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MTD ACPI ENGINEERING BERHAD

(Company No. 258836-V)
(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; AND**

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

The above proposals will be tabled as Special Business at the Twenty-Fifth ("25th") Annual General Meeting ("AGM") of MTD ACPI Engineering Berhad ("MTD ACPI" or "Company"). The 25th AGM of MTD ACPI will be held at 1, Jalan Batu Caves, 68100 Batu Caves, Selangor Darul Ehsan on Thursday, 6 September 2018 at 9.30 a.m. or any adjournment thereof. Notice of the 25th AGM of MTD ACPI together with the Form of Proxy are set out in the 2018 Annual Report of the Company.

The Form of Proxy must be completed and lodged at the Registered Office of the Company at 1, Jalan Batu Caves, 68100 Batu Caves, Selangor Darul Ehsan, Malaysia not less than twenty-four (24) hours before the time set for the AGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last day and time for lodging the Form of Proxy : Wednesday, 5 September 2018 at 9.30 a.m.

Date and time of the 25th AGM of MTD ACPI : Thursday, 6 September 2018 at 9.30 a.m.

DEFINITIONS

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

Act	:	Companies Act, 2016 as amended from time to time and any re-enactment thereof
ACE	:	Alloy Concrete Engineering Sdn Bhd, a wholly-owned subsidiary of Alloy
ACSB	:	Alloy Capital Sdn Bhd, a wholly-owned subsidiary of Alloy
AGM	:	Annual General Meeting of MTD ACPI
Alloy	:	Alloy Consolidated Sdn Bhd, the ultimate holding company of MTD ACPI
Alloy Group	:	Alloy and its subsidiaries excluding MTD Group and MTD ACPI Group
Board	:	Board of Directors of MTD ACPI
Bursa Securities	:	Bursa Malaysia Securities Berhad
Circular	:	This circular to the shareholders of MTD ACPI dated 31 July 2018
Dato' Nik Faizul	:	Dato' Nik Faizul Bin Tan Sri Nik Hussain <ul style="list-style-type: none">- Director of Alloy, ACSB, ACE, MTD, MTDESB, MTD Construction and Nikvest- Indirect Major Shareholder of MTD, Metacorp, MTDESB, LSSB, MTD ACPI, MTD Construction and Nikvest- Son of Tan Sri Dr. Nik Hussain- Sibling of Nik Fadzrina and Nik Firdaus
Director(s)	:	As defined under Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director of the Company or any other company which is its subsidiary or holding company or a chief executive officer of the Company, its subsidiary or holding company
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities, including any amendment thereto that may be made from time to time
LPD	:	Latest Practicable Date which is 30 June 2018 (being a date which is not more than one month prior to the date of the Circular)
LSSB	:	Lambang Simfoni Sdn Bhd, a wholly-owned subsidiary of Metacorp
Major Shareholder(s)	:	A person who has an interest or interests in one or more voting shares in a corporation and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is: <ul style="list-style-type: none">(a) ten percent (10%) or more of the aggregate of the nominal amounts of all the voting shares in the corporation; or(b) five percent (5%) or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation For the purpose of this definition, "interest in shares" has the meaning given in Section 8 of the Act. A major shareholder includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the Company or any other company which is its subsidiary or holding company
Metacorp	:	Metacorp Berhad, a wholly-owned subsidiary of MTD
MTD	:	MTD Capital Bhd, the immediate holding company of MTD ACPI
MTD Construction	:	MTD Construction Sdn Bhd, a wholly-owned subsidiary of MTD ACPI
MTDESB	:	MTD Equity Sdn Bhd, a wholly-owned subsidiary of MTD
MTD Group	:	MTD and its subsidiaries excluding MTD ACPI Group
MTD ACPI or Company	:	MTD ACPI Engineering Berhad
MTD ACPI Group	:	MTD ACPI and its subsidiaries

DEFINITIONS (Cont'd)

Nik Fadzrina	:	Nik Fadzrina Binti Tan Sri Nik Hussain <ul style="list-style-type: none">- Director of ACE, ACSB, MTD, MTDESB, MTD ACPI and Nikvest- Daughter of Tan Sri Dr. Nik Hussain- Sibling of Dato' Nik Faizul and Nik Firdaus
Nik Firdaus	:	Nik Firdaus Binti Tan Sri Nik Hussain <ul style="list-style-type: none">- Director of Alloy and Nikvest- Daughter of Tan Sri Dr. Nik Hussain- Sibling of Dato' Nik Faizul and Nik Fadzrina
Nikvest	:	Nikvest Sdn Bhd, a major shareholder of MTD
Person(s) Connected	:	Such person, (referred to as "said Person") who falls under any one of the following categories: <ul style="list-style-type: none">(a) a family member of the said Person; a member of the director's or major shareholder's family which family shall have the meaning given in Section 197 of the Act;(b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary;(c) a partner of the said Person;(d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person;(e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act;(f) a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or(g) a body corporate which is a related corporation of the said Person
Proposed Additional RRPT Mandate	:	Proposed Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature
Proposed Renewal of RRPT Mandate	:	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature
Proposals	:	Proposed Renewal of RRPT Mandate and Proposed Additional RRPT Mandate
Related Party(ies)	:	Director(s), Major Shareholder(s) or person(s) connected with such Director(s) or Major Shareholder(s) of MTD ACPI Group
Recurrent Related Party Transaction(s) or RRPT	:	Recurrent related party transactions of a revenue or trading nature with Related Party which are in the ordinary course of business and necessary for the day-to-day operation of MTD ACPI Group
RM	:	Ringgit Malaysia
Share(s)	:	Ordinary shares in MTD ACPI
Tan Sri Dr. Nik Hussain	:	Tan Sri Dr. Nik Hussain Bin Abdul Rahman <ul style="list-style-type: none">- Director of Alloy, Nikvest, MTD, MTDESB, LSSB, Metacorp and MTD Construction- Indirect Major Shareholder of Alloy, ACE, ACSB, MTD, Metacorp, MTDESB, LSSB, MTD ACPI and MTD Construction- Father of Dato' Nik Faizul, Nik Firdaus and Nik Fadzrina
2017 Shareholders' Mandate	:	Approval of the shareholders obtained at Twenty-Fourth ("24th") AGM held on 7 September 2017 to enable MTD ACPI Group to enter into RRPT, shall lapse at the conclusion of the forthcoming 25th AGM of MTD ACPI to be held on 6 September 2018
2018 Shareholders' Mandate	:	To seek shareholders' approval for the Proposals at the forthcoming 25th AGM of MTD ACPI to be held on 6 September 2018 for RRPT to be entered into by MTD ACPI Group as listed in Section 2.3 of the Circular, from the date of forthcoming 25th AGM until the conclusion of the next AGM of MTD ACPI to be held in 2019

