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MATRIX CONCEPTS HOLDINGS BERHAD

*Registration No. 199601042262 (414615-U)
(Incorporated in Malaysia)*

**CIRCULAR TO SHAREHOLDERS
IN RELATION TO THE**

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

The Twenty-Third Annual General Meeting (“**23rd AGM**”) of Matrix Concepts Holdings Berhad (“**MCHB**” or “the Company”) is scheduled to be held entirely virtual at its Broadcast Venue at Wisma Matrix, 2nd Floor, No. 57, Jalan Tun Dr. Ismail, 70200 Seremban, Negeri Sembilan and via Remote Participation and Voting Facilities on **Wednesday, 30 September 2020 at 10.00 a.m.**

The Notice of the 23rd AGM and the Proxy Form as set out in the Annual Report 2020 of the Company together with this Circular and Administrative Guide for 23rd AGM are all available at <https://www.mchb.com.my/investor-relations/general-meetings/>. Shareholders are advised to refer to the Notice of the 23rd AGM and the Administrative Guide for the procedures as set out therein. The Broadcast Venue is strictly a main venue of the 23rd AGM where the Chairperson will be present for the purpose of complying with Section 327 (2) of the Companies Act, 2016. Thus, NO MEMBERS/PROXIES from the public will be physically present at the Broadcast Venue on the day of the 23rd AGM.

If you wish to appoint a proxy to attend and vote on your behalf at the 23rd AGM, you may deposit your Proxy Form at Wisma Matrix, No. 57, Jalan Tun Dr. Ismail, 70200 Seremban, Negeri Sembilan. Alternatively, the submission of Proxy Form can be made through electronic lodgement not less than forty-eight (48) hours before the time fixed for holding the 23rd AGM or any adjournment thereof. The lodgement of the Proxy Form will not preclude you from attending and voting at the meeting should you subsequently decide to do so. For electronic lodgement of Proxy Form, please also follow the procedures as set out in the Administrative Guide.

Last date and time for lodging the Proxy Form : 28 September 2020 at 10.00 am

Date and time of 23rd AGM : 30 September 2020 at 10.00 am

DEFINITIONS

Unless the context otherwise requires, the following definitions shall apply throughout this Circular:-

22 nd AGM	:	Twenty-Second Annual General Meeting
23 rd AGM	:	Twenty-Third Annual General Meeting
Act	:	The Companies Act 2016 as amended from time to time and any re-enactment thereof, including all regulations issued thereunder
Administrative Guide	:	Administrative Guide for 23 rd AGM
AGM	:	Annual General Meeting
Annual Report 2020	:	Integrated Annual Report of MCHB issued for the financial year ended 31 March 2020
Approved Estimated Value	:	Estimated value of RRPT which was approved by shareholders at the 22 nd AGM held on 21 August 2019
Audit Committee	:	Audit Committee of the Company
Board	:	The Board of Directors of MCHB
BSSD	:	BSS Development Sdn Bhd [Registration No. 200501012590 (689638-X)]
Bursa Securities	:	Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
Circular	:	This Circular is dated 28 August 2020
Director(s)	:	Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act 2007
Interested Director	:	Director who is deemed interested in the RRPTs by virtue of his relationship with the Related Party/ies
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities as amended from time to time and any re-enactment thereof
LPD	:	30 July 2020, being the latest practicable date prior to the printing of this Circular
Major Shareholder(s)	:	Any person who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is – a) 10% or more of the total number of voting shares in the corporation; or b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation. For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act.
Matrix Excelcon	:	Matrix Excelcon Sdn Bhd [Registration No. 199301013484 (268222-A)]
MCHB Group or the Group	:	MCHB and its subsidiary companies as defined in Section 6 of the Act

DEFINITIONS (Cont'd)

MCHB or the Company	:	Matrix Concepts Holdings Berhad [Registration No. 199601042262 (414615-U)]
MIBS	:	Matrix IBS Sdn Bhd [Registration No. 201301005833 (1035676-A)]
Ordinary Resolution	:	The ordinary resolution pertaining to the Proposed Shareholder's Mandate for RRPT
Person(s) Connected	:	This shall have the same meaning as in Chapter 1, Paragraph 1.01 of the Listing Requirements
Proposed Mandate	:	The estimated value for RRPT which are expected to be incurred from this AGM until the date of next AGM
Proposed Renewal of Shareholders' Mandate	:	Proposed renewal of shareholders' mandate for the RRPT, as detailed under Section 2.1.4 of this Circular
Recurrent Related Party Transaction(s) or RRPT(s)	:	Related Party Transactions involving recurrent transactions of revenue or trading nature which are necessary for day to day operations and are in the ordinary course of business of the MCHB Group
Reka Group	:	Reka Homes, RekaLight Sdn Bhd and Reka International Industries (M) Sdn Bhd
Related Party(ies)	:	A director, major shareholder or person connected with such director or major shareholder. For the purpose of this definition, "director" and "major shareholder" shall have the meanings given in Paragraph 10.02 of the Listing Requirements
RM and sen	:	Ringgit Malaysia and sen respectively
Share(s)	:	Ordinary shares in MCHB
Shareholder(s)	:	Shareholders of MCHB
Shareholders' Mandate	:	The shareholders' mandate for the MCHB Group to enter into RRPTs with the Related Parties

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 neuter genders and vice versa.

