

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

Bursa Malaysia Securities Berhad (“Bursa Securities”) has not perused this Circular in respect of the Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed Share Buy-Back prior to its issuance, as it is prescribed as an exempt document pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

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ARB BERHAD
[Registration No. 199701033435 (448934-M)]
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- I. PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED SHAREHOLDERS’ MANDATE”); AND**
- II. PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES IN THE COMPANY (“PROPOSED SHARE BUY-BACK”)**

The above proposals will be tabled at the Twenty-Fifth Annual General Meeting (“25th AGM”) of ARB Berhad (“ARB” or “the Company”) to be conducted virtually through live streaming from the broadcast venue at Suite 22.08 of Level 22, Menara Exchange 106, Lingkaran TRX, Tun Razak Exchange, 55188 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Thursday, 27 June 2024 at 8:30 a.m. or any adjournment thereof.

The Notice of the 25th AGM together with the Proxy Form are enclosed in the 2023 Annual Report.

The Proxy Form should be completed and returned in accordance with the instructions therein as soon as possible and should be deposited at the Share Registrar of the Company, Aldpro Corporate Services Sdn Bhd situated at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan, not less than 48 hours before the time stipulated for holding the meeting. The completion and return of the Proxy Form will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so. Please follow the procedures as set out in the Administrative Guide in order to register, participate and vote remotely.

Last day and time for lodging the Form of Proxy : Tuesday, 25 June 2024 at 8:30 a.m.

Date and time of the 25th AGM : Thursday, 27 June 2024 at 8:30 a.m.

DEFINITIONS

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

Act	The Companies Act, 2016 as amended from time to time, and includes every statutory modification or any re-enactment thereof for the time being in force
Ageson	Ageson Berhad [Registration No. 200201027337 (595000-H)]
Ageson Group	Ageson Berhad [Registration No. 200201027337 (595000-H)] and its subsidiaries
AGM	Annual General Meeting
ARB or the Company	ARB Berhad [Registration No. 199701033435 (448934-M)]
ARB Group or the Group	ARB Berhad and its subsidiary companies (including any potential companies to be formed as subsidiaries in the future) collectively
ARB Share(s) or Share(s)	Ordinary Shares in ARB
Audit Committee	The Audit Committee of ARB
Board	The Board of Directors of ARB
Bursa Securities	Bursa Malaysia Securities Berhad
Circular	This circular to shareholders of ARB Berhad dated 30 April 2024
Code	The Malaysian Code on Take-Overs and Mergers 2016, including any amendments thereto that may be made from time to time
CRM	Customer Relationship Management
Director	Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director or a chief executive of ARB or any other company which is a subsidiary or holding company of ARB
EPS	Earnings per Share
ERP	Enterprise Resource Planning
ICT	Information and Communications Technology

DEFINITIONS (CONT'D)

IoT	Internet of Things
IT	Information Technology
LPD	31 March 2024, being the latest practicable date prior to the printing of this Circular
Listing Requirements	Main Market Listing Requirements of Bursa Securities, including any amendments made in respect thereof from time to time
Major Shareholder(s)	<p>Means a person who has an interest or interests in one or more voting shares in ARB and the number or aggregate number of those shares, is:</p> <ul style="list-style-type: none">(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. <p>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, such major shareholder of the company or any other company which is its subsidiary or holding company</p> <p>For the purpose of this definition, “interest in shares” has the meaning given in Section 8 of the Act</p>
Market Day	A day which Bursa Securities is open for the trading of securities
NA	Net assets attributable to ordinary equity holders of ARB
Person Connected	<p>Pursuant to Paragraph 1.01 of the Listing Requirements, a person connected in relation to a Director or Major Shareholder is a person who falls under any one of the following categories:</p> <ul style="list-style-type: none">(a) a family member of the Director or Major Shareholder which shall include the spouse, parent, child (including adopted child and stepchild), brother, sister, and the spouse of the child (including adopted child and stepchild), brother or sister;(b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the Director, Major Shareholder or a family member of the Director or Major Shareholder, is the sole beneficiary;(c) a partner of the Director, Major Shareholder or a partner of a person connected with that Director or Major Shareholder;(d) a person, or where the person is a 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 Director or Major Shareholder;(e) a person, or where the person is a body corporate or its directors, in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;

DEFINITIONS (CONT'D)