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MTD ACPI ENGINEERING BERHAD

(Company No. 258836-V)
(Incorporated in Malaysia)

Registered Office
1, Jalan Batu Caves
68100 Batu Caves
Selangor Darul Ehsan
Malaysia

31 July 2018

The Board of Directors

Dato' Ir. Kalid Bin Alias (*Chairman, Independent Non-Executive Director*)
Dato' Ir. Wan Razali Bin Wan Muda (*Independent Non-Executive Director*)
Nik Din Bin Nik Sulaiman (*Senior Independent Non-Executive Director*)
Nik Fadzrina Binti Tan Sri Nik Hussain (*Non-Independent Non-Executive Director*)
Keith George Cowling (*Non-Independent Executive Director*)

To : The Shareholders of MTD ACPI Engineering Berhad

Dear Sir / Madam,

- i) **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE; AND**
- ii) **PROPOSED SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

1. INTRODUCTION

In accordance to Part E, Chapter 10.09 of the Listing Requirements, the Company had obtained the 2017 Shareholders' Mandate to enter into RRPT with Related Parties at the Company's AGM held on 7 September 2017.

The 2017 Shareholders' Mandate shall in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM unless authority for its renewal is obtained from the shareholders at the AGM.

In connection thereto, on 10 July 2018, the Company had announced to Bursa Securities its intention to seek shareholders' approval for the Proposals at the forthcoming AGM.

The purpose of this Circular is to provide the details of the Proposals and to seek your approval for the ordinary resolutions related thereto to be tabled at the 25th AGM to be held on 6 September 2018 at 9.30 a.m. or any adjournment thereof. The Notice of AGM is enclosed in 2018 Annual Report of the Company.

YOU ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS AT THE 25TH AGM.

2. DETAILS OF THE PROPOSALS

2.1 Details of MTD ACPI Group

The principal activities of MTD ACPI are investment holding company and project management. The principal activities of its subsidiaries are civil engineering and construction works, manufacturing and marketing of precast concrete products for infrastructure projects and buildings, manufacturing of concrete roof tiles, provision of consultancy and management services.

It is anticipated that MTD ACPI Group would, in the ordinary course of its business, enter into the RRPT which are necessary for its day-to-day operations with the classes of Related Parties which are disclosed in Section 2.2 of this Circular. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

2.2 Classes of Related Parties

(A) MTD Group

MTD is the immediate holding company of MTD ACPI. MTD has direct interest of 0.87% and total indirect interest of 49.90% in MTD ACPI through the interest of its wholly-owned subsidiaries namely, MTDESB and Metacorp of 38.10% and 11.80% respectively. MTD has direct interest of 8.60% and indirect interest of 91.40% in Metacorp through its wholly-owned subsidiary, LSSB.

The principal activities of MTD are investment holding and provision of project management services while its subsidiaries and joint venture companies are engaged in the following core businesses:

- (i) infrastructure development;
- (ii) provision of project consultancy services;
- (iii) turnkey and project management services;
- (iv) construction, building and public engineering works;
- (v) property development and letting of property;
- (vi) solid waste management;
- (vii) manufacturing and marketing of specialty highways and safety products; and
- (viii) construction, manufacturing and marketing of heavy element precast products for viaducts, elevated highways, highways, light rail transit guideways and bridges and construction related businesses.

(B) Alloy Group

Alloy is an investment holding company and the ultimate holding company of MTD ACPI. Alloy has total indirect interest of 67.78% in MTD ACPI through the interests of its subsidiaries namely, MTD and ACSB of 50.77% and 17.01% respectively. Alloy has direct interest of 26.01% in MTD and indirect interest of 51.18% through the interest of its wholly-owned subsidiaries, ACSB and ACE of 47.78% and 3.40% respectively.

The principal activities of Alloy Group are highways and general construction, investment holding, roads and highway maintenance, soil erosion control services, highway management and toll operation, outdoor advertising services and insurance broker.

Alloy, ACSB, MTD, MTDESB, Metacorp and LSSB are therefore regarded as interested Major Shareholders of MTD ACPI.

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2.3 Nature of RRPT and Estimated Values

The details and nature of RRPT under the Proposals which have been or will be entered into by MTD ACPI Group in the ordinary course of business of MTD ACPI Group with the Related Parties as set out in Section 2.2 above, are as follows.

A. PROPOSED RENEWAL OF RRPT MANDATE

The existing RRPT for which approval is now being sought for the Proposed Renewal of RRPT Mandate at the forthcoming AGM are set out in the table below:

Related Party ⁽¹⁾	Nature of Transactions	2017 Shareholders' Mandate ⁽²⁾			2018 Shareholders' Mandate	Interested Director, Major Shareholders of MTD ACPI and Persons Connected**
		(A) Estimated Value of Transaction disclosed in 2017 Shareholders' Mandate (RM' million)	(B) Actual Value of Transaction Conducted Pursuant to 2017 Shareholders' Mandate up to LPD (RM' million)	(C) Deviation between Value in (A) and (B) of more than 10% (%)		
Alloy Group	Procurement of insurance and related services from Alloy Group	5	0.3	N/A	4	Interested Directors in MTD ACPI Group Tan Sri Dr. Nik Hussain** ^A and Dato' Nik Faizul** ^A
	Provision of construction and property development works by MTD ACPI Group to Alloy Group	18.5	Nil	N/A	18.5	
	Provision of civil engineering, construction and property development projects awarded by MTD ACPI Group to Alloy Group	250	8.6	N/A	100	
	Supply of infrastructure, construction & building materials and ancillary installation works by MTD ACPI Group to Alloy Group	3	Nil	N/A	3	
	Provision of advertising services by Alloy Group to MTD ACPI Group	0.5	Nil	N/A	0.5	
						Interested Major Shareholders Alloy, ACSB, MTD, MTDES, Metacorp, LSSB, Tan Sri Dr. Nik Hussain and Dato' Nik Faizul
						Persons Connected Nik Firdaus ^A , Nik Fadzrina and Keith George Cowling