Reference to persons shall include corporations, unless otherwise specified.

Any reference to "you" in this Circular are to the Shareholders.

Any discrepancies in the tables included in this Circular between amounts listed, actual figures and totals thereof may be due to rounding.

Any reference in this Circular to any enactment 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 reference to Malaysia time, unless otherwise stated.

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MATRIX CONCEPTS HOLDINGS BERHAD

Registration No. 199601042262 (414615-U)
(Incorporated in Malaysia)

Registered Office:

Wisma Matrix
No. 57, Jalan Tun Dr. Ismail
70200 Seremban
Negeri Sembilan
Malaysia

28 August 2020

Board of Directors:

Dato' Haji Mohamad Haslah Bin Mohamad Amin (*Non-Independent Non-Executive Chairman*)
Dato' Lee Tian Hock (*Group Executive Deputy Chairman*)
Mr Ho Kong Soon (*Group Managing Director*)
Encik Rezal Zain Bin Abdul Rashid (*Senior Independent Non-Executive Director*)
Dato' Logendran A/L K Narayanasamy (*Non-Independent Non-Executive Director*)
Dato' Firdaus Muhammad Rom Bin Harun (*Independent Non-Executive Director*)
Dato' (Ir.) Batumalai A/L Ramasamy (*Independent Non-Executive Director*)
Dato' Hon Choon Kim (*Independent Non-Executive Director*)
Dato' Hajah Kalsom Binti Khalid (*Independent Non-Executive Director*)

To : The Shareholders of MCHB

Dear Sir/Madam

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

1. INTRODUCTION

1.1 Proposed Shareholders' Mandate for RRPT

At the 22nd AGM held on 21 August 2019, the Company had obtained a mandate from its shareholders to enter into RRPT with Related Parties which are necessary for its day to day operations and are in the ordinary course of business based on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to the detriment of minority shareholders.

The abovesaid mandate shall lapse at the conclusion of the forthcoming 23rd AGM of the Company unless a new mandate for RRPT is obtained from the shareholders at the AGM. On 22 June 2020, the Board announced to Bursa Securities that the Company proposed to seek a renewal of the Shareholders' Mandate for MCHB Group to enter into RRPT with Related Parties at the forthcoming 23rd AGM.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPT

2. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPT OF A REVENUE OR TRADING NATURE

Pursuant to Paragraph 10.09 of Part E of Chapter 10 of the Listing Requirements, a listed issuer may seek a shareholders' mandate in respect of the RRPT subject to, inter-alia, 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 transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed below in relation to a listed issuer with a share capital of RM60 million and above:-
 - (i) the consideration, value of assets, capital outlay or costs of the RRPT is RM1 million or more; or
 - (ii) the percentage ratio of such RRPT is 1% or more,whichever is the higher;
- (c) The Circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities. The draft Circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (d) In a meeting to obtain the shareholders' mandate, 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, must not vote on the resolution to approve the transactions. An Interested Director or Interested Major Shareholder must ensure that Persons Connected with him abstain from voting on the resolution approving the transaction; and
- (e) The listed issuer immediately announces to Bursa Securities when the actual value of a RRPT entered into by the listed issuer exceeds the estimated value of the RRPT disclosed in the Circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

The Board wishes to seek the approval from the shareholders of MCHB for the Proposed Renewal of Shareholders' Mandate to enable the Group to enter into RRPTs which are necessary for the day-to-day operations within the ordinary course of business of the Group. The RRPTs, details as stipulated in Sections 2.1.4 of this Circular, are undertaken at arms' length based on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

The Proposed Renewal of Shareholders' Mandate will, if approved by the shareholders at the forthcoming 23rd AGM, be subjected to annual renewal. Any authority conferred by shareholders in respect of the Proposed Renewal of Shareholders' Mandate shall continue to be in force until:

- (i) the conclusion of the Twenty-Fourth Annual General Meeting ("24th AGM") of MCHB, at which time the said authority will lapse, unless the authority is renewed by a resolution passed thereat; or
- (ii) the expiration of the period within which the next AGM of MCHB 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
- (iii) revoked or varied by a resolution passed by the shareholders in a general meeting before the next AGM;

whichever is the earlier.

2.1 DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPT

MCHB is seeking approval from the shareholders for the Proposed Renewal of Shareholders' Mandate for RRPTs that will allow the Group, in its normal course of business, to enter into RRPTs with Related Parties referred to in the following section.

