

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

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You should rely on your own evaluation to assess the merits and risks of the Proposed Diversification (as defined herein) and Proposed New Shareholders' Mandate.



CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PART A

PROPOSED DIVERSIFICATION OF THE EXISTING CORE BUSINESS OF MILUX CORPORATION BERHAD AND ITS SUBSIDIARIES TO INCLUDE PROVISION OF SUPPORT SERVICES FOR THE OIL AND GAS INDUSTRY ("PROPOSED O&G DIVERSIFICATION") AND PROPERTY RELATED BUSINESSES ("PROPOSED PROPERTY DIVERSIFICATION") (COLLECTIVELY, "PROPOSED DIVERSIFICATION")

PART B

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

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser for Part A



AmInvestment Bank

AmInvestment Bank Berhad

(Registration No. 197501002220 (23742-V))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("**EGM**") of Milux Corporation Berhad ("**Milux**" or "**the Company**") to be conducted fully virtual at the broadcast venue at Meeting Room, Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 4 November 2020 at 3:00 p.m., or any adjournment thereof, together with the Form of Proxy, are enclosed herewith.

If you are not able to participate and vote at the EGM via live stream and online voting ("**eLive and eVoting**"), you may complete the Form of Proxy and deposit it at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submit it via fax at 03-2094 9940 and/or 03-2095 0292 or e-mail to info@sshsb.com.my, no later than forty-eight (48) hours before the time of holding the EGM. Your proxy appointment may also be lodged electronically via Securities Services e-Portal at <https://www.sshsb.net.my/login.aspx>. All resolutions set out in the Notice of EGM are to be voted by poll.

Last date and time for lodging the Form of Proxy : Monday, 2 November 2020 at 3:00 p.m.

Date and time of the EGM : Wednesday, 4 November 2020 at 3:00 p.m., or any adjournment thereof

This Circular is dated 14 October 2020

DEFINITIONS

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

Act	: Companies Act 2016
AGM	: Annual General Meeting of Milux
AmInvestment Bank or Principal Adviser	: AmInvestment Bank Berhad (Registration No. 197501002220 (23742-V)), being the Principal Adviser for the Proposed Diversification
Board	: Board of Directors of Milux
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
Circular	: This circular dated 14 October 2020 in relation to the Proposed Diversification and Proposed New Shareholders' Mandate
COVID-19	: Coronavirus Disease 2019
Datuk Wira Ling	: Datuk Wira Ling Kah Chok, the Executive Vice Chairman and a substantial shareholder of Milux
Director(s)	: The director(s) of a company having the same meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Market Services Act, 2007, and includes any person who is or was within the preceding 6 months of the date on which the terms of the RRPTs were agreed upon, a director or chief executive officer of Milux, its subsidiary or holding company
EGM	: Extraordinary General Meeting of Milux
EPS	: Earnings per share
FP	: Financial period(s) ended
FY	: Financial year(s) ended
GDV	: Gross development value
Home Appliance Business	: Milux Group's core business involves manufacturer and dealer in household appliances and their related products as at LPD
Linbaq	: Linbaq Holding Sdn Bhd (Registration No. 201701039303 (1253474-M))
Linbaq Group	: Linbaq and its subsidiaries, collectively
Listing Requirements	: Main Market Listing Requirements of Bursa Securities
LPD	: 30 September 2020, being the latest practicable date prior to the printing of this Circular

DEFINITIONS (CONT'D)