A. PROPOSED RENEWAL OF RRPT MANDATE (Cont'd)

Related Party ⁽¹⁾	Nature of Transactions	2017 Shareholders' Mandate ⁽²⁾			2018 Shareholders' Mandate		Interested Director, Major Shareholders of MTD ACPI and Persons Connected**
		(A) Estimated Value of Transaction disclosed in 2017 Shareholders' Mandate (RM' million)	(B) Actual Value of Transaction Conducted Pursuant to 2017 Shareholders' Mandate up to LPD (RM' million)	(C) Deviation between Value in (A) and (B) of more than 10% (%)	(D) Estimated Value of Transaction to be Conducted Pursuant to 2018 Shareholders' Mandate ⁽³⁾ (RM' million)		
MTD Group	Office rental paid / payable to MTD Group, on a monthly basis for renting of office space in the building at 1, Jalan Batu Caves, 68100 Batu Caves, Selangor Darul Ehsan, for tenancy of not more than three (3) years at RM325,233 per month (inclusive of utilities charges and other expenses)	8.6	2.9	N/A	Nil	Interested Directors in MTD ACPI Group Tan Sri Dr. Nik Hussain* [^] and Dato' Nik Faizul* [^]	
	Office rental paid / payable to MTD Group, on a monthly basis for renting of administrative office at No. 137, Jalan TU3, Taman Tasik Utama, Ayer Keroh, 75450 Melaka, for tenancy of not more than three (3) years at RM636 per month	0.1	0.01	N/A	0.08	Interested Major Shareholders Alloy, ACSB, MTD, MTDES, Metacorp, LSSB, Tan Sri Dr. Nik Hussain and Dato' Nik Faizul	
	Provision of security services by MTD Group to MTD ACPI Group	1	0.3	N/A	Nil	Persons Connected Nik Firdaus*, Nik Fadzrina and Keith George Cowling	
	Provision of civil engineering, construction and property development works by MTD ACPI Group to MTD Group	350	7.4	N/A	150		
	Provision of interest for advances provided by MTD Group to MTD ACPI Group	7	3.8	N/A	7		
	Provision of Internal Audit Services by MTD Group to MTD ACPI Group	0.7	0.5	N/A	0.7		
	Provision for civil engineering, construction and property development projects awarded to MTD ACPI Group by MTD Group	2,000	0.7	N/A	Nil		

A. PROPOSED RENEWAL OF RRPT MANDATE (Cont'd)

Related Party ⁽¹⁾	Nature of Transactions	2017 Shareholders' Mandate ⁽²⁾			2018 Shareholders' Mandate	Interested Director, Major Shareholders of MTD ACPI and Person Connected**
		(A) Estimated Value of Transaction disclosed in 2017 Shareholders' Mandate (RM' million)	(B) Actual Value of Transaction Conducted Pursuant to 2017 Shareholders' Mandate up to LPD (RM' million)	(C) Deviation between Value in (A) and (B) of more than 10% (%)		
MTD Group	Provision for project management services rendered by MTD ACPI Group to MTD Group	6	Nil	N/A	Nil	Interested Directors in MTD ACPI Group Tan Sri Dr. Nik Hussain** [^] and Dato' Nik Faizul** [^] Interested Major Shareholders Alloy, ACSEB, MTD, MTDESB, Metacorp, LSSB, Tan Sri Dr. Nik Hussain and Dato' Nik Faizul Persons Connected Nik Firdaus [^] , Nik Fadzrina and Keith George Cowling
	Provision for project management services rendered by MTD Group to MTD ACPI Group	5	0.04	N/A	5	
	Provision for rental of motor vehicles by MTD ACPI Group to MTD Group	0.1	0.02	N/A	0.1	
	Provision for rental of motor vehicles by MTD Group to MTD ACPI Group	0.1	0.01	N/A	0.1	

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B. PROPOSED ADDITIONAL RRPT MANDATE

Related Party ⁽¹⁾	Nature of Transactions	Estimated Value of Transaction to be Conducted Pursuant to 2018 Shareholders' Mandate ⁽³⁾ (RM' million)	Interested Directors, Major Shareholders of MTD ACPI and Person Connected**
MTD Group	<p>Office rental payable to MTD Group, on a monthly basis for renting of office space in the building at 1, Jalan Batu Caves, 68100 Batu Caves, Selangor Darul Ehsan, for tenancy of not more than three (3) years at RM194,545 per month (inclusive of utilities charges and other expenses)</p> <p>Office rental payable to MTD Group, on a monthly basis for renting of site office at Boulevard, Phase 16C, Taman Tasik Utama, Ayer Keroh, 75450 Melaka, for tenancy of not more than three (3) years at RM1,350 per month</p> <p>Provision for management services rendered by MTD ACPI Group to MTD Group</p>	<p>7.5</p> <p>0.05</p> <p>6</p>	<p>Interested Directors in MTD ACPI Group Tan Sri Dr. Nik Hussain[^] and Dato' Nik Faizul[^]</p> <p>Interested Major Shareholders Alloy, ACSB, MTD, MTDESB, Metacorp, LSSB, Tan Sri Dr. Nik Hussain and Dato' Nik Faizul</p> <p>Persons Connected Nik Firdaus[^], Nik Fadzrina and Keith George Cowling</p>

Notes:

⁽¹⁾ Anticipated or potential Related Parties of MTD ACPI Group.

⁽²⁾ The estimated value of transactions pursuant to 2017 Shareholders' Mandate.

⁽³⁾ The estimated aggregate value of transactions based on information available at the time of estimation. Due to the nature of transactions, the actual value may vary from the estimated value disclosed above.

[^] Directors of Alloy.

^{*} Directors of MTD Construction.

^{**} Details of Interested Major Shareholders, Directors and Persons Connected are set out in Section 2.9 of the Circular.