Person Connected (Cont'd)	(f) a body corporate in which the Director, Major Shareholder or persons connected with him are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; (g) a body corporate which is a related corporation
Proposed Shareholders Mandate	Proposed Renewal of Shareholders' Mandate for ARB Group to enter into RRPTs of a revenue or trading nature
Proposed Share Buy-Back	Proposed renewal of authority for the Company to purchase its own shares of up to ten percent (10%) of the total number of issued share of the Company
Proposals	Proposed Shareholders' Mandate and Proposed Share Buy-Back, collectively
Purchased ARB Shares	Shares purchased by ARB pursuant to Section 127 of the Act
R&D	Research & Development
Related Party(ies)	Director(s), major shareholder(s) and/or person(s) connected with such director(s) or major shareholder(s) of ARB
RRPT(s)	A transaction entered by the Company or its subsidiaries which involves the interest, direct or indirect, of a Related Party, which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of the Company or its subsidiaries
RM and Sen	Ringgit Malaysia and Sen, respectively
SEPCM	System, Engineering, Procurement, Commissioning and Management
Shareholders	Shareholders of ARB
Substantial Shareholder(s)	A person who has interest or interests in one or more voting shares in corporation and the number or aggregate number of those shares, is not less than 5% of the total number of voting shares in the corporation
2023 Annual Report	Annual Report of ARB issued for the financial period ended 31 December 2023

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

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

TABLE OF CONTENTS

LETTER TO THE SHAREHOLDERS CONTAINING:	PAGE
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSALS	2
3. RATIONALE OF THE PROPOSALS	13
4. EFFECTS OF THE PROPOSALS	13
5. INTEREST OF DIRECTORS AND/OR MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM	17
6. APPROVALS REQUIRED	17
7. HISTORICAL SHARE PRICES	17
8. DIRECTORS' RECOMMENDATION	18
9. ANNUAL GENERAL MEETING	18
10. FURTHER INFORMATION	19
APPENDIX I	20

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ARB BERHAD

[Registration No. 199701033435 (448934-M)]
(Incorporated in Malaysia)

Registered Office
B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur

30 April 2024

Board of Directors

Yuen Ya Ting	Independent Non-Executive Chairperson
Hong Zi Shen	Executive Director
Khor Chin Meng	Independent Non-Executive Director
Aiman Afiffudin Bin Ramlee	Independent Non-Executive Director

To : The Shareholders of ARB Berhad

Dear Sirs,

I. PROPOSED SHAREHOLDERS' MANDATE II. PROPOSED SHARE BUY-BACK

1. INTRODUCTION

At the 24th AGM of the Company held on 15 November 2022, the Company sought and obtained approval from its shareholders the general mandate for ARB Group to enter into RRPT(s) of a revenue or trading nature in the ordinary course of business based on commercial terms which are not more favourable to the Related Parties than those generally available to the public and which are necessary for ARB Group's day to day operations. The aforesaid mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming 25th AGM of the Company unless authority for its renewal is obtained from the Shareholders.

On 19 April 2024, the Board of Directors of ARB announced that the Company has proposed to seek its shareholders' approval for the renewal of shareholders' mandate for RRPTs of a revenue or trading nature pursuant to Paragraph 10.09 of the Listing Requirements.

The Company has also sought and obtained the approval of its shareholders to purchase up to ten percent (10%) of the total number of issued shares of the Company at any point in time at the AGM of the Company held on 15 November 2022. The aforesaid shareholders' approval for the Company to purchase its own shares is subject to the annual renewal and will lapse at the conclusion of the forthcoming 25th AGM unless such authority is renewed by an ordinary resolution passed at the general meeting.

On 19 April 2024, the Board had announced that ARB proposed to seek the approval of its shareholders for the renewal of the Company's authority to purchase up to ten percent (10%) of the total number of issued shares of ARB. The Proposed Share Buy-Back is subject to compliance with Section 127 of the Act and any prevailing laws, orders, requirements, guidelines, rules and regulations issued by any relevant authorities at the time of purchase.

The purpose of this Circular is to provide you with the relevant information of the Proposals and to seek your approval on the resolutions pertaining to the Proposals to be tabled at the forthcoming 25th AGM, which will be conducted by way of virtual meeting through live streaming from the broadcast venue at Suite 22.08 of Level 22, Menara Exchange 106, Lingkaran TRX, Tun Razak Exchange, 55188 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Thursday, 27 June 2024 at 8:30 a.m. or any adjournment thereof. The notice of the AGM together with the Proxy Form are enclosed in the 2023 Annual Report of the Company for the financial period ended 31 December 2023.

SHAREHOLDERS OF ARB ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS AT THE FORTHCOMING 25TH AGM.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Shareholders' Mandate

2.1.1 The Listing Requirements

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

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of the transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold below in relation to a listed issuer with a total issued share capital of RM60.0 million and above:
 - (i) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1.0 million or more; or
 - (ii) the percentage ratio of such RRPT is 1% or more, whichever is the higher.
- (c) the listed issuers' circular to shareholders for the shareholder mandate includes the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (d) in a meeting to obtain shareholders' mandate, the interested directors, interested major shareholders or interested person connected with a director or major shareholder must not vote on the resolution in respect of the RRPTs; and where it involves the interest of an interested person connected with a director or major shareholder, such directors or major shareholder, must not vote on the resolution to approve the mandate. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the mandate; 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.