2.1.1 Principal Activities of MCHB Group

The principal activities of MCHB is investment holding. The subsidiary companies of MCHB and their principal activities are as set out below:-

Name of Company	Effective Interest Held (%)	Principal Activities
BSS Development Sdn Bhd	100	Property development
Masuda Corporation Sdn Bhd	100	Property development and investment holding
Matrix Concepts Sdn Bhd	100	Property development and investment holding
MCHB Natro' Green Sdn Bhd	100	Property development
MGE Development Sdn Bhd (formerly known as Matrix Global Education Sdn Bhd)	100	Property development
Matrix Concepts (NS) Sdn Bhd	100	Property development
Matrix Concepts (Central) Sdn Bhd	100	Property development and investment holding
Matrix Concepts (Southern) Sdn Bhd	100	Property development
Matrix Properties Sdn Bhd	100	Property investment and investment holding
Matrix Excelbuilder Sdn Bhd	100	Investment holding
Matrix Concepts (Damansara) Sdn Bhd (formerly known as Insani Utama Sdn Bhd)	100	Property development
Matrix Project Management Sdn Bhd	100	Project management and administrative services
Matrix Country Club Sdn Bhd	100	Clubhouse operator
Matrix Hotels Management Sdn Bhd	100	Hotel management and hospitality services
Matrix Excelcon Sdn Bhd	100	General contractors
Matrix Exceltrading Sdn Bhd	100	General construction and trading house (Dormant)

Name of Company	Effective Interest Held (%)	Principal Activities
Matrix IBS Sdn Bhd	80	Manufacturing the prefabricated building materials using the technology of the Industrialised Building System (IBS)
Matrix Realty Management Sdn Bhd	100	Property management services
Matrix Healthcare Sdn Bhd	100	Provision of healthcare services and investment holding
Matrix Concepts (Cheras) Sdn Bhd	100	Property development
Matrix Educare Sdn Bhd	51	Provision of education services
Matrix Medicare Sdn Bhd	70	Provision of healthcare services
Light Synergy Sdn Bhd	100	Investment holding
Matrix Concepts (Australia) Pty Ltd	100	Property development
Matrix Development (Australia) Pty Ltd	100	Investment holding
Matrix Greenvale (Australia) Pty Ltd	100	Property development
Matrix 333 St Kilda (Australia) Pty Ltd	100	Property development
Matrix Property Management (Australia) Pty Ltd	100	Management of defect works and rental guarantees for completed group property development
PT Matrix Perkasa Indonesia	100	Property development

It is anticipated that the Group would, in the ordinary course of business, enter into RRPTs as detailed in Section 2.1.4 of this Circular which are necessary for the day-to-day operations of the Group with the Related Parties below which are likely to occur with some degree of frequency and could arise at any time.

Accordingly, the Board proposes to seek shareholders' approval on the Proposed Renewal of Shareholders' Mandate for the Group to enter into RRPTs with the Related Parties below, provided such transactions are necessary for its day-to-day operations, in the ordinary course of business, undertaken at arms-length and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public, and are not detrimental to the minority shareholders of the Company. Such RRPTs will also be subject to the review procedures as set out in Section 2.2 of this Circular.

2.1.2 Related Parties

The Proposed Renewal of Shareholders' Mandate will apply to RRPTs with the following Related Parties:

Related Party	Principal Activities	Interested Director/Major Shareholder or person connected	Nature of Relationship
Y&Y Mix Sdn Bhd	Supply ready mix concrete	Datin Yong Chou Lian and Dato' Lee Tian Hock Yong Moi Noi Yong Ghee Kiat, Yong Ing Kiat, Yong Ah Chek and Yong Hwah Kiat	Datin Yong Chou Lian, who is a substantial shareholder of Y&Y Mix Sdn Bhd, is a shareholder of the Company and the spouse of Dato' Lee Tian Hock. Yong Moi Noi, who is a director of Y&Y Mix Sdn Bhd, is the sister-in-law of Dato' Lee Tian Hock. Yong Ghee Kiat, Yong Ing Kiat, Yong Ah Chek and Yong Hwah Kiat who are substantial shareholders of Y&Y Mix Sdn Bhd, are the brothers-in-law to Dato' Lee Tian Hock.

Related Party	Principal Activities	Interested Director/Major Shareholder or person connected	Nature of Relationship
T&T Cahaya Murni Sdn Bhd	Supply of cements, ceiling, steel bar, steel mesh, tiles, reinforced concrete piles	Tung Kwi Hoiu, Tung Kew Tiong and Tung Ah Qui	Tung Kwi Hoiu and Tung Kew Tiong, who are substantial shareholders and directors of T&T Cahaya Murni Sdn Bhd, are the brothers of Tung Ah Qui, a director of Matrix Excelbuilder Sdn Bhd, Matrix Excelcon and Matrix Exceltrading Sdn Bhd.
Takrif Maksimum Sdn Bhd	Rental of retail space	Dato' Lee Tian Hock and Datin Yong Chou Lian	Dato' Lee Tian Hock who is a substantial shareholder and director of Takrif Maksimum Sdn Bhd, is a substantial shareholder of the Company and its Group Executive Deputy Chairman. Datin Yong Chou Lian, who is a substantial shareholder and director of Takrif Maksimum Sdn Bhd, is the spouse of Dato' Lee Tian Hock.
Reka Group	Supply and deliver light fittings and accessories, fittings for buildings fixture and furniture	Dato' Logendran A/L K Narayanasamy	Dato' Logendran A/L K Narayanasamy who is a director and substantial shareholder of Reka Group, is also the Non-Independent Non-Executive Director of MCHB and the director of several subsidiary companies of MCHB.
Yong Moi Noi	Agent for purchase of sales, marketing materials, corporate gift and decoration items	Dato' Lee Tian Hock	Yong Moi Noi is the sister-in-law of Dato' Lee Tian Hock.
Lee Geok Hoon and Cheong Yong Chieh	Rental of retail space	Dato' Lee Tian Hock	Lee Geok Hoon and Cheong Yong Chieh are the sister and brother-in-law of Dato' Lee Tian Hock.
Ratusan Aman Jati Sdn Bhd	Rental of retail space	Dato' Lee Tian Hock	Tan Seng Heng and Low Kim Fong are the directors and shareholders of Ratusan Aman Jati Sdn Bhd. They are also the brother and sister-in-law of Mr Lee Tian Onn, who in turn is the brother of Dato' Lee Tian Hock.
Pasar Mini G.V.	Supply of food / groceries	Dato' Lee Tian Hock and Datin Yong Chou Lian	Tan Ah Bah, Tan Mei Yoong, Tan Mei Chien and Tan Mei Siang are the partners of Pasar Mini G.V. They are the brother-in-law and nieces of Datin Yong Chou Lian. Datin Yong Chou Lian is the spouse of Dato' Lee Tian Hock.
GXM Pty Ltd	Management and sales & marketing services	Lee Jon Wee	Lee Jon Wee who is the sole director and sole shareholder of GXM Pty Ltd, is also the director of Matrix Concepts (Australia) Pty Ltd, Matrix Development (Australia) Pty Ltd, Matrix Greenvale (Australia) Pty Ltd, Matrix 333 St Kilda (Australia) Pty Ltd and Matrix Property Management (Australia) Pty Ltd.
Sunmix Concrete Product Sdn Bhd	Transport services	Yong Ing Kiat, Soo Li Ping and Dato' Lee Tian Hock	Yong Ing Kiat and Soo Li Ping are the directors and shareholders of Sunmix Concrete Product Sdn Bhd. They are also the brother and sister-in-law of Dato' Lee Tian Hock.