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2.4 Amount Due and Owing to MTD ACPI Group by Related Parties

The breakdown of the total outstanding amount due and owing by Related Parties under the RRPTs which exceeded the credit terms as at end of the financial year ended 31 March 2018 (“Outstanding RRPT Receivables”) are as follows:

Related Party	Nature of Transactions	Principal Sum (RM)	Outstanding RRPT Receivables (RM)		
			≤ 1 year	> 1 year to 3 years	> 3 years to 5 years
Alloy Group	Highway maintenance contracts	Nil	Nil	Nil	Nil
MTD Group	Construction works	20,772,285	3,097	9,766,609	Nil

There is no Outstanding RRPT Receivables exceeding the credit term of more than 5 years.

The management of the Company monitors and analyses the collection of Outstanding RRPT Receivables on regular basis, and engaged the Related Parties for expeditious payment.

No late payment charge is imposed by MTD ACPI Group on the Outstanding RRPT Receivables, which exceeded the credit terms and *vice-versa*, no late payment charge is imposed by Related Parties.

The Board is aware of the Outstanding RRPT Receivables which exceeded the credit term and opined that these Outstanding RRPT Receivables are owing in the ordinary course of business, and there will be no recoverable issue as the Related Parties have good credit standing and long standing relationship with MTD ACPI Group.

2.5 Rationale and Benefits of the Proposals

The rationale and benefits of the Proposals are as follows:

- (a) MTD ACPI Group have long standing relationship with the Related Parties and as such, could take advantage of reliability in the standard of services, support provided, sharing of product information, relevant experience and expertise; and further, have the added advantage of confidence and familiarity with the background and management of the Related Parties and *vice-versa*, thus enabling more informed decision-making by MTD ACPI Group;
- (b) The Proposals will enhance the business of MTD ACPI Group, which are time-sensitive, confidential and frequent without having to make immediate announcements and convening separate general meetings of the Company, to seek shareholders’ approval for transactions pursuant to the financial limits imposed by Bursa Securities under Paragraph 10.08 of the Listing Requirements. This will substantially reduce expenses associated with the convening of general meetings on an ad-hoc basis, improve administration efficiency and allow manpower resources and time to be channeled towards attaining other corporate objectives;
- (c) To facilitate transactions with Related Parties which are priced competitively and carried out in the ordinary course of business, entered into at arm’s length and ordinary commercial terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the interests of the minority shareholders; and
- (d) The Proposals would create mutual benefits for MTD ACPI Group and the Related Parties, and reflect the objectives of Alloy Group, MTD Group and MTD ACPI Group, to achieve synergy for efficient and effective day-to-day operations, and ensure prompt provision of reliable services and products from each other.

2.6 Review Procedures for the RRPT

There are procedures established by MTD ACPI Group to ensure that RRPT are undertaken on arm’s length basis and on normal commercial terms consistent with the business practices and policies of MTD ACPI Group, which are generally not more favourable to the Related Parties than those generally available to the public and not detrimental to the minority shareholders. The procedures are as follows:

- (a) A list of Related Parties of MTD ACPI Group will be circulated to the Directors and management of the Company and its subsidiaries to notify that all RRPT are required to be undertaken on arm’s length basis and on normal commercial terms and on terms not more favourable to the Related Party than those generally available to the public and not detrimental to the minority shareholders;
- (b) RRPT will be reviewed by the Audit Committee on quarterly basis. Any member of the Audit Committee may as he deems fit, requests for additional information pertaining to the transactions including from independent sources or advisers;

- (c) The management of MTD ACPI will monitor and review all RRPT which are entered into pursuant to shareholders' mandate. The RRPT will be recorded in a register and the breakdowns of aggregate value of the transactions during the financial year are disclosed in the annual report of the Company;
- (d) The annual internal audit plan shall incorporate a review of all RRPT entered into pursuant to shareholders' mandate, to ensure that relevant approvals have been obtained and review procedures in respect of RRPT have been complied with;
- (e) The Board and the Audit Committee of MTD ACPI shall review the internal audit reports to ascertain that the review procedures established to monitor, track and identify RRPT in a timely and orderly manner are adequate and have been complied with;
- (f) If a member of the Board or Audit Committee has an interest in the transaction to be reviewed by the Board or the Audit Committee as the case may be, he will not participate in deliberation of such transaction and will abstain from any decision-making in the Board or the Audit Committee in respect of that transaction;
- (g) The management of MTD ACPI will ensure 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/substantially similar type of products/services and/or quantities. Where there is no similar or substantially similar nature of transactions between MTD ACPI Group and unrelated third parties; the price, terms and conditions of the transactions for the products or services will be in accordance with applicable industry norms, prevailing commercial rates and will not be detrimental to the minority shareholders;
- (h) The thresholds for approval of RRPT by the Board subject to the recommendation of the Audit Committee are as follows:
 - (i) Renting of office space in the Building from MTD Group exceeding RM1 million per contract;
 - (ii) Procurement of insurance and related services from Alloy Group exceeding RM500,000 per contract;
 - (iii) Provision/award and acceptance of construction, property development or project management services contracts exceeding RM15 million per contract;
 - (iv) Supply of materials and construction of ancillary installations works exceeding RM10 million per contract; and
 - (v) Provision of interest on advances provided by MTD Group to MTD ACPI Group exceeding RM1 million per transaction;
- (i) The cost plus method, if deemed necessary, will be used to determine the price of the transactions. This method determines the arm's length price by adding an appropriate mark-up to the cost of transaction at a percentage not more favourable to the Related Parties than those generally available to unrelated third parties and ensures that the RRPTs are not detrimental to MTD ACPI Group; and
- (j) The Company will immediately announce to Bursa Securities when the actual value of a RRPT entered into by the Company exceed the estimated value of the RRPT disclosed in this Circular by 10% or more and include, information as may be prescribed by Bursa Securities in its announcement.

2.7 Statement by the Audit Committee

The Audit Committee (save and except for Nik Fadzrina) of the Company has considered the procedures and processes mentioned in Section 2.6 on an annual basis and is satisfied that MTD ACPI Group have in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner as well as, sufficient to ensure the RRPT are entered into at arm's length basis and not more favourable to the Related Parties than those generally available to the public and not detrimental to the minority shareholders.