2.1.2. Principal Activities of ARB Group

The principal activity of ARB is investment holding while its subsidiary companies are mainly involved in IT related businesses including ERP and IoT. The details of ARB's subsidiaries as well as their principal activities as at the LPD are set out in the table below:

The Groups' active subsidiaries:-

Name of company	Effective equity interest (%)	Principal Activities
ARB System Sdn. Bhd.	100	Business in provision of ERP and CRM system.
ARB Cloud Sdn. Bhd.	100	Reselling cloud based products.
ARB Wemeet Sdn. Bhd.	100	Business in provision of virtual meeting platform.
ARB Analysis Sdn. Bhd.	100	Provision of ERP and CRM
ARB Axflix Sdn. Bhd.	51	Provision of Information Technology Outsourcing ("ITO") services.
ARB Industry Sdn. Bhd.	100	Provision of information technology outsourcing services.
ARB Workforce Software Sdn Bhd	100	Provision of information technology outsourcing services.
OMC One Sdn. Bhd.	51	Provision of information technology outsourcing service and phone retailer.

Due to the diversity of ARB Group, it is anticipated that ARB Group would, in the normal course of business, continue to enter into transactions with the Related Parties, details of which are set out in Section 2.1.5 below. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

The Board proposes to seek the shareholders' approval for the Proposed Shareholders' Mandate for ARB Group to enter into transactions in the normal course of business within the classes of Related Parties set out in Section 2.1.5 below, provided such transactions are entered into at arm's length and on normal commercial terms which are not more favorable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders. Such mandate will enable the Group to enter into the RRPTs without the necessity, in most instances, to make announcement or to convene meetings in order to procure specific prior approval of its shareholders. The RRPTs will also be subject to the review procedures set out in Section 2.1.6 below.

As at LPD, there is no amount due or owing to ARB Group by its Related Parties which exceeded the credit term given arising from the RRPTs.

2.1.3. Categories of RRPTs

The types of RRPTs to be covered by the Proposed Shareholders' Mandate relate principally to IT in the ordinary course of the ARB Group's businesses such as software development and engineering services ("ARB Group's businesses").

It is anticipated that transactions with Related Parties under this category will include:

- (a) Provision of relevant IT platforms and related hardware such as sensor engineering and IoT hardware.
- (b) Provision contracts (e.g. civil works, outsource contract, etc.) and project base (e.g. R&D projects, etc.) works.
- (c) Provision of all kinds of sub-contractor works in relation to engineering and technology works.

2.1.4. Validity Period of the Proposed Shareholders' Mandate

The Proposed Shareholders' Mandate is subject to annual renewal. In this respect, any authority conferred by the Proposed Shareholders' Mandate, if approved by the shareholders, shall take effect from the passing of the ordinary resolution proposed at the forthcoming 25th AGM and shall continue to be in force until:

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

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2.1.5. Classes of Related Parties and Nature of RRPTs

The Proposed Renewal of Shareholders' Mandate will apply to the following classes of Related Parties:-

Related Party/ Principal Activity	Transacting Company	Nature of Transaction	Previous estimated aggregate value as disclosed in the Circular to shareholders dated 17 October 2022 (RM)	Actual value transacted from last AGM up to the LPD (RM)	Proposed Mandate (RM)	Interested Director/ Interested Major Shareholder/ Persons connected to them	Nature of relationship
Ageson Group (Investment Holdings and Construction)	ARB Group	<p>ARB Group and Ageson Group will complement each other by providing relevant IT platforms and related hardware to each other.</p> <p>ARB Group to provide and/ or receive SEPCM projects such as Smart Home System solutions and related hardware, and other related projects.</p> <p>ARB Group to provide contracts (e.g. civil works, outsource contract, etc.) and project base (e.g. R&D projects, etc.) works.</p> <p>ARB Group provides all kind of sub-contractor works in relation to engineering and technology works.</p>	200 million	55.6 million	300 million	Dato' Sri Liew Kok Leong	<p>Dato' Sri Liew Kok Leong is a Major Shareholder of ARB.</p> <p>He is also the Major Shareholder of Ageson.</p>

2.1.5. Classes of Related Parties and Nature of RRPTs (Cont'd)

The Proposed Renewal of Shareholders' Mandate will apply to the following classes of Related Parties:-

Related Party/ Principal Activity	Transacting Company	Nature of Transaction	Previous estimated aggregate value as disclosed in the Circular to shareholders dated 17 October 2022 (RM)	Actual value transacted from last AGM up to the LPD (RM)	Proposed Mandate (RM)	Interested Director/ Interested Major Shareholder/Person s connected to them	Nature relationship of
Ageson Group (Investment Holdings and Construction)	ARB Group	ARB and Ageson Group will complement each other by providing relevant IT platforms and related hardware to each other. In general, Ageson Group will provide hardware and IoT hardware such as sensor, valve, timer and controller to ARB.	300 million	31.5 million	300 million	Dato' Sri Liew Kok Leong	Dato' Sri Liew Kok Leong is a Major Shareholder of ARB. He is also the Major Shareholder of Ageson.

