AGM * (RM'000)	Interested Director and Major Shareholders and nature of their relationship with Related Party
DGB Group – Digital scan equipment, vending machines, hotel operator, software customisation and developments	MLABS Group	<p>Provision of Network Integration, Performance Optimisation, Data Center Build and Solution, Microsoft Solutions, Collaboration, Cybersecurity, and Cloud Computing &amp; Co-Location by MLABS Group</p> <p>Provision of Blockchain &amp; Digital Assets Advisory Services, Fintech Technology Research &amp; Development, High-Frequency &amp; Quant Trading Solutions, Investment Managed Account Services, Software Application Development and Trading of Precious Metal by MLABS Group</p> <p>Provisioning of Branding, Digital Marketing, Online Media Portal, Offline Marketing, Business events organiser, and Seminar &amp; Training Organiser by MLABS Group</p>	5,000	75	5,000	<p>Mr Tan Sik Eek is the Executive Director of MLABS with a shareholding of 0.05%.</p> <p>He is also a shareholder of DGB with a shareholding of 0.001% and a director of the subsidiaries of DGB.</p>

Related Party and its Principal Activities	MLABS Group - Transacting Party	Nature of Transaction with MLABS Group	Estimated aggregate value as disclosed in the previous Circular to Shareholders dated 31 October 2022	Actual value transacted (from date of AGM on 29 November 2022 to the LPD) (RM'000)	Estimated aggregate value of transaction for the period from the forthcoming Nineteenth (19 <sup>th</sup> ) AGM to the next AGM * (RM'000)	Interested Director and Major Shareholders and nature of their relationship with Related Party
DGB Group – Digital scan equipment, vending machines, hotel operator, software customisation and developments (Cont'd)	MLABS Group	Provision of vending machine maintenance and support services and subscription package to MLABS Group  Provision of Logistics, Fulfilment, Warehousing and Storage Services to MLABS Group  Provision of Vending Machine advertisement to MLABS Group  Provision of advertisement by MLABS Group				

Notes on Nature of Transaction:

- # The Directors will ensure that the aggregate percentage ratio of the RRPT from 28 November 2022 until the forthcoming AGM to be held on 29 November 2023 will be less than 5%.
- \* The estimated values are calculated based on the historical data and best estimates by the management. Accordingly, the actual value of the transaction may vary from the estimated value disclosed above and subject to changes.

@ **Description of Property Rent from NetX Group**

No.	Description	Postal Address	Total Areas (Sq. Ft.)	Rental Value per annum (RM)	Period of Tenancy	Ownership
(i)	2 units of office premises	Level 1-1 and Level 1-2 Street Wing, Sunsuria Avenue Persiaran Mahogani, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor	4,521	48,000	1 October 2022 to 30 September 2024	Ariantec Sdn. Bhd., a wholly-owned subsidiary of NetX
(ii)	1 units of office premises	Level 1-G, Street Wing Sunsuria Avenue, Persiaran Mahogani Kota Damansara, PJU 5 47810 Petaling Jaya, Selangor	2,185	52,800	1 January 2023 to 31 December 2024	Ariantec Sdn. Bhd., a wholly-owned subsidiary of NetX
(iii)	1 units of office premises	Level Third Floor, 1-3, Street Wing, Sunsuria Avenue, Persiaran Mahogani, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor	3,013	60,000	1 October 2023 to 30 September 2025	Ariantec Sdn. Bhd., a wholly-owned subsidiary of NetX

Notes:

1. The rental for the above properties is payable on an equal pro-rated monthly basis.

## **2.5 Amount Due and Owing Under Recurrent Related Party Transactions**

As at LPD, there is no amount due and owing to MLABS Group which has exceeded the credit term given arising from the RRPT(s) as per Section 2.4.

## **2.6 Review Methods or Procedures for the Recurrent Related Party Transactions**

MLABS Group has established various methods and procedures to ensure the RRPT(s) are undertaken on arms' length and on normal commercial terms, which are consistent with MLABS Group's usual business practices and policies, on transaction prices and 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.