2.8 Validity Period of the Proposals

The Proposals if approved at the forthcoming 25th AGM, will take immediate effect and shall only continue to be in force until:-

- i) the conclusion of the next AGM of the Company following this AGM, at which it will lapse, unless by a resolution passed at a general meeting of the Company, the mandate is renewed;
- ii) the expiration of the period within which the next AGM of the Company after this AGM 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 resolution passed by the shareholders in a general meeting;

whichever is earlier.

2.9 Interest of Directors, Major Shareholders and Persons Connected to them

As at LPD, the direct and indirect interests of the interested Major Shareholders, interested Directors and Persons Connected to them, are as follows:

Major Shareholders	No of ordinary shares			
	Direct	% ⁽¹⁾	Indirect	% ⁽¹⁾
MTDESB	88,000,000	38.10	-	-
Metacorp	27,254,610	11.80	-	-
ACSB	39,295,999	17.01	117,269,410	50.77 ⁽²⁾
LSSB	-	-	27,254,610	11.80 ⁽³⁾
MTD	2,014,800	0.87	115,254,610	49.90 ⁽⁴⁾
Alloy	-	-	156,565,409	67.78 ⁽⁵⁾
Nikvest	-	-	117,269,410	50.77 ⁽⁶⁾
Tan Sri Dr. Nik Hussain	-	-	156,565,409	67.78 ⁽⁷⁾
Dato' Nik Faizul	-	-	117,278,660	50.77 ⁽⁸⁾
Persons Connected				
Directors				
Nik Firdaus (Director of MTD ACPI from 3 April 2017 to 1 May 2018)	-	-	-	-
Nik Fadzrina	-	-	-	-
Keith George Cowling	-	-	-	-

Notes:

- (1) Net of 637,000 treasury shares held.
- (2) Deemed interested by virtue of its major shareholding in MTD.
- (3) Deemed interested by virtue of its major shareholding in Metacorp.
- (4) Deemed interested by virtue of the interests of its wholly-owned subsidiaries namely, MTDESB and Metacorp.
- (5) Deemed interested by virtue of the interests of its subsidiaries namely, MTD and ACSB. Alloy has direct shareholding of 26.01% and indirect shareholding of 51.18% in MTD through its wholly-owned subsidiaries, ACSB (47.78%) and ACE (3.40%).
- (6) Deemed interested by virtue of its major shareholding in MTD.
- (7) Deemed interested by virtue of his interests in MTD through his children's shareholdings in Nikvest and his 100% shareholding in Alloy.
- (8) Deemed interested by virtue of his spouse's shareholding in MTD ACPI and his indirect interest in Nikvest.

(i) Interested Major Shareholders

Alloy is the ultimate holding company of MTD ACPI with total indirect interest of 67.78% in MTD ACPI through the interests of its subsidiaries namely, MTD and ACSB of 50.77% and 17.01% respectively.

Alloy has direct interest of 26.01% in MTD and indirect interest of 51.18% through the interest of its wholly-owned subsidiaries, ACSB and ACE of 47.78% and 3.40% respectively. The total effective interest of Alloy and its wholly-owned subsidiaries in MTD is 77.19%.

MTD is the immediate holding company of MTD ACPI with direct shareholding of 0.87% and total indirect interest of 49.90% through the interest of its wholly-owned subsidiaries namely, MTDESB and Metacorp of 38.10% and 11.80% respectively. MTD has direct interest of 8.60% and indirect interest of 91.40% in Metacorp through its wholly-owned subsidiary, LSSB.

Tan Sri Dr. Nik Hussain has indirect interest of 67.78% in MTD ACPI by virtue of holding 100% shareholding in Alloy and his children's indirect interests in Nikvest, a major shareholder of MTD (22.81%).

Dato' Nik Faizul has indirect interest of 50.77% in MTD ACPI through his interest in Nikvest and his spouse's interest in MTD ACPI.

The interested Major Shareholders namely, Tan Sri Dr. Nik Hussain, Dato' Nik Faizul, Alloy, ACSB, MTD, MTDESB, Metacorp, LSSB and Nikvest, will abstain from voting in respect of its direct and indirect shareholdings in MTD ACPI on the ordinary resolutions for the Proposals to be tabled at the forthcoming 25th AGM.

The interested Major Shareholders have also undertaken to ensure that the Persons Connected to them, including Nik Fadzrina, Keith George Cowling and Nik Firdaus, will abstain from voting in respect of their direct and indirect interests in the Company pertaining to the ordinary resolutions for the Proposals at the forthcoming 25th AGM.

(ii) Interested Directors and Persons Connected

- (a) Nik Fadzrina, Non-Independent Non-Executive Director of MTD ACPI is deemed a Person Connected due to her executive capacity in MTD as Executive Director and Chief Executive Officer, and being nominated to the Board of MTD ACPI by MTD as well as, a person connected to the interested Major Shareholders namely, Tan Sri Dr. Nik Hussain and Dato' Nik Faizul.
- (b) Nik Firdaus resigned on 1 May 2018 and pursuant to definition of Director, she is deemed a Director of MTD ACPI as at LPD and a Person Connected by virtue of her directorship in Alloy Group as well as, a person connected to the interested Major Shareholders namely, Tan Sri Dr. Nik Hussain and Dato' Nik Faizul.
- (c) Keith George Cowling, Executive Director of MTD ACPI is deemed a Person Connected due to his executive capacity in MTD and being nominated to the Board of MTD ACPI by MTD.

The abovementioned Directors are deemed interested in the Proposals. They have and will abstain from all deliberations and voting on the Proposals, as applicable, at all Board meeting and/or Audit Committee meetings and will also abstain from voting in respect of their direct and indirect shareholding in the Company, if any, on the ordinary resolutions for the Proposals to be tabled at the forthcoming 25th AGM.

They have also undertaken to ensure that Persons Connected to them, including the Interested Major Shareholders, will abstain from voting in respect of their direct and indirect interests in the Company pertaining to the ordinary resolutions for the Proposals at the forthcoming 25th AGM.