Related Party	Principal Activities	Interested Director/Major Shareholder or person connected	Nature of Relationship
Datin Yong Chou Lian	Rental of accommodation for employees	Dato' Lee Tian Hock	Datin Yong Chou Lian is a shareholder of the Company and the spouse of Dato' Lee Tian Hock.

2.1.3 The Nature of the RRPT Contemplated

The type of RRPT to be covered by the Proposed Renewal of Shareholders' Mandate relate principally to the supply of building materials, marketing services and rental of premises in the ordinary course of MCHB Group's businesses as described below:-

a) **Supply of Building Materials, Food/Groceries, Transport Services; and Sales and Marketing Collaterals**

In the course of MCHB Group's businesses, it is anticipated that the Group may enter into transactions with Related Parties which will include the provision by the companies in the MCHB Group to or receipt from Related Parties, supply of building materials, food/groceries, transport services; and sales and marketing collaterals undertaken by the Related Parties or companies in the MCHB Group (as the case may be) which are necessary for its day-to-day operations.

b) **Rental of Premises**

In carrying out the businesses of MCHB Group, it is envisaged that the Group will enter into RRPT which relate to the rental of premises from and/or to Related Parties.

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2.1.4 The Proposed Renewal of Shareholders' Mandate for RRPT

The RRPTs covered by the Proposed Renewal of Shareholders' Mandate for RRPT are as set out in the table below:

Subsidiary Companies of MCHB	Nature of Transactions	Related Party	Approved Estimated Value (RM)	Actual Value Transacted from last AGM till LPD (RM)	Difference (%) (Below)/Above Estimated Value	Reason for deviation of 10% or more of the Estimated Value	Proposed Mandate (RM)
Matrix Excelcon	Purchase of ready mix concrete	Y&Y Mix Sdn Bhd	35,000,000	30,052,977	(14.13%)	-	35,000,000
Matrix Excelcon	Purchase of cements, ceiling, steel bar, steel mesh ceramic tiles, reinforced concrete piles, plywood	T&T Cahaya Murni Sdn Bhd	30,000,000	18,805,555.87	(37.31%)	-	30,000,000
BSSD	Rental of a retail space by BSSD from Takrif Maksimum Sdn Bhd utilized as its sales gallery for a period of not more than three (3) years at a monthly rental of RM5,000.	Takrif Maksimum Sdn Bhd	60,000	65,000	8.33%	-	60,000
MCHB Group	Supply and deliver light fittings and accessories, fittings for buildings fixtures and furniture	Reka Group	800,000	269,740.71	(66.28%)	-	600,000
MCHB Group	Agency services for the sourcing and purchase of sales, marketing materials or collaterals, corporate gift and decoration items	Yong Moi Noi	800,000	339,565.60	(57.55%)	-	600,000

The Proposed Renewal of Shareholders' Mandate for RRPT (Cont'd)

Subsidiary Companies of MCHB	Nature of Transactions	Related Party	Approved Estimated Value (RM)	Actual Value Transacted from last AGM till LPD (RM)	Difference (%) (Below)/Above Estimated Value	Reason for deviation of 10% or more of the Estimated Value	Proposed Mandate (RM)
Matrix Excelcon	Rental of a 2-storey shop office for the purpose of operating as an office at Bandar Seri Impian, Kluang for a period of not more than three (3) years at a monthly rental of RM3,600	Lee Geok Hoon and Cheong Yong Chieh	43,200	46,800	8.33%	-	43,200
Matrix Concepts Sdn Bhd	Rental of a corner 2½-storey shop office for the purpose of operating as an office at Bandar Seri Impian, Kluang for a period of not more than three (3) years at a monthly rental of RM15,000	Ratusan Aman Jati Sdn Bhd	180,000	195,000	8.33%	-	180,000
MIBS	Purchase of ready mix concrete	Y&Y Mix Sdn Bhd	6,200,000	635,331.10	(89.75%)	-	2,770,000
Matrix Country Club Sdn Bhd	Supply of food/groceries to d'Tempat Country Club	Pasar Mini G.V.	400,000	239,883.26	(40.03%)	-	400,000