2.1.6. Review Methods or Procedures for the Recurrent Related Party Transactions

ARB Group has established various methods and procedures to ensure the RRPTs are undertaken at arms' length and on normal commercial terms, which are consistent with ARB Group's usual business practices and policies, on transaction prices and terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders.

The review and disclosure procedures are as follows:

- (i) The Related Parties, interested Directors and persons connected will be advised that they are subject to the shareholder's mandate and will also be advised of the review and disclosure procedures;
- (ii) The transaction prices, terms and conditions which are market driven are to be determined at arms' length on a customer/supplier relationship basis at mutually agreed rates after due consideration of benefits to be derived from the transaction, under similar commercial terms for transactions with unrelated third parties, which depend on demand and supply, quality, level of service and other related factors;
- (iii) Some transactions may be on a cost recovery basis, being recovery of part of the costs for sharing or provision of some services or on a negotiated basis where both parties would contract on terms which are mutually acceptable and beneficial;
- (iv) The management of the ARB Group are cognisant that all RRPTs are required to be undertaken at arm's length basis and on normal commercial terms. Where practicable and feasible, quotation and/or tenders will be obtained from at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities and will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. Where it is impractical or impossible for quotes and/or tenders to be obtained from unrelated parties, or where there have not been any similar or substantially similar transactions between ARB Group and unrelated third parties, the terms of the transactions for the products or services will be in accordance with the Group's usual business practices and policy to ensure that the RRPTs are not detrimental to the ARB Group;
- (v) Where RRPT is one with a value equal to or more than RM1.0 million, it will be reviewed and approved by the majority of Directors of the Company who have no interest in the transaction. Where the RRPT is one with a value below RM1.0 million, it will be reviewed and approved by the Executive Director of the Company;
- (vi) Records will be maintained by the respective companies to capture all RRPTs which are entered pursuant to the shareholders' mandate;
- (vii) The annual internal audit plan shall incorporate a review of all RRPTs entered into pursuant to the shareholders' mandate to ensure that relevant approvals are obtained and the procedures in respect of such transactions are adhered to;
- (viii) The Board and Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures to monitor RRPTs have been complied with; and
- (ix) The Board shall have overall responsibility for the determination of the review procedures. If a member of the Board and Audit Committee has an interest in the transaction to be reviewed by the Board and Audit Committee, as the case may be, he will abstain from any decision making by the Board or Audit Committee in respect of the said transaction.

2.1.7. Statement by Audit Committee

The Audit Committee has the overall responsibility of determining whether the procedures for reviewing all RRPTs are appropriate. The Audit Committee will review and ascertain at least once a year whether the procedures established to monitor RRPTs have been complied with. If it is determined that the procedures stated in Section 2.1.6 are inadequate to ensure that (i) the RRPTs will be conducted at arms' length and on normal commercial terms and (ii) such transactions are not prejudicial to the interest of the shareholders, the Company will obtain a fresh shareholders' mandate based on the new procedures.

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

The Audit Committee of the Company is of the opinion that review procedures are sufficient to ensure that and the RRPTs will be carried out at arms' length and in accordance with ARB Group's normal commercial terms, and hence, will not be prejudicial to the shareholders or disadvantageous to ARB and not more favourable to the Related Parties than those generally available to the public and not detrimental to minority shareholders of ARB.

The Audit Committee of the Company has seen and reviewed the procedures set out in Section 2.1.6 above and is of the view that ARB has in place adequate procedures and processes to monitor, track and identify RRPT(s) in a timely and orderly manner. The review of these procedures and processes is carried out at least once a year or when deemed necessary by the Audit Committee.

2.1.8. Disclosure of Recurrent Related Party Transactions

Disclosure will be made in the annual report of the Company in accordance with Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements, which requires a breakdown of the aggregate value of the RRPTs entered into during the financial year based on the following information:

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

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

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2.2 Proposed Share Buy-Back

2.2.1. Details of the Proposed Share Buy-Back

The Board is proposing to seek the shareholders' approval for the renewal of the authority for ARB to purchase its own Shares for an aggregate amount of up to ten percent (10%) of the total number of issued shares at any point in time.

For illustrative purposes, as at LPD, the total number of issued shares of ARB are 1,249,801,166 Shares. Hence the maximum number of shares that may be purchased by the Company is up to 124,980,116 shares, representing ten percent (10%) of the total number of issued Shares.

The Proposed Share Buy-Back, once approved by the shareholders, shall take effect from the passing of the ordinary resolution pertaining thereto at the forthcoming 25th AGM and shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the general meeting at which such resolution is passed, at which time the authority shall lapse unless the authority is renewed by ordinary resolution, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (c) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting;

whichever occurs first.