Save as disclosed above, none of the other Directors or Major Shareholders of the Company or Persons Connected with them have any interest, direct or indirect in the Proposals.

2.10 Financial Effects of the Proposals

The Proposals will have no effect on the issued and paid-up share capital of MTD ACPI, Major Shareholders' shareholdings, net assets and earning per share of MTD ACPI Group.

3. APPROVAL REQUIRED

The Proposals are subject to the approval being obtained from the shareholders of MTD ACPI at the 25th AGM to be convened. The Proposals are not inter-conditional.

4. DIRECTORS' RECOMMENDATION

The Board (save and except for Nik Fadzrina and Keith George Cowling), having considered all aspects of the Proposals are of the opinion that the Proposals are in the best interests of MTD ACPI Group and recommend that you vote in favour of the ordinary resolutions in relation to the Proposals at the 25th AGM.

5. AGM

The 25th AGM of MTD ACPI will be held at 1, Jalan Batu Caves, 68100 Batu Caves, Selangor Darul Ehsan on Thursday, 6 September 2018 at 9.30 a.m., for the purpose of considering and if thought fit, passing the ordinary resolutions as set out in the Notice of AGM to approve the Proposals.

If you are unable to attend or vote in person at the 25th AGM and wish to appoint a proxy to attend and vote in your stead, you are requested to complete, sign and return the Form of Proxy in accordance with the instructions printed thereon to the Registered Office of the Company at 1, Jalan Batu Caves, 68100 Batu Caves, Selangor Darul Ehsan, Malaysia not less than twenty-four (24) hours before the time set for the AGM. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

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6. FURTHER INFORMATION

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

Yours faithfully
For and on behalf of the Board of
MTD ACPI ENGINEERING BERHAD

NIK DIN BIN NIK SULAIMAN
Senior Independent Non-Executive Director

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

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

2. MATERIAL LITIGATION

Save as disclosed below, as at LPD, MTD ACPI Group is not engaged in any material litigation, claims or arbitration either as a plaintiff or defendant which has a material effect on the financial position of MTD ACPI Group and the Board is not aware of any proceedings, pending or threatened against MTD ACPI Group, or of any facts likely to give rise to any proceedings which might materially or adversely affect the position or business of MTD ACPI Group.

(i) In the matter of an arbitration between MTD Construction Sdn Bhd and Kerajaan Malaysia

MTD Construction Sdn Bhd ("Claimant"), a wholly-owned subsidiary of MTD ACPI has entered into a formal contract ("Contract") with the Kerajaan Malaysia ("GOM" or "Respondent"), wherein the Claimant has been appointed by the GOM to undertake the design and construction of "Projek Jalan Raya Simpang Pulai-Lojing-Gua Musang ke Kuala Berang, Pakej 2 (dari Pos Selim, Perak Darul Ridzuan ke Ladang Blue Valley, Kampung Raja, Cameron Highlands, Pahang Darul Makmur)" ("Project"), subject to the terms and provisions of the Contract. Pursuant to an agreement between the Superintendent Officer ("S.O") of the Project (acting as the representative of the Respondent), the Claimant had provided a retention bond of RM14.1 million pursuant to a bank guarantee ("Retention Guarantee") in lieu of the retention monies to be withheld by the Respondent in accordance to the terms and provisions of the Contract. The Respondent had issued a demand notice to HSBC Bank Malaysia Berhad ("HSBC"), demanding the pay out of the Retention Guarantee on the grounds of breach of Contract by the Claimant and the Claimant had filed an application to restrain the GOM from making a demand for the Retention Guarantee and receive payment from HSBC for the said Retention Guarantee, and to restrain HSBC from releasing the money until the final disposal of the matter in respect of the Project. HSBC had paid out the Retention Guarantee to the Respondent following the judgment from the High Court on 15 March 2011.

The Claimant had filed an application for an injunction at the High Court to restrain among others, the Respondent from making a demand for the Retention Guarantee. The application for the injunction was heard on 18 February 2011 and the Learned Judge dismissed the application for the injunction with cost. An application for an injunction pending the hearing of the appeal was also dismissed by the Learned Judge.

In addition to the above, the S.O has continuously demanded the Claimant to rectify the slope at Chainage (Ch.) 26+000 of the Project which has shown distress.

In view of the foregoing and to safeguard the interest of the Claimant, the Claimant had on 14 June 2011 issued the Notice of Dispute and Notice of Arbitration pursuant to the provision of Clause 52 of the conditions of the Contract and required the matter to be referred to Arbitration for the disputes which is not limited to the following:

- (i) that the Respondent had wrongly demanded the paid out of the Retention Guarantee and that the amount so paid out of the Respondent on the Retention Guarantee ought to be refunded to the Claimant;
- (ii) that the S.O ought to issue a Certificate of Making Good Defects to the Claimant; and
- (iii) a declaration by the arbitral tribunal that the Claimant was not liable to rectify the distress on the slope at Ch.26+000 of the Project and the Claimant would not be responsible for any failures on any part of the Project.

On 9 August 2012, an Arbitrator has been appointed by the Kuala Lumpur Regional Centre of Arbitration.

The hearing of this matter had already begun since 17 September 2013 and few hearing dates had been fixed and proceeded up to 10 February 2014.

However the continued hearing of this matter had been postponed pending the disposal of Respondent's application to amend their Points of Defence which was filed on the 28 February 2014. Hearing for this application together with the Claimant's rebuttal was held on the 7 March 2014 and the Arbitrator accepted the Respondent's contentions to support its application vide order dated 14 March 2014 except on the issue of whether the Respondent's application is time barred. The Arbitrator had given further directions on 17 April 2014 for parties to file their respective affidavits and written submissions by 13 June 2014 and date for the oral submissions will be fixed by the Arbitrator. The Claimant vide its lawyer had thereafter requested for the filing of the documents to be deferred to 30 June 2014 due to the witness of the Claimant being on long medical leave post-surgery.