The review and disclosure procedures are as follows:

- (a) the Related Parties, interested Directors and persons connected will be advised that they are subject to the shareholders' mandate and will also be advised of the review and disclosure procedures;
- (b) the transaction prices, terms and conditions which are market driven are to be determined at arms' length on a customer/supplier relationship basis at mutually agreed rates after due consideration of benefits to be derived from the transaction, under similar commercial terms for transactions with unrelated third parties, which depend on demand and supply, quality, level of service and other related factors;
- (c) some transactions may be on a cost recovery basis, being recovery of part of the costs for sharing or provision of some services or on a negotiated basis where both parties would contract on terms which are mutually acceptable and beneficial;
- (d) the management of the MLABS Group is cognisant that, all RRPT(s) are required to be undertaken on an arm's length basis and on normal commercial terms. Where practicable and feasible, quotation and/or tenders will be obtained from at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, 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. Where it is impractical or impossible for quotes and/or tenders to be obtained from unrelated parties, or where there have not been any similar or substantially similar transactions between MLABS Group and unrelated third parties, the terms of the transactions for the products or services and the transaction price will be in accordance with the usual business practices of the Group to ensure that the RRPTs is not detrimental to the MLABS Group;
- (e) where RRPT(s) is one with a value equal to or in excess of RM1.0 million or 1% of MLABS's NA of the latest audited consolidated financial statements (whichever is higher), it will be reviewed by the Audit Committee and recommended to be approved by the Board of Directors who has no interest in the transaction. Where the RRPT(s) is one with a value below RM1.0 million or 1% of MLABS's NA of the latest audited consolidated financial statements (whichever is higher), it will be reviewed and approved by any one (1) of the Executive Director or the Board members who has no interest in the transaction;
- (f) if a member of the Board or of the Audit Committee has an interest, as the case may be, he/she shall declare their interest in transaction and abstain from any decision making by the Board or Audit Committee in respect of the said transactions;

- (g) the Audit Committee shall amongst others, review any RRPT(s) and conflict of interest situation that may arise within the Group including any transaction procedures or course of conduct that raises questions of management integrity;
- (h) records will be maintained by the respective companies to capture all RRPT(s) which are entered pursuant to the shareholders' mandate;
- (i) the Audit Committee shall review on a quarterly basis any related party transaction that may arise within the Company or the Group to ensure that such transactions will be carried out at arm's length, on normal commercial terms, on terms not more favourable to the Related Parties than those generally available to the public and on terms not detrimental to the minority shareholders;
- (j) the Board and Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures to monitor RRPT(s) have been complied with; and
- (k) the Board shall have overall responsibility for the determination of the review procedures. If a member of the Board and Audit Committee has an interest in the transaction to be reviewed by the Board and Audit Committee, as the case may be, he will abstain from any decision making by the Board or Audit Committee in respect of the said transaction.

## **2.7 Statement by Audit Committee**

The Audit Committee has the overall responsibility of determining whether the procedures for reviewing all RRPT(s) are appropriate. The Audit Committee will review and ascertain at least once a year whether the procedures established to monitor RRPT(s) have been complied with. If it is determined that the procedures stated in Section 2.6 are inadequate to ensure that (i) the RRPT(s) will be conducted at arms' length and on normal commercial terms and (ii) such transactions are not prejudicial to the interest of the shareholders, the Company will obtain a fresh shareholders' mandate based on the new procedures.

The Audit Committee will also have the discretion to request for limits to be imposed or for additional procedures to be followed if it considers such requests to be appropriate. In that event, such limits or procedures may be implemented without the approval of shareholders, provided that they are more stringent than the existing limits or procedures.

The Audit Committee will review the existing procedures and processes, on an annual basis and as and when required, to ensure that the RRPT(s) are at all times carried out on commercial terms consistent with the MLABS Group's usual business practices and policies.

The Audit Committee of the Company has reviewed the procedures and processes stated in Section 2.6 above and is satisfied that the said procedures and processes are sufficient to ensure that the RRPT(s) will be carried out on commercial terms consistent with the MLABS Group's usual business practices and policies and on terms not more favourable to the Related Parties than those generally available to and/or from the public, where applicable, and are not, detrimental to the minority shareholders. Any member of the Audit Committee who is interested in any transaction shall abstain from reviewing and deliberating on such transaction.

The Audit Committee is of the view that the Group has in place adequate procedures and processes to monitor, track and identify RRPT(s) in a timely and orderly manner, and such procedures and processes are reviewed on an annual basis or whenever the need arises.

## **2.8 Disclosure of Recurrent Related Party Transactions**

Disclosure will be made in the annual report of the Company in accordance with Rule 3.1.5 of Guidance Note 8 of the Listing Requirements, which requires a breakdown of the aggregate value of the RRPT(s) entered into during the financial year based on the following information:

- (a) the type of the RRPT(s) made; and
- (b) the names of the Related Parties involved in each type of the RRPT(s) made and their relationships with MLABS Group.