The Proposed Share Buy-Back does not impose an obligation on the Company to purchase its own Shares. Rather, it will allow the Board to exercise the power of the Company to purchase its own shares at any time within the abovementioned time period.

2.2.2. Maximum Amount of Funds to be Allocated and the Source of Funds

The Listing Requirements stipulate that the proposed purchase by a listed company of its own shares must be made wholly out of retained profits based on the latest annual audited financial statements and/or the latest management accounts (where applicable) of the listed company. Therefore, the maximum amount of funds to be allocated for the Proposed Share Buy-Back shall not exceed the amount stated in the retained profits of the Company. The details of the retained profits of ARB are as follows:

	Retained Profits (RM)
Audited financial statement as at 31 December 2023	469,945

The Proposed Share Buy-Back will be funded by internally generated funds and/or external borrowings or a combination of both. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later depending on, amongst others, the availability of internally generated funds, actual number of ARB Shares to be purchased and other relevant factors.

The actual number of ARB Shares to be purchased and/or held, and the timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock markets as well as the retained profits and financial resources available to the Company. In the event that the Proposed Share Buy-Back is to be partly financed by external borrowings, the Board will ensure that the Company has sufficient funds to repay the external borrowings and

that the repayment will not have a material effect on the cash flow of the Group. In addition, the Board will ensure that the Company satisfy the solvency test as stated in the Section 112(2) of the Act before execution of the Proposed Share Buy-Back.

2.2.3. Treatment of the Purchased ARB Shares

The Purchased ARB Shares will be dealt by the Board in accordance with Section 127(4) of the Act, in the following manner:

- i. cancel the ARB Shares so purchased; or
- ii. retain the ARB Shares so purchased as treasury shares which may be distributed as share dividends to the shareholders of ARB and/or be resold on Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or
- iii. combination of items (i) and (ii) above.

Accordingly, based on Section 127(7) of the Act, where such Purchased ARB Shares are held as treasury shares, the Board may, at their discretion:

- (i) distribute the Purchased ARB Shares as dividends to ARB shareholders, such dividends to be known as “share dividends”;
- (ii) resell the Purchased ARB Shares or any of the Purchased ARB Shares in accordance with the relevant rules of Bursa Securities;
- (iii) transfer the Purchased ARB Shares or any of the Purchased ARB Shares for the purpose of or under an employees’ share scheme;
- (iv) transfer the Purchased ARB Shares or any of the Purchased ARB Shares as purchase consideration;
- (v) cancel the Purchased ARB Shares or any of the Purchased ARB Shares; or
- (vi) sell, transfer or otherwise use the Purchased ARB Shares for such other purposes as the Minister charged with the responsibility for companies (as set out in the Act) may by order prescribe.

Pursuant to Sections 127(8) and 127(9) of the Act, if such Purchased ARB Shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in rights, allotments and/or other distributions are suspended and the Purchased ARB Shares shall not be taken into account in calculating the number or percentage of shares or a class of shares in the Company for any purpose including determination of Substantial Shareholders, takeovers, notices, the requisitioning of meetings, the quorum for meetings and the result of a vote on a resolution at meetings of the shareholders.

The decision whether to retain the Purchased ARB Shares as treasury shares, or to cancel the Purchased ARB Shares or a combination of both, will be made by the Board at the appropriate time. An immediate announcement will be made to Bursa Securities on any purchase of Shares as well as any resale or cancellation of the Purchased ARB Shares or a combination of both.

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2.2.4. Purchase/ Resale Price

Pursuant to Paragraph 12.17 of the Listing Requirements, ARB may only purchase ARB Shares at a price which is not more than fifteen percent (15%) above the weighted average share price for the five (5) Market Days immediately preceding the date of the purchase(s).

Pursuant to Paragraph 12.18 of the Listing Requirements, ARB may only resell or transfer the Purchased ARB Shares held as treasury shares at a price which is:

- a) not less than the weighted average share price of ARB Shares for the five (5) Market Days immediately prior to the resale or transfer; or
- b) at a discount of not more than 5% to the weighted average share price of ARB Shares for the five (5) Market Days immediately prior to the date of resale or transfer provided that:
 - i. the resale or transfer takes place no earlier than 30 days from the date of the purchase; and
 - ii. the resale or transfer price is not less than the cost of purchase of the shares being resold or transferred.

The proposed purchase of ARB's own Shares and/or resale of the Purchased ARB Shares shall only be effected on the market of Bursa Securities via its automated trading system and shall exclude any direct business transactions as defined in accordance with the rules of Bursa Securities. ARB shall ensure that all dealing(s) in its own Shares/Purchased ARB Shares are made through stock broker(s) appointed by ARB.