The Proposed Renewal of Shareholders' Mandate for RRPT (Cont'd)

Subsidiary Companies of MCHB	Nature of Transactions	Related Party	Approved Estimated Value (RM)	Actual Value Transacted from last AGM till LPD (RM)	Difference (%) (Below)/Above Estimated Value	Reason for deviation of 10% or more of the Estimated Value	Proposed Mandate (RM)
MIBS	Purchase of steel bar and steel mesh	T&T Cahaya Murni Sdn Bhd	5,429,000	523,530.90	(90.36%)	-	2,000,000
Matrix Development (Australia) Pty Ltd Group of Companies	Development and management of projects, management, sales and marketing services	GXM Pty Ltd	4,000,000	1,594,873.80	(60.13%)	-	4,000,000
Matrix Excelcon	Transport services	Sunmix Concrete Product Sdn Bhd	150,000	0	(100%)	-	50,000
Matrix Hotels Management Sdn Bhd	Supply of food/groceries to d'Sora Boutique Business Hotel	Pasar Mini G.V.	50,000	29,857.45	(40.29%)	-	50,000
Matrix Educare Sdn Bhd	Rental of a 2-storey terrace house for the provision of accommodation for expatriates employee for a period of not more than three (3) years at a monthly rental of RM2,000	Datin Yong Chou Lian	24,000	24,000	-	-	24,000

2.1.5 Amount Due and Owing by Related Party

There is no amount due from or owing to MCHB Group by the Related Parties which exceeded the credit term given arising from the RRPTs set out in Section 2.1.4 of this Circular.

2.1.6 Rationale for the Proposed Renewal of Shareholders' Mandate for RRPT

The RRPTs to be entered into by the Group with respect to the approval for the Proposed Renewal of Shareholders' Mandate sought are all in the ordinary course of business and reflect the potential long-term commercial relationship between the parties. It is envisaged that in the ordinary course of business of the Group, the RRPTs between the Group and the Related Parties are likely to occur with some degree of frequency and from time to time, and it may be impractical to seek shareholders' approval on a case to case basis before entering into such RRPT. The RRPTs are undertaken on terms that are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders. All the transactions will be conducted on "an arm's length basis".

The Proposed Renewal of Shareholders' Mandate are intended to facilitate transactions in the ordinary course of business of the Group. The Proposed Renewal of Shareholders' Mandate would avoid the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when the RRPT occurs or arises. This would substantially reduce administrative time, inconvenience and expenses associated with the convening of such meetings on an ad-hoc basis. It would also enable the Group to realize business opportunities, as and when they shall become available to the Group, in a more timely and effective manner. The RRPTs to be entered into with the Related Parties represent business decision which are undertake for legitimate and bona fide business purposes, after a thorough assessment of the merits of these proposed transactions, pursuant to the review procedures as outlined in Section 2.2 of this Circular.

2.1.7 Shareholdings of Interested Directors, Major Shareholders and Persons Connected to them

The Interested Directors, Major Shareholders and Persons Connected to them and their direct and indirect interests based on the Register of Director's Shareholding and Register of Substantial Shareholders as at LPD, are as follows:-