Major Shareholder(s)	: A person who has an interest or interests in one or more voting shares in Milux and the aggregate number of those shares, is:- (i) 10% or more of the total number of voting shares in Milux; or (ii) 5% or more of the total number of voting shares in Milux where such person is the largest shareholder of Milux. For the purpose of this definition, "interest" shall have the meaning of "interest in shares" given in Section 8 of the Act and a major shareholder includes any person who is or was within the preceding 6 months of the date on which the terms of the RRPTs were agreed upon, a major shareholder of Milux (or any other company which is its subsidiary or holding company)
Market Day(s)	: Day(s) on which Bursa Securities is open for trading of securities
MCO	: Movement control order
MGRSB	: Milux Greentech Resources Sdn. Bhd. (Registration No. 201201019462 (989607-D))
Milux Group or Group	: Milux and its subsidiaries, collectively
Milux or Company	: Milux Corporation Berhad (Registration No. 199401027937 (313619-W))
Milux Shares or Shares	: Ordinary shares of Milux
MOU	: Memorandum of understanding entered on 17 September 2020 between Milux and Petrofac EPS for the collaboration to participate in tendering process for the operations and maintenance projects and training services in Malaysia
NA	: Net assets
O&G	: Oil and gas
Person Connected	: Shall have the same meaning as defined in Paragraph 1.01 of the Listing Requirements
Petrofac	: Petrofac Limited, a company listed on the London Stock Exchange
Petrofac EPS	: Petrofac EPS Sdn. Bhd. (Registration No. 201201011377 (984894-P))
Petrofac Group	Petrofac and its subsidiaries, collectively
Property Related Businesses	: Includes property development, property management and construction business
Proposed Diversification	: Collectively, the Proposed O&G Diversification and Proposed Property Diversification
Proposed New Shareholders' Mandate	: Proposed New Shareholders' Mandate for RRPTs of a revenue or trading nature, to be entered into by Milux Group with related parties pursuant to the Proposed Property Diversification
Proposed O&G Diversification	: Proposed diversification of the existing core business of Milux Group to include provision of support services for the O&G industry

DEFINITIONS (CONT'D)

Proposed Property Diversification	: Proposed diversification of the existing core business of Milux Group to include Property Related Businesses
Related Party(ies)	: A Director, a Major Shareholder or a Person Connected with such Director or Major Shareholder
RM and sen	: Ringgit Malaysia and sen, respectively
RRPT(s)	: Recurrent related party transactions of revenue or trading nature, which are necessary for day-to-day operations and are in the ordinary course of business of Milux Group
Topspike	: Topspike Holding Sdn. Bhd. (Registration No. 201901002985 (1312311-D))

All references to “**we**”, “**us**”, “**our**” and “**ourselves**” are to the Company and, where the context requires otherwise, the subsidiaries of Milux. All references to “**you**” in this Circular are to the shareholders of Milux.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and/or neuter gender, and vice versa. References to persons shall include corporations, unless otherwise specified.

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

Any reference in this Circular to any provision of a statute, rule, regulation, enactment or rule of stock exchange shall (where the context admits) be construed as a reference to the provision of such statute, rule, regulation, enactment or rule of stock exchange (as the case may be) as modified by any written law or (if applicable) amendment or re-enactment to the statute, rule, regulation, enactment or rule of stock exchange for the time being in force. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual result, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that Milux’s plan and objectives will be achieved.

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PART A

**LETTER TO SHAREHOLDERS IN RELATION TO THE
PROPOSED DIVERSIFICATION**

EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY SETS OUT THE SALIENT INFORMATION OF THE PROPOSED DIVERSIFICATION. PLEASE READ THIS CIRCULAR AND THE APPENDIX CAREFULLY FOR FURTHER DETAILS ON THE PROPOSED DIVERSIFICATION BEFORE VOTING AT THE COMPANY'S FORTHCOMING EGM.

Milux is seeking its shareholders' approval on the Proposed Diversification. The Board, having considered all aspects of the Proposed Diversification, including the rationale, prospects and risk factors of the Proposed Diversification recommends that the shareholders of Milux to vote **IN FAVOUR** for the resolutions in relation to the Proposed Diversification to be tabled at the Company's forthcoming EGM.

Proposed Diversification : Milux proposes to include the following businesses to its core business operations:-

- (i) Provision of support services for the O&G industry; and
- (ii) Property related businesses, including property development, property management and construction business.

For clarification, the Group intends to continue its existing Home Appliances Business.

Proposed O&G Diversification

On 17 September 2020, Milux and Petrofac EPS had entered into a MOU for collaboration whereby Milux and Petrofac EPS wish to pursue operations and maintenance projects and training services in Malaysia.