2.2.5. Potential Advantages and Disadvantages of the Proposed Share Buy-Back

The potential advantages of the Proposed Share Buy-Back to the Company and its Shareholders, are as follows:

- (a) The Proposed Share Buy-Back would enable the Company to utilise its financial resources more efficiently especially where there is no immediate use and it may strengthen the consolidated EPS of the Group.
- (b) The Proposed Share Buy-Back will also provide the Company with opportunities for potential gains if the Purchased ARB Shares which are retained as treasury shares are resold at prices higher than their cost of purchase.
- (c) In any event, the Purchased ARB Shares retained as treasury shares may also be distributed as share dividends to the shareholders as a reward.
- (d) The Proposed Share Buy-Back may also stabilise the supply and demand of ARB Shares traded on Bursa Securities and reduce the volatility of the share prices. The stability of ARB Shares price is important to maintain investors' confidence and may also assist in facilitating future fund raising via the equity market.

The potential disadvantages of the Proposed Share Buy-Back to the Company and its Shareholders, are as follows:

- (a) The Proposed Share Buy-Back if implemented is expected to temporarily reduce the immediate financial resources of ARB Group.
- (b) The Proposed Share Buy-Back may also resulting the Group foregoing better investment opportunities which may emerge in the future and/or any income that may be derived from other alternative uses of such funds such as deposit in interest

bearing instruments.

- (c) The Proposed Share Buy-Back may also reduce the amount of resources available for distribution to the shareholders of the Company in the form of dividends as funds are utilised to purchase its own Shares.

Nevertheless, the Proposed Share Buy-Back is not expected to have any potential material disadvantages to the Company and its shareholders, as it will be implemented only after careful consideration of the financial resources of the Group and its resultant impact. The Board is mindful of the interest of the Company and the shareholders and will be prudent in respect to the above exercise.

2.2.6. Public Shareholding Spread of ARB

The Proposed Share Buy-Back is subject to the compliance with Section 127 of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities (“Prevailing Law”) at the time of the purchase. As at LPD, the public shareholding spread of the Company was approximately 77.58%. The Company will not undertake any share buy-back if that will result in breach of Paragraph 8.02(1) of the Listing Requirements which requires the Company to maintain a shareholding spread of at least 25% of its total listed shares. The Board is mindful of the shareholding spread requirement and will continue to be mindful of the requirement when making any purchase of ARB Shares by the Company.

2.2.7. Implication Relating to the Code

Pursuant to the Code, a person and any parties acting in concert with him will be required to make a mandatory offer for the remaining ARB Shares not already owned by him/her/them if his/her/their stake in the Company is increased to beyond 33.0% or if his/her/their shareholdings is between 33.0% and 50.0% and increases by another 2.0% in any six (6) months period.

However, an exemption from mandatory offer obligation may be granted by the Securities Commission under the Code subject to the parties acting in concern complying with the conditions stipulated in the Code.

The Company intends to implement the Proposed Share Buy-Back in the manner that will not result in any of the shareholders having to undertake a mandatory offer pursuant to the Code. In this respect, the Board will be mindful of the requirements of the Code when implementing the Proposed Share Buy-Back.

2.2.8. Purchase, Resale and Cancellation of Shares Made in Previous Twelve (12) Months

There were no purchase, resale and cancellation of shares made by ARB in the previous twelve (12) months preceding the date of this Circular.

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3. RATIONALE FOR THE PROPOSALS

3.1. Proposed Shareholders' Mandate

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

The RRPTs carried out within ARB's Group create mutual benefits for the companies in the Group, such as expediency and increased efficiency necessary for day-to-day operations.

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

3.2. Proposed Share Buy-Back

The implementation of the Proposed Share Buy-Back is envisaged to benefit the Company and its shareholders as follows:

- (i) the Company is able to utilise its surplus financial resources more efficiently. If implemented, this may help to stabilise the supply and demand of the ARB Shares traded on Bursa Securities and thereby support its fundamental value;
- (ii) the EPS of ARB Shares and the return on equity of the Company is expected to improve as a result of a reduced share capital base;
- (iii) the Purchased ARB Shares retained as treasury shares provide the Board with an option to resell the treasury shares at a higher price and generate capital gains for the Company;
- (iv) the Purchased ARB Shares retained as treasury shares can be distributed as share dividends to the shareholders as a reward; and
- (v) the financial resources of the Company will increase if the Purchased ARB Shares held as treasury shares are resold at prices higher than the purchase price.

4. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

4.1 Proposed Shareholders' Mandate

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

4.2 Proposed Share Buy-Back

The effects of the Proposed Share Buy-Back on share capital, NA, working capital, earnings and shareholdings of Directors and Substantial Shareholders of the Company are set out below:

4.2.1 Share Capital

Based on the total number of issued Shares as at the LPD, and assuming the maximum number of Shares (of up to ten percent (10%) of the total number of issued Shares) under the Proposed Share Buy-Back is purchased and such Purchased Shares are cancelled, the effects of the Proposed Share Buy-Back on the total number of issued Shares of the Company are as follows: -

	No. of Shares
Total number of issued Shares as at LPD	1,249,801,166
Maximum number of Shares that may be purchased pursuant to the Proposed Share Buy-Back*	(124,980,116)
Total number of issued Shares upon completion of the Proposed Share Buy-Back	1,124,821,050

Note:-

**Assuming all Purchased Shares are cancelled*

The effect of the Proposed Share Buy-Back on the Company's issued share capital and the total number of issued Shares will depend on whether the Purchased Shares are retained as treasury shares or cancelled.

If the Purchased Shares are retained as treasury shares, the Proposed Share Buy-Back will not affect the Company's issued share capital but the rights attaching to them as to voting, dividends and participation in other distributions or otherwise, of the Company's assets including any distribution of assets upon winding up of the Company will be suspended. The treasury shares will not be taken into account in calculating the number or percentage of Shares, or of a class of shares in the Company for any purpose including substantial shareholdings, takeovers, notices, requisitioning of meetings, quorum for a meeting and result of a vote on a resolution at a meeting.

4.2.2 NA and gearing

When the Company purchases its own shares, regardless of whether they are retained as treasury shares or subsequently cancelled, the NA per share of ARB Group will decrease if the cost per share purchased exceeds the NA per share of ARB Group at the relevant point in time. However, if the cost per share purchased is below the NA per share of ARB Group at the relevant point in time, the NA per share of ARB Group will increase.

In the case where the Purchased ARB Shares are treated as treasury shares and subsequently resold on Bursa Securities, the NA per share of ARB Group upon the resale will increase if the Company realises a gain from the resale and vice-versa. If the treasury shares are distributed as share dividends, the NA of ARB Group will decrease by the cost of the treasury shares at the point of purchase.

4.2.3 Working Capital

The Proposed Share Buy-Back, as and when implemented, will reduce the working capital and cash flow of ARB Group, the quantum of which depends on, amongst others, the number of ARB Shares purchased and the purchase price(s) of the ARB Shares.

For ARB Shares so purchased which are kept as treasury shares, upon their resale, the working capital and the cash flow of the Group will increase upon the receipt of the proceeds of the resale. The quantum of the increase in the working capital and cash flow will depend on the actual selling price(s) of the treasury shares and the number of treasury shares resold.

4.2.4 Earnings and EPS

The effects of the Proposed Share Buy-Back on the earnings of ARB Group are dependent on the number ARB Shares purchased, the effective funding cost to finance such purchases and/or loss in interest income to ARB Group if internally generated funds are utilised. Further, the purchase of the ARB Shares will result in a lower number of shares being taken into account for purposes of EPS computation.

4.2.5 Dividends

Assuming the Proposed Share Buy-Back is implemented in full and the dividend quantum is maintained at historical levels, the Proposed Share Buy-Back will have an effect of increasing the dividend rate per ordinary share of the Company as a result of the reduction in the issued share capital of the Company.

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4.2.6. Directors' and Substantial Shareholders' Shareholdings

The effects of the Proposed Share Buy-Back Authority on the direct and indirect interests of the Directors and Substantial Shareholders and any person connected with the Directors and/or Substantial Shareholders in the proposed purchase based on the Register of Directors and Substantial Shareholders of ARB as at LPD are illustrated as follows: -

Ordinary Shares

Directors	As at the LPD				After Proposed Share-Buy Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Yuen Ya Ting	-	-	-	-	-	-	-	-
Khor Chin Meng	-	-	-	-	-	-	-	-
Hong Zi Shen	2,100,000	0.168	-	-	2,100,000	0.187	-	-
Aiman Afiffudin Bin Ramlee	-	-	-	-	-	-	-	-
<u>Substantial Shareholder</u>								
Dato' Sri Liew Kok Leong	161,980,332	12.960	116,115,179 ^(a)	9.291	161,980,332	14.401	116,115,179 ^(a)	10.323
Ukay One Sdn. Bhd.	116,115,179	9.291	-	-	116,115,179	10.323	-	-

Notes:

(a) Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of his shareholding in Ukay One Sdn. Bhd

5. INTEREST OF DIRECTORS AND/OR MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

5.1. Proposed Shareholders' Mandate

Save as disclosed below and as at the LPD, none of the other Directors, Major Shareholders and/or Persons connected in the Company have any interest, direct or indirect, in the Proposed Shareholders' Mandate:

Name	Direct		Indirect	
	No. of ARB Shares	% ^(a)	No. of ARB Shares	% ^(a)
Dato' Sri Liew Kok Leong	161,980,332	12.960	116,115,179 ^(b)	9.291
Ukay One Sdn. Bhd.	116,115,179	9.291	-	-

Notes: (a) Calculated based on total number of issued shares of 1,249,801,166 Ordinary Shares

(b) Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of his shareholding in Ukay One Sdn. Bhd.