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Name/Company	Direct		Indirect	
	No. of MCHB Shares	%	No. of MCHB Shares	%
Interested Directors and Major Shareholders				
Dato' Lee Tian Hock ^(f)	125,985,399	15.10	167,283,739 ^(a)	20.05
Dato' Logendran A/L K ^(m) Narayanasamy	1,543,437	0.19	-	-
Interested Major Shareholders				
Shining Term Sdn Bhd	105,734,357	12.67	-	-
Datin Yong Chou Lian	2,678,820	0.32	111,954,844 ^(c)	13.42
Persons Connected				
Ambang Kuasa Sdn Bhd	32,699,185	3.92	-	-
Fine Approach Sdn Bhd	10,000,000	1.20	-	-
Magnitude Point Sdn Bhd	19,950,890	2.39	-	-
Meridian Effect Sdn Bhd	5,990,850	0.72	-	-
Target Venue Sdn Bhd	12,449,543	1.49	-	-
Yakin Teladan Sdn Bhd	6,220,487	0.75	-	-
Ah Sam ^(g)	-	-	12,449,543 ^(d)	1.49
Cheong Yong Chieh ^(h)	616,613	0.07	-	-
Lee Geok Hoon ^(f)	732,602	0.09	-	-
Lee Geok Lin ^(f)	838,642	0.10	-	-
Lee Yoke Fong ^(f)	121,075	0.01	-	-
Lee Tian Huat ^(f)	-	-	10,000,000 ^(e)	1.20
Lee Yoke Bee ^(f)	238,250	0.03	-	-
Lee Tian Onn ^(f)	40,781	0.00	5,990,850 ^(b)	0.72
Tan Seng Heng ^(k)	15	0.00	-	-
Low Kim Fong ^(k)	110,016	0.01	-	-
Nyo Eng Kiak ⁽ⁱ⁾	200,000	0.02	-	-
Tan Bee Ling ^(h)	600,000	0.07	5,990,850 ^(b)	0.72
Teh Wei Cin ^(h)	1,910,001	0.23	-	-
Tung Ah Qui ^(j)	1,310,881	0.16	-	-
Tung Kew Tiong ^(j)	19,166	0.00	-	-
Tung Kwi Hoiu ^(j)	316,000	0.04	-	-
Yong Ghee Kiat ⁽ⁱ⁾	2,083	-	-	-
Yong Ing Kiat ⁽ⁱ⁾	1,000,000	0.12	-	-
Yong Ah Chek ⁽ⁱ⁾	-	-	-	-
Yong Hwah Kiat ⁽ⁱ⁾	370,000	0.04	-	-
Yong Moi Noi ⁽ⁱ⁾	332,000	0.04	-	-
Yong Soi Mee ^(h)	5,300,000	0.64	10,000,000 ^(e)	1.20
Lee Jon Wee ⁽ⁱ⁾	-	-	-	-
Soo Li Ping ⁽ⁱ⁾	762,233	0.09	-	-
Tan Ah Bah ⁽ⁿ⁾	2,000	0.00	-	-
Tan Mei Yoong ⁽ⁿ⁾	-	-	-	-
Tan Mei Chien ⁽ⁿ⁾	-	-	-	-
Tan Mei Siang ⁽ⁿ⁾	-	-	-	-

Notes:

- (a) Deemed interested by virtue of his direct shareholdings in Shining Term Sdn Bhd, Ambang Kuasa Sdn Bhd, Magnitude Point Sdn Bhd and Yakin Teladan Sdn Bhd pursuant to Section 8 of the Act and the shareholdings of his spouse, Datin Yong Chou Lian pursuant to Section 59(11)(c) of the Act.
- (b) Deemed interested by virtue of his/her direct shareholdings in Meridian Effect Sdn Bhd pursuant to Section 8 of the Act.
- (c) Deemed interested by virtue of her direct shareholdings in Shining Term Sdn Bhd and Yakin Teladan Sdn Bhd pursuant to Section 8 of the Act.
- (d) Deemed interested by virtue of her direct shareholdings in Target Venue Sdn Bhd pursuant to Section 8 of the Act.
- (e) Deemed interested by virtue of his/her direct shareholdings in Fine Approach Sdn Bhd pursuant to Section 8 of the Act.
- (f) Dato' Lee Tian Hock, Lee Tian Huat, Lee Tian Onn, Lee Geok Lin, Lee Yoke Fong, Lee Geok Hoon and Lee Yoke Bee are siblings.
- (g) Ah Sam is the mother of Dato' Lee Tian Hock.
- (h) Tan Bee Ling, Teh Wei Cin, Cheong Yong Chieh and Yong Soi Mee are spouses of Dato' Lee Tian Hock's siblings.
- (i) Yong Moi Noi, Nyo Eng Kiak, Yong Ing Kiat, Yong Ah Chek, Yong Hwah Kiat, Yong Ghee Kiat and Soo Li Ping are the sisters/brother-in-laws of Dato' Lee Tian Hock.
- (j) Tung Kew Tiong and Tung Kwi Hoiu are substantial shareholdings and directors of T&T Cahaya Murni Sdn Bhd are the brothers of Tung Ah Qui, a director of Matrix Excelcon, Matrix Exceltrading Sdn Bhd and Matrix Excelbuilder Sdn Bhd.
- (k) Tan Seng Heng and Low Kim Fong are the brother and sister-in-law of Lee Tian Onn.
- (l) Lee Jon Wee is the sole director and sole shareholder of GXM Pty Ltd and is also the director of Matrix Concepts (Australia) Pty Ltd, Matrix Development (Australia) Pty Ltd, Matrix Greenvale (Australia) Pty Ltd and Matrix 333 St Kilda (Australia) Pty Ltd.
- (m) Dato' Logendran A/L K Narayanasamy is the Non-Independent Non-Executive Director of MCHB and also the director of few subsidiary companies of MCHB.
- (n) Tan Ah Bah, Tan Mei Yoong, Tan Mei Chien and Tan Mei Siang are the brother-in-law and nieces of Datin Yong Chou Lian.

The abovementioned Interested Directors, Major Shareholders and Persons Connected are deemed interested in the Proposed Renewal of Shareholders' Mandate by virtue of the interests of such parties with the Related Parties as mentioned in Section 2.1.2 of this Circular, which are transacting with MCHB.

2.1.8 Directors' and Major Shareholder's Interest

Dato' Lee Tian Hock is an Interested Director and Major Shareholder of MCHB and he had abstained from deliberation and voting at Board meetings of MCHB on the Proposed Renewal of Shareholders' Mandate. He will also abstain from voting at the forthcoming 23rd AGM in respect of his direct and indirect shareholdings.

Dato' Logendran A/L K Narayanasamy who being Interested Director has also abstained from deliberation and voting at Board meetings of MCHB on the Proposed Renewal of Shareholders' Mandate.