The above disclosure will be made in the Company's annual report for each subsequent financial year after the Proposed Shareholders' Mandate had been obtained.

## **3. RATIONALE FOR THE PROPOSED SHAREHOLDERS' MANDATE**

The Proposed Shareholders' Mandate will enable the MLABS Group to carry out RRPT(s) necessary for the Group's day-to-day operations, which are time sensitive in nature, and will eliminate the need to announce and convene separate general meetings (if applicable) from time to time to seek shareholders' mandate for such transaction. This will substantially reduce the expenses, time and other resources associated with the convening of general meetings on an ad hoc basis, improve administrative efficiency and allow financial and manpower resources to be channelled towards attaining other corporate objectives.

The RRPT(s) carried out within the MLABS Group creates mutual benefits for the companies in the Group, such as expediency and increased efficiency necessary for day-to-day operations.

In addition, the RRPT(s) are intended to meet the business needs of the Group on the best possible terms. By transacting with the Related Parties, the Group would have an advantage of familiarity with the background and management of the Related Parties, thus enabling more informed commercial decisions to be made. In most dealings with the Related Parties, the Group and the Related Parties have close co-operation and a good understanding of each other's business needs thus providing a platform where all parties can benefit from conducting the RRPT(s).

## **4. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE**

The Proposed Shareholders' Mandate will not have any material effect on the share capital of the Company as well as the consolidated NA, gearing, EPS and the shareholdings of the Substantial Shareholders of MLABS.

## **5. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED TO THEM**

As at LPD, the direct and indirect interests of MLABS' Directors, Major Shareholders, Chief Executive and/or persons connected to them who are interested and/or do not consider themselves independent in the RRPT(s) are as follows:

	Direct		Indirect	
	No. of MLABS Shares	%	No. of MLABS Shares	%
<b><u>Directors</u></b>				
Tan Sik Eek	700,000	0.05	-	-
<b><u>Major Shareholders</u></b>				
NetX Holdings Berhad	-	-	229,040,250 <sup>(a)</sup>	15.80
First United Technology Ltd <sup>(b)</sup>	229,040,250	15.80	-	-

Notes:

- (a) Deemed interested by virtue of its interest in First United Technology Limited pursuant to Section 8 of the Act.
- (b) First United Technology Ltd is a subsidiary of NetX Holdings Berhad.

Accordingly, Mr Tan Sik Eek (“Interested Director”) had abstained and will continue to abstain from all deliberations and voting on matters relating to the Proposed Shareholders’ Mandate at Board meetings and will abstain from voting in respect of his direct and/or indirect shareholdings in MLABS at the forthcoming AGM on the resolution pertaining to the Proposed Shareholders’ Mandate.

NetX and First United Technology Ltd (collectively as “Interested Major Shareholders”), will abstain from voting in respect of its direct and/or indirect shareholdings in MLABS at the forthcoming AGM on the resolution pertaining to the Proposed Shareholders’ Mandate.

The above Interested Director and Interest Major Shareholders has undertaken that they shall ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings on the resolution, deliberating or approving the Proposed Shareholders’ Mandate at the forthcoming AGM.

Save as disclosed above, none of the other Directors, Major Shareholders and/or persons connected with Directors and/or Major Shareholders of MLABS have any interest, directly or indirectly in the Proposed Shareholders’ Mandate.

## 6. APPROVALS REQUIRED

The Proposed Shareholders’ Mandate is conditional upon the approval of the shareholders of the Company being obtained at the forthcoming Nineteenth (19<sup>th</sup>) AGM to be convened.

## 7. DIRECTORS’ RECOMMENDATION

The Directors of MLABS (save for Mr Tan Sik Eek) having considered all aspects of the Proposed Shareholders’ Mandate and after careful deliberation, are of the opinion that the Proposed Shareholders’ Mandate is in the best interest of the Company and accordingly, the Board (save for Mr Tan Sik Eek) recommended that the shareholders of MLABS vote in favour of the ordinary resolution pertaining to the Proposed Shareholders’ Mandate to be tabled at the forthcoming Nineteenth (19<sup>th</sup>) AGM of the Company.