The Board acknowledges that there is no certainty that Milux will be awarded any project. The Board is mindful that if Milux Group, jointly with Petrofac EPS is successful in the tendering for any project, the award cannot be subject to Milux's shareholders' approval. This is based on Milux's understanding that the project tenders should not be conditional upon Milux's shareholders' approval.

On the basis that Milux Group registered a loss of RM4.43 million for its existing business for FY2019, if Milux is awarded the contract and barring unforeseen circumstances, the profitability of the potential projects could contribute 25% or more of Milux Group's net profit going forward.

Proposed Property Diversification

Datuk Wira Ling (the Executive Vice Chairman of Milux) has been identified by the Board to spearhead Milux Group's proposed diversification into Property Related Businesses in view of his property related experience.

As part of Milux Group's plan to diversify into Property Related Businesses, Milux Group intends to explore, amongst others, the following:-

- (i) acquisition of land bank and/or existing property development projects;
- (ii) entering into joint venture arrangements with existing land/project owners; and/or
- (iii) bidding for new construction contracts.

EXECUTIVE SUMMARY (CONT'D)

For clarification, the aforementioned may include transactions with Datuk Wira Ling or parties related to him. In view thereof, Milux Group is also proposing to seek a shareholders' mandate to enter into RRPTs with Datuk Wira Ling and parties related to him. The details of the Proposed New Shareholders' Mandate are set out in Part B of this Circular.

The Board expects that over time, the Group's investment in Property Related Businesses could result in a diversion of 25% or more of Milux's consolidated net assets from the Group's existing business/operation. On the basis that Milux Group registered a loss of approximately RM4.43 million for its existing business for FY2019, barring unforeseen circumstances, the profitability of the proposed new Property Related Businesses' profits could contribute 25% or more of the Group's net profit going forward.

Accordingly, Milux is seeking its shareholders' approval for the Proposed O&G Diversification and the Proposed Property Diversification.

Rationale : Over the past years, the Group has seen increasing challenges and declining revenues from its Home Appliance Business.

The Proposed Diversification should expand the Group's revenue stream and earning base and reduce its dependence on the existing Home Appliance Business, which in turn, should improve the Group's financial performance moving forward.

Prospects : The Group has made a loss for its FY 2019, which was attributable to, amongst others, the weakening local economy and market demand for home appliances products. The COVID-19 pandemic which led to the Malaysian Government declaring the MCO placed further strain on the Group's Home Appliance Business which is dependent on the domestic market. Nevertheless, the Group observed that the sales derived from the domestic market has started to pick up since the MCO was eased to a Recovery MCO on 7 June 2020.

The Board believes that barring unforeseen circumstances, the Group's proposed venture into the provision of support services for the O&G industry via the collaboration with Petrofac Group and the proposed venture into Property Related Businesses with the support of Datuk Wira Ling if materialised, should bode well and improve the Group's financial performance moving forward.

Risk Factors : The Group has no experience in the support services for the O&G industry and the Property Related Businesses. The risks relating to the Proposed Diversification include, amongst others:-

Proposed O&G Diversification

- (i) Dependence on Petrofac Group
- (ii) Fluctuation of crude oil prices
- (iii) Availability of skilled personnel
- (iv) Competition risks in the O&G industry
- (v) Laws and regulations
- (vi) Financial risk

Proposed Property Diversification

- (i) Dependence on Datuk Wira Ling
- (ii) Performance of the property market
- (iii) Fluctuation in costs for property projects
- (iv) Delay in completion
- (v) Competition risks in property industry
- (vi) Laws and regulations
- (vii) Financial risk

EXECUTIVE SUMMARY (CONT'D)