The Major Shareholder and/or Interested Director to which the Proposed Renewal of Shareholders' Mandate apply, shall abstain from voting at the forthcoming 23rd AGM in respect of their direct and indirect shareholdings by virtue of their interests. The Interested Director and Major Shareholder have undertaken that they shall ensure that the persons connected to them will abstain from voting on the same.

Save as aforesaid, none of the other Directors or Major Shareholders of MCHB or persons connected to them have any interest in the Proposed Renewal of Shareholders' Mandate.

2.2 REVIEW PROCEDURES FOR THE RRPT

The MCHB Group has established the following policies and procedures to ensure that all RRPTs will be entered into on normal commercial terms at an arm's length basis, on terms which will be not more favourable to the Related Parties than those generally available to the public and will not be detrimental to the non-interested shareholders:-

- (i) The transaction prices are based on prevailing market rates/prices that are agreed upon under similar commercial terms for transactions with third parties, business practices and policies and on terms which are generally in line with industry norms;
- (ii) All RRPTs to be entered into shall be on normal commercial terms and on terms that will be consistent with the Group's usual business practices and policies;
- (iii) The Audit Committee is to provide a statement that it has reviewed the terms of the RRPTs to ensure that such transactions are undertaken based on terms not more favourable to the Related Parties than those generally available to the public, are not detrimental to the minority shareholders and are in the best interest of the Group;
- (iv) In the event that a member of the Audit Committee or Board has an interest and/or deemed interest in any particular RRPTs, he or she shall declare his or her interest in the RRPT and will have to refrain from any deliberation and also abstain from voting on the matter at the Audit Committee meeting or Board meeting in respect of that RRPT;
- (v) Records of RRPTs will be retained and compiled by the Group's financial officer for submission to the auditors and the Audit Committee for review;
- (vi) A quarterly report on all RRPTs transacted in that quarter will be produced to the Audit Committee for its reference;
- (vii) If the Audit Committee is of the view that the abovementioned procedures are insufficient to ensure that RRPTs are undertaken on an arm's length basis and on normal commercial terms and on terms that are not more favourable to the transacting party than those generally available to third parties dealing at arm's length during their periodic review of the procedures, the Audit Committee has the discretion to request for additional procedures to be imposed on all RRPTs;

- (viii) Directors who have any interest in any RRPTs, shall abstain from Board deliberations and voting and will ensure that they and any persons connected with them will also abstain from voting on the resolution at the AGM to be convened for the purpose;
- (ix) Disclosure will be made in the annual report of the breakdown of the aggregate value of the RRPTs during the financial year, amongst others, based on following information:
 - (a) type of the RRPTs made; and
 - (b) the names of the Related Parties involved in each type of the RRPTs made and their relationship with the MCHB Group;
- (x) 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. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be based on prevailing market rates/prices that are agreed upon under similar commercial terms for transactions with third parties, business practices and policies and on terms which are generally in line with industry norms in order to ensure that the RRPTs is not detrimental to MCHB Group; and
- (xi) It is the Company's policy to ensure that all of the Company's transactions regardless of whether they are RRPTs or not, are carried out in the best interests of the Company.

2.3 STATEMENT BY AUDIT COMMITTEE

The Audit Committee has the overall responsibility to periodically review the RRPTs, determining if the procedures for reviewing such RRPTs are appropriate. The Audit Committee also has the authority to delegate this responsibility to such individuals within the Group as it shall deem fit.

The Audit Committee has considered the procedures mentioned in Section 2.2 of this Circular and is of the view that the Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner. The Audit Committee will review and ascertain whether the guidelines and procedures established to monitor RRPTs have been complied with once a year.

Should the Audit Committee at any time determine that the guidelines and/or procedures stated in Section 2.2 of this Circular are no longer adequate to ensure that:

- (i) the RRPTs are conducted on arm's length basis and on normal commercial terms not more favourable to the Related Parties than those generally available to the public; and/or
- (ii) such transactions are not to the detriment of the minority shareholders of the Company nor prejudicial to the interests of the shareholders of the same;

the Company will then obtain a fresh shareholders' mandate based on new guidelines and procedures.

The Audit Committee has the discretion to request for limits to be imposed or for additional procedures to be followed if it considers such a request 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 has reviewed the terms of the Proposed Renewal of Shareholders' Mandate and is satisfied that the review procedures mentioned in Section 2.2 of this Circular for the RRPTs are sufficient to ensure that the RRPTs are made on an arm's length basis and on normal commercial terms not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders of MCHB and hence, will not be prejudicial to the shareholders nor disadvantageous to the Group.

2.4 APPROVAL REQUIRED

The Proposed Renewal of Shareholders' Mandate are subject to the approval of the shareholders of the Company being obtained at the forthcoming 23rd AGM.

2.5 EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPT

The Proposed Renewal of Shareholders' Mandate will not have any effects on the issued share capital and substantial shareholders' shareholdings of MCHB. In addition, the Shareholders' Mandate will not have any material effect on the earnings, net assets and gearing of our Group. However, the Shareholders' Mandate are in relation to transactions which are of a revenue or trading nature and which form an integral part of our Group's day-to-day operations and hence, they contribute to our financial performance.