## 8. ANNUAL GENERAL MEETING

The ordinary resolution to vote on the Proposed Shareholders' Mandate is set out in the Notice of Nineteenth (19<sup>th</sup>) AGM contained in 2023 Annual Report of the Company. The Nineteenth (19<sup>th</sup>) AGM will be conducted on a virtual basis from the Broadcast Venue at Lot 4.1, 4<sup>th</sup> Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan via online meeting platform at <https://rebrand.ly/MLABS-AGM> on Wednesday, 29 November 2023 at 2.30 p.m. or at any adjournment thereof. The Notice of the Nineteenth (19<sup>th</sup>) AGM, together with the Proxy Form, are set out in the 2023 Annual Report of the Company, which is dispatched together with this Circular.

If you are unable to attend and vote in person at the AGM, you are requested to complete, sign and return the Form of Proxy enclosed in the 2023 Annual Report in accordance with the instructions printed therein as soon as possible so as to arrive at Poll Administrator's office of the Company, Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the AGM or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll. The lodging of the Form of Proxy will not preclude you from attending the AGM and voting in person should you subsequently wish to do so.

## 9. FURTHER INFORMATION

Shareholders are requested to refer to Appendix I contained in this Circular for further information.

Yours faithfully  
For and on behalf of the Board  
**MLABS SYSTEMS BERHAD**

**General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd)**  
**Non-Independent Non-Executive Director/Chairman**

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## **APPENDIX I – FURTHER INFORMATION**

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### **1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Directors of MLABS who individually and collectively accept full responsibility for the accuracy of the information contained in this Circular 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 or incorrect.

### **2. MATERIAL CONTRACTS**

Save as disclosed below, neither MLABS and nor its subsidiaries have entered into any contract which is or may be material (not being contracts entered into in the ordinary course of business of the Company or any of its subsidiaries), during the 2 years immediately preceding the date of this Circular:

- (a) On 25 March 2022, Ikhlas Al Dain Sdn. Bhd., an indirect wholly-owned subsidiary of MLABS, had entered into a Joint Venture Agreement (“JVA”) with Seacera Builders Sdn. Bhd. to jointly develop all those pieces of Malay reserved lands located at the Mukim Sungai Karang, Daerah Kuantan, Negeri Pahang as stated in the JVA, into 137 holiday home villas with all necessary infrastructure, facilities and development components.

### **3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION**

As at the LPD, the Board confirmed that neither the Company nor its subsidiaries are engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or financial performance of the Group and the Board confirmed that there are no proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or financial performance of the Group.

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

Copies of the following documents are available for inspection at the registered office of the Company at 22-09, Menara 1MK, No. 1 Jalan Kiara, Mont Kiara, 50480 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) following the date of this Circular up to and including the date of the Nineteenth (19<sup>th</sup>) AGM:

- (a) The Constitution of MLABS;
- (b) The material contracts referred in Section 2 of this Appendix I; and
- (c) The audited financial statements of MLABS Group for the financial year ended 30 June 2022 and 30 June 2023.

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**EXTRACT OF THE NOTICE OF NINETEENTH (19<sup>TH</sup>) AGM**

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**8. Proposed New Shareholders' Mandate and Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")** **Ordinary Resolution 8**

"THAT, subject to compliance with all applicable laws, regulations and guidelines, approval be and is hereby given to the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature with related parties as set out in Section 2.4 of the Circular to Shareholders dated 31 October 2023 for the purposes of Rule 10.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), subject to the following:

- (i) the transactions are necessary for the day to day operations of the Company's subsidiaries in the ordinary course of business, at arm's length, on normal commercial terms and are on terms not more favourable to the related party than those generally available to the public and not detrimental to minority shareholders of the Company;
- (ii) the mandate is subject to annual renewal. In this respect, any authority conferred by a mandate shall only continue to be in force until:
  - (a) the conclusion of the next Annual General Meeting ("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 the date it is required to be held pursuant to Section 340 (2) of the Companies Act, 2016 ("CA") (but shall not extend to such extension as may be allowed pursuant to Section 340 (4) of CA); or
  - (c) revoked or varied by resolution passed by the shareholders in a general meeting,whichever is the earlier.
- (iii) disclosure is made in the annual report of the Company of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the mandate during the current financial year, and in the annual reports for the subsequent financial years during which a shareholder's mandate is in force, where:
  - (a) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1.0 million; or
  - (b) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%,whichever is the higher;

and amongst other, based on the following information:

- (a) the type of the Recurrent Related Party Transactions made; and
- (b) the names of the related parties involved in each type of the Recurrent Related Party Transactions made and their relationships with MLABS Group.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”

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*The Remainder of This Page Has Been Intentionally Left Blank*

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