The Claimant's solicitor vide an email dated 17 November 2014 to the Arbitrator requesting the Arbitrator to reconsider his partial decision on the Respondent's application to amend its Defence and Counterclaim as the amendments concerns the addition of new dispute, i.e. the claim for the alleged failure at CH 23+650 – CH24 + 100 LHS; and the substantial increase in the quantum of the counterclaim. The Claimant's solicitor further state that the learned Senior Federal Counsel has confirmed that the counterclaim is by way of a counterclaim and not set-off. This is thus a new cause of action that has not previously been referred to and be part of the Arbitrator's jurisdiction. Further, the Claimant's notice of dispute which states "including but not limited to" should be construed as that from the Claimant's perspective.

The Arbitrator responded via his email dated 2 December 2014 that he had in his Order dated 14 March 2014, given his ruling on the issue of jurisdiction after considering all the issues raised by the parties. Hence he declined the Claimant's request to reconsider this Order.

On 9 February 2015, the parties agreed to proceed accordingly with the hearing of the matter proper. The Claimant requested for the time barred issue to be deliberated in the hearing proper and for the Arbitrator to decide this matter at the end of the arbitration proceeding. The Arbitrator handed out further directions as follows:

- (i) the Claimant to file in Reply to Amended Defence by 16 March 2015;
- (ii) the Respondent to file their reply to defence to counterclaim on 17 April 2015; and
- (iii) amended witness statement to be filed on 18 May 2015.

The Claimant's Amended Reply to Defence and Amended Defence to Counterclaim has been filed on 9 June 2015 and the matter had been fixed for continued hearing on 6, 7, 13 and 14 July 2015.

However, the Respondent only filed their Reply to Amended Reply to Defence and Amended Defence to Counter Claim on 3 July 2015. The Arbitrator upon agreement by both parties vacated the trial dates fixed on 6, 7, 13 and 14 July 2015.

At the meeting with the Arbitrator held on 20 October 2015, the following directions were given:

- (i) Additional Witness Statement of the Claimant and additional documents for the parties shall be filed on 1 December 2015;
- (ii) Continued hearing for factual witness was fixed on 21 and 22 December 2015 and continued on 21, 22 and 25 January 2016; and
- (iii) Hearing for expert witness was fixed on 29 February 2016 continued on 3, 10, 11 and 14 March 2016.

The continued hearing on 21 and 22 December 2015 however was vacated. The additional witness statement duly filed on 11 January 2016.

The cross-examination on Original Witness Statement (CWS1) had been concluded on 21 January 2016. The Arbitrator on the even date has provided direction as follows:

- (i) Original hearing dates of 22 and 25 January, 29 February and 11 March 2016 are vacated and the next tentative hearing dates have been fixed as 16, 17 and 18 February 2016. All dates in March fixed earlier are retained;
- (ii) Respondent to submit their witness statement on or before 5 February 2016; and
- (iii) Tentative hearing dates for expert witness is fixed on 18, 19, 25, 26 May 2016 replacing the earlier dates.

The continued hearing dates then proceeded on 16 and 17 February 2016 with the conclusion of testimonies given by the Claimant's factual witness and the hearing for the Respondent's factual witnesses to give their testimonies had been heard on 3, 4, 10, 11 and 28 March 2016 and was concluded on 4 April 2016.

Hearing for expert witnesses for both parties were fixed on 23, 24, 25 and 26 May 2016 and was concluded on 30 June 2016 marking the end of hearings of this Arbitration. The Arbitrator thereafter issued the following directions:

- (i) Claimant to submit its written submission on or before 30 September 2016;
- (ii) Respondent to submit its submission in reply on or before 31 December 2016;
- (iii) Any reply from the Claimant to Respondent's submission above to be submitted on or before 15 February 2017; and
- (iv) Decision will be delivered within 1 to 2 months thereafter.

The Claimant's solicitors has requested from the Arbitration with the agreement of the Respondent for an extension of time for the filing of the Claimant's Written Submission and the Claimant's solicitors finally filed the Claimant's Written Submission on 30 October 2017 and correspondingly, the filing of the Respondent's Written Submissions shall be extended.

On 31 May 2018, the Respondent's solicitors has requested from the Arbitrator for an extension of time to file the Respondent's Submission in Reply and with the agreement of the Claimant the filing of the Respondent's Submission in Reply has been extended to 30 June 2018.

On 29 June 2018, the Respondent's solicitors has requested for a further extension of time to file the Respondent's Submission in Reply and with the agreement of the Claimant the filing of the Respondent's Submission in Reply has been extended to 6 July 2018.

On 6 July 2018, the Respondent's solicitors has filed the Respondent's Submission in Reply and the matter is now pending the submission by the Claimant in response to the Respondent's Submission in Reply before the Adjudicator will deliver his decision. As there have been few extensions granted by the arbitrator, the deadlines originally set are no longer applicable and the Claimant solicitors has wrote to the arbitrator for a direction on the submission of the Claimant's response to the Respondent's Submission in Reply.

As of the date of this Circular being published, the Arbitrator has yet to give his direction on the submission of the Claimant's response to the Respondent's Submission in Reply.

(ii) **Shah Alam High Court Suit No. 22C-7-05/2014
Persys Engineering Sdn Bhd v Waterize Resources Sdn Bhd**

On 5 May 2014, Persys Engineering Sdn Bhd ("Plaintiff"), a wholly-owned subsidiary of MTD ACPI, filed a Writ of Summons and Statement of Claim against Waterize Resources Sdn Bhd ("Defendant") for the outstanding sum of RM1,901,620.00 for works done arising from the Contract of Site Clearance, Earthworks, Retaining Walls, and Drainage Works for "Cadangan Pembangunan di Atas Lot 48731 (PT 45264), Mukim Petaling, Daerah Petaling, Selangor Darul Ehsan". The Defendant had also on 2 June 2014 filed a counterclaim for the sum of RM1,095,875.00 being alleged losses and damages suffered by them. The Reply to Defence and Counterclaim has been filed by Persys Engineering Sdn Bhd on 27 June 2014. On 27 June 2014, the Plaintiff proceeded with filing an application for Summary Judgment.

The Court had on 10 October 2014 allowed the Summary Judgment for the sum of RM1,853,345.10 against the Defendant with costs of RM5,000.00 ("Order").

On 21 October 2014, the Defendant filed their notice of appeal to the Court of Appeal appealing against the Order ("Appeal") and the same has been fixed for hearing on 16 March 2015.