2.6 THRESHOLD OF AUTHORITY

There is no specific threshold for approval of the RRPT within the Group. However, all RRPTs are subject to the approval of the Board. Where any Director has any direct/indirect interest in any RRPT, such Director shall abstain from deliberations and voting on the matter.

2.7 DISCLOSURE

The Company will make relevant disclosures in the Company's annual report for the next financial period in regards to the actual aggregate value of the RRPTs pursuant to the Proposed Renewal of Shareholders' Mandate during the financial period, based on the following information:

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

3. DIRECTORS' RECOMMENDATION

The Board with the exception of the Interested Directors who have abstained from giving opinion, having taken into consideration all relevant factors, is of the opinion that the Proposed Renewal of Shareholders' Mandate are in the best interest of the shareholders of MCHB.

The Board, with the exception of Dato' Lee Tian Hock and Dato' Logendran A/L K Narayanasamy who have abstained from making a recommendation on the Proposed Renewal of Shareholders' Mandate, recommends that you vote in favour of the Ordinary Resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming 23rd AGM.

4. TWENTY-THIRD ANNUAL GENERAL MEETING

The Ordinary Resolution pertaining to the Proposed Renewal of Shareholders' Mandate for RRPT is set out as Special Business in the Notice of the 23rd AGM contained in the MCHB's Annual Report 2020. The 23rd AGM will be held entirely virtual at Broadcast Venue at Wisma Matrix, 2nd Floor, No. 57, Jalan Tun Dr. Ismail, 70200 Seremban, Negeri Sembilan and via Remote Participation and Voting Facilities on Wednesday, 30 September 2020 at 10.00 a.m. for the purpose of considering and, if thought fit, passing, inter alia, the ordinary resolution on the Proposed Renewal of Shareholders' Mandate set out as Special Business in the Notice of 23rd AGM.

The Notice of the 23rd AGM and the Proxy Form as set out in the Annual Report 2020 of the Company together with this Circular and Administrative Guide are all available at <https://www.mchb.com.my/investor-relations/general-meetings/>. Shareholders are advised to refer to the Notice of the 23rd AGM and the Administrative Guide for the procedures as set out therein. The Broadcast Venue is strictly a main venue of the 23rd AGM where the Chairperson will be present for the purpose of complying with Section 327 (2) of the Companies Act, 2016. Thus, NO MEMBERS/PROXIES from the public will be physically present at the Broadcast Venue on the day of the 23rd AGM.

If you wish to appoint a proxy to attend and vote on your behalf at the 23rd AGM, you may deposit your Proxy Form at Wisma Matrix, No.57, Jalan Tun Dr. Ismail, 70200 Seremban, Negeri Sembilan. Alternatively, the submission of Proxy Form can be made through electronic lodgement not less than forty-eight (48) hours before the time fixed for holding the 23rd AGM or any adjournment thereof. The lodgement of the Proxy Form will not preclude you from attending and voting at the meeting should you subsequently decide to do so. For electronic lodgement of Proxy Form, please also follow the procedures as set out in the Administrative Guide.

5. ADDITIONAL INFORMATION

Shareholders are requested to refer to the attached Appendix 1 in this Circular for additional information.

Yours faithfully

For and on behalf of the Board of Directors

MATRIX CONCEPTS HOLDINGS BERHAD

DATO' HAJI MOHAMAD HASLAH BIN MOHAMAD AMIN

Non-Independent Non-Executive Chairman

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, completeness and correctness of the information given herein and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. MATERIAL CONTRACTS

Save as disclosed below, MCHB Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by MCHB Group within two (2) years preceding the date of this Circular:-

- (a) Joint Venture Agreement dated 2 October 2018 between MCHB, PT Bangun Kosambi Sukses and PT Nikko Securitas Indonesia for the joint development of an Islamic Financial District in Pantai Indah Kapuk 2, Jakarta, Indonesia.
- (b) Joint Venture cum Shareholders Agreement dated 16 January 2019 between Matrix Global Education Sdn Bhd (now known as MGE Development Sdn Bhd) and Bonanza Educare Sdn Bhd (formerly known as Ipoh Learning & Training Institute Sdn Bhd) with a mutual objective to provide efficient operations and management of Matrix Global Schools on an agreed business plan.
- (c) Management Agreement dated 17 September 2019 between Matrix Medicare Sdn Bhd ("MMSB") and Pusat Hemodialisis Mawar ("PHM") for the appointment of MMSB as the exclusive service provider in respect of the management of PHM.

3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

MCHB Group are not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which would have a material effect on the financial position or the business of MCHB Group and the Board has no knowledge of any proceedings pending or threatened against MCHB Group, or of any other facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of MCHB Group preceding the date of this Circular.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of MCHB at Wisma Matrix, No. 57, Jalan Tun Dr. Ismail, 70200 Seremban, Negeri Sembilan Darul Khusus from Mondays to Fridays (except public holidays) during normal business hours from the date of this Circular up to and including the date of the forthcoming 23rd AGM:-

- (i) Constitution of MCHB;
- (ii) Audited Consolidated Financial Statements of MCHB for the two financial years ended 31 March 2019 and 31 March 2020; and
- (iii) The material contracts referred to in Paragraph 2 of this Appendix.