Accordingly, Dato' Sri Liew Kok Leong and Ukay One Sdn Bhd ("Interested Major Shareholders") will abstain from voting in respect of its direct and/or indirect shareholdings at the forthcoming 25th AGM on the resolution pertaining to the Proposed Shareholders' Mandate.

The above Interested Major Shareholder has undertaken that they shall ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings on the resolution, deliberating or approving the Proposed Shareholders' Mandate at the forthcoming 25th AGM.

5.2. Proposed Share Buy-Back

Save for the proportionate increase in percentage of shareholdings and/or voting rights of shareholders of the Company as a result of the Proposed Share Buy-Back, none of the Directors and/or Major Shareholders of the Company and/or persons connected with them have any interests, direct or indirect, in the proposed purchase of shares or resale of treasury shares, if any in the future.

6. APPROVALS REQUIRED

The Proposals are conditional upon the approval of the Shareholders of the Company being obtained at the forthcoming 25th AGM to be convened.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of ARB Shares traded on Bursa Securities for the past twelve (12) months from April 2023 to March 2024 are as follows:

	Highest RM	Lowest RM
2023		
April	0.130	0.105
May	0.115	0.100
June	0.110	0.085
July	0.105	0.085

2023		
August	0.100	0.090
September	0.110	0.085
October	0.115	0.090
November	0.100	0.090
December	0.090	0.079
2024		
January	0.095	0.035
February	0.060	0.045
March	0.050	0.035

The last transacted price of ARB Shares on 31 March 2024, being the LPD, was RM0.040.

(Source:https://www.bursamalaysia.com/trade/trading_resources/listing_directory/company-profile?stock_code=7181)

8. DIRECTORS' RECOMMENDATION

8.1 Proposed Shareholders' Mandate

The Directors of ARB having considered all aspects of the Proposed Shareholders' Mandate and after careful deliberation, are of the opinion that the Proposed Shareholders' Mandate is in the best interest of the Company and accordingly, the Board recommended that the shareholders of ARB to vote in favour of the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming 25th AGM.

8.2 Proposed Share Buy-Back

The Board after having considered all aspects of the Proposed Share Buy-Back is of the opinion that the Proposed Share Buy-Back is fair, reasonable and in the best interests of the Company and accordingly recommended that the shareholders of ARB to vote in favour of the ordinary resolution for the Proposed Share Buy-Back to be tabled at the forthcoming 25th AGM.

9. 25TH ANNUAL GENERAL MEETING

The resolutions to vote on the Proposals are set out in the Notice of AGM contained in 2023 Annual Report of the Company. The 25th AGM will be conducted by way of virtually through live streaming from the broadcast venue at Suite 22.08 of Level 22, Menara Exchange 106, Lingkaran TRX, Tun Razak Exchange, 55188 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Thursday, 27 June 2024 at 8:30 a.m., for the purpose of considering and, if thought fit, passing the resolutions pertaining to the Proposals.

If you are unable to participate at our forthcoming 25th AGM, you may complete, sign and return the Proxy Form enclosed in the 2023 Annual Report in accordance with the instructions therein as soon as possible so as to arrive at the Share Registrar of the Company, Aldpro Corporate Services Sdn Bhd situated at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan, not less than forty-eight (48) hours before the time set for our 25th AGM or any adjournment thereof.

The completion and return of Proxy Form will not preclude you from attending and voting in person at the 25th AGM should you subsequently wish to do so.

10. FURTHER INFORMATION

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

Yours faithfully
For and on behalf of the Board
ARB BERHAD

YUEN YA TING
INDEPENDENT NON-EXECUTIVE CHAIRPERSON

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APPENDIX I – FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. MATERIAL CONTRACTS

As at the LPD, ARB and its subsidiaries have not entered into any material contracts (including contracts not reduced into writing), not being contracts entered into in the ordinary course of business, within the two (2) years immediately preceding the date of this Circular.

3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

The Board has confirmed that as at the LPD, neither ARB nor its subsidiaries is engaged in any material litigation, claims or arbitration either as plaintiff or defendant and the Board has no knowledge of any proceeding pending or threatened against ARB Group or of any facts likely to give rise to any proceeding which may materially and adversely affect the financial position or business of the ARB Group.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at LPD, there are no material commitments and contingent liabilities incurred or known to be incurred which may have a material impact on the profits or NA of ARB Group upon becoming enforceable.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection by the shareholders of ARB at the Registered Office of ARB at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan during normal office hours between Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the 25th AGM:

- (i) The Constitution of ARB; and
- (ii) The audited financial statements of ARB Group for the past two (2) financial period ended 30 June 2022 and 31 December 2023.