The Defendant then on 27 October 2014 proceeded to file an application for stay of execution of the Order ("Stay of Execution") pending the disposal of the Defendant's counterclaim against the Plaintiff. As such, the Plaintiff then filed an application to strike out the Defendant's counterclaim ("Striking Out") on 12 November 2014. Both the Stay of Execution and Striking Out applications fixed for hearing on 23 January 2015.

On 23 January 2015, the learned Judge allowed the Plaintiff's Striking Out with costs of RM2,500.00 and dismissed the Defendant's Stay of Execution with costs of RM2,500.00 ("Orders").

In view of the Orders, the Defendant had on 6 March 2015 filed notice of discontinuance of the Appeal.

The Plaintiff had on 21 April 2015 and 18 May 2015 served statutory demand pursuant to Section 218 of the Companies Act 1965 to the Defendant.

As there was no response from the Defendant, the Plaintiff had then proceeded with winding-up petition against the Defendant.

On the hearing of the winding-up petition dated 2 November 2015, the learned Judge has granted Plaintiff an order in terms, as follows:

- a) that the Respondent (Defendant), Waterize Resources Sdn Bhd (Company No: 651159-H) be wound up;
- b) that the Director General of Insolvency be appointed as Liquidator of the Respondent (Defendant); and
- c) that the costs of this Petition of RM5,000.00 be paid out of the assets of the Respondent (Defendant).

The Plaintiff had then filed with the Malaysian Department of Insolvency ("MDI") a Proof of Debt on 15 December 2015 and as of the date of this Circular being published, a Creditors' Meeting has yet to be fixed by the MDI.

On 29 June 2018, the Plaintiff has been informed by the MDI that the winding-up process is still ongoing and that there is no possibility for any dividends can be declared as at 29 June 2018.

3. MATERIAL CONTRACTS

Safe as disclosed below, the Company nor its subsidiaries have entered into any material contracts, not being contracts entered into in the ordinary course of business of the Group, within two (2) years immediately preceding the date of this Circular:

- (i) On 8 November 2016, the Company together with its wholly-owned subsidiaries, ACP Technologies Sdn Bhd, ACP (Tracks) Sdn Bhd and ACPI Engineering Sdn Bhd had entered into a Share Sale Agreement with Saujanika Sdn Bhd ("Saujanika"), its wholly-owned subsidiaries for the disposal of the entire issued and paid up share capital of ASC Engineering Sdn Bhd, MTD ACP Precast Sdn Bhd, Persys Sdn Bhd and ACP-DMT Sdn Bhd ("Target Companies Sale Shares") ("Internal Restructuring SSA") pursuant to the Company's internal restructuring exercise at a total consideration of RM20,318,142.00.
- (ii) On 8 November 2016, the Company had executed a Deed of Assignment with its wholly-owned subsidiaries, ACP Technologies Sdn Bhd, ACP (Tracks) Sdn Bhd and ACPI Engineering Sdn Bhd for the assignment of rights to receive the shares in Saujanika Sdn Bhd issued as consideration for the acquisition of the Internal Restructuring Sale Shares to the Company. The Internal Restructuring was completed on 15 December 2016 following the issuance of 20,318,142 new Saujanika Shares to MTD ACPI for the Target Companies Sale Shares pursuant to the Internal Restructuring SSA and the Deed of Assignment dated 8 November 2016.
- (iii) On 8 November 2016, the Company had entered into a conditional Share Sale Agreement with MTD Capital Bhd for the disposal of the entire issued and paid up share capital of Saujanika Sdn Bhd to MTD Capital Bhd at a sale consideration of RM9,059,056.
- (iv) On 26 January 2017, the Company had entered into a Debt Restructuring Agreement with its wholly-owned subsidiaries, MTD Construction Sdn Bhd, Persys Engineering Sdn Bhd, Associated Concrete Products (Malaysia) Sdn Bhd, ASC Tiles Sdn Bhd, Makin Permata Sdn Bhd and ACP Marketing Sdn Bhd and Saujanika Sdn Bhd with its wholly-owned subsidiaries, ACP-DMT Sdn Bhd, Persys Sdn Bhd, ASC Engineering Sdn Bhd and MTD ACP Precast Sdn Bhd for restructuring of the intercompany non-trade debts as at 30 September 2016.

The Company's subsidiaries will novate and assign to the Company the total non-trade debts owing to Saujanika Sdn Bhd's subsidiaries and in turn Saujanika Sdn Bhd's subsidiaries will also novate and assign to Saujanika Sdn Bhd the total non-trade debts owing to the Company and its subsidiaries. Following the restructuring of the intercompany non-trade debts, the Company will assume the total non-trade debts of RM20,646,619.00 to Saujanika Sdn Bhd and Saujanika Sdn Bhd will assume the total non-trade debts of RM5,830,060.00 to the Company and shall then be set off against each other. Upon completion of the debt restructuring exercise, the Company's total non-trade debts to Saujanika Sdn Bhd is reduced to RM14,816,559.00 and Saujanika Sdn Bhd's total non-trade debts is fully settled and extinguished.

- (v) On 26 January 2017, the Company had entered into a Supplemental Share Sale Agreement with MTD Capital Bhd for disposal of 20,318,144 ordinary shares of Saujanika Sdn Bhd, representing 100% equity interest in Saujanika Sdn Bhd, to MTD Capital Bhd at a revised sale consideration of RM14,816,559. The disposal was completed on 30 March 2017. Following the completion of the disposal, Saujanika Sdn Bhd and its subsidiaries had ceased to be subsidiaries of MTD ACPI.

4. DOCUMENTS FOR INSPECTION

The following documents are available for inspection at the Registered Office of the Company at 1, Jalan Batu Caves, 68100 Batu Caves, Selangor Darul Ehsan, Malaysia during normal business hours on Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the 25th AGM:

- (i) Constitution of MTD ACPI;
- (ii) Audited financial statements of MTD ACPI for the past two (2) financial years ended 31 March 2017 and 31 March 2018;
- (iii) The relevant cause papers in respect of material litigation referred to in Section 2 above; and
- (iv) Material contracts referred to in Section 3 above.

If undelivered, please return to:

P.O. Box 10436
50714 Kuala Lumpur

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