	<p>There can be no assurance that the Group will be able to manage or effectively mitigate the aforementioned risks. Accordingly, adverse development in any of the risk factors could have a material adverse effect on the Group's operations and financial performance.</p>
Effects of the Proposed Diversification	<p>: The Proposed Diversification will not have any effect on the share capital and substantial shareholders' shareholdings of the Company.</p> <p>The Board expects that the Proposed Diversification will contribute positively to the future earnings, EPS and NA of the Group.</p>
Approvals Required	<p>: The Proposed Diversification is subject to the approval of shareholders of Milux at the forthcoming EGM to be convened.</p>
Inter-conditional	<p>: The Proposed O&G Diversification and Proposed Property Diversification are not conditional upon each other and any other corporate exercises/schemes or proposals undertaken or to be undertaken by Milux.</p>
Interest of Directors and Major Shareholders and/or Persons Connected to them	<p>: None of the Directors and/or major shareholders of the Company as well as persons connected to them have any interest, direct or indirect, in the Proposed Diversification.</p> <p>In view that the Group's proposed venture into the Property Development Businesses may include transaction(s) with Linbaq Group (approval being sought for the Proposed New Shareholders' Mandate as set out in Part B of this Circular), the following parties had informed that they will voluntarily abstain from all deliberations at Board meeting(s) for the Proposed Property Diversification:-</p> <ul style="list-style-type: none">(i) Datuk Wira Ling;(ii) Gan Boon Lay;(iii) Datuk Dr Wong Lai Sum; and(iv) Datuk Khoo Teck Kee. <p>The above parties will voluntarily abstain from voting in respect of their directorship in Milux and their direct and/or indirect shareholdings in Milux, if any, on the resolution pertaining to the Proposed Property Diversification. They will also ensure that persons connected with them will abstain from voting in respect of their directorship in Milux and their direct and/or indirect shareholdings in Milux, if any, on the resolution pertaining to the Proposed Property Diversification.</p>

Registered Office:
 Level 7, Menara Milenium,
 Jalan Damanlela,
 Pusat Bandar Damansara,
 Damansara Heights,
 50490 Kuala Lumpur

14 October 2020

Board of Directors

Datuk Dr Wong Lai Sum	<i>(Independent Non-Executive Chairman)</i>
Datuk Wira Ling Kah Chok	<i>(Executive Vice Chairman)</i>
Datuk Khoo Teck Kee	<i>(Group Managing Director)</i>
Tan Chee How	<i>(Executive Director)</i>
Ho Pui Hold	<i>(Independent Non-Executive Director)</i>
Datuk Haw Chin Teck	<i>(Independent Non-Executive Director)</i>
Datuk Yap Kheng Fah	<i>(Independent Non-Executive Director)</i>
Gan Boon Lay	<i>(Non-Independent Non-Executive Director)</i>
Yee Carine	<i>(Non-Independent Non-Executive Director)</i>
Teh Sok Hoon	<i>(Non-Independent Non-Executive Director)</i>

To: The Shareholders of Milux Corporation Berhad

Dear Sir/Madam,

- (I) PROPOSED O&G DIVERSIFICATION; AND**
- (II) PROPOSED PROPERTY DIVERSIFICATION**

1. INTRODUCTION

On 21 August 2020, AmInvestment Bank announced, on behalf of the Board that Milux proposes to undertake the proposed diversification of the existing core business of Milux Group to include provision of support services for the O&G industry and Property Related Businesses which include property development, property management and construction business.

As at LPD, Milux Group is principally involved in the Home Appliance Business.

The financial performance of the Group for the past 3 FY and the 6-months FP 30 June 2020 are set out below:-

FY 31 December	Audited			Unaudited
	2017	2018	2019	6-month FP 30 June 2020
	<i>(RM'000)</i>	<i>(RM'000)</i>	<i>(RM'000)</i>	<i>(RM'000)</i>
Revenue	79,695	77,645	62,532	27,761
Profit/(Loss) after tax	(839)	(2,049)	(4,430)	(1,182)

The Board acknowledges the Group's declining revenue and loss performance for the past years. Thus, Milux has been seeking opportunities to diversify its income stream to improve its revenue and profitability. The Board has identified the provision of support services for the O&G industry and undertaking the Property Related Businesses as the business activities to be pursued as part of the Group's plan to diversify its earnings base. Accordingly, the Board is presenting the Proposed O&G Diversification and the Proposed Property Diversification to shareholders for approval. For clarification, the Group intends to continue its existing Home Appliances Business.

The purpose of this Circular is to provide Milux's shareholders with the relevant information on the Proposed Diversification and seek Milux's shareholders' approval for the resolutions on the Proposed O&G Diversification and the Proposed Property Diversification to be tabled at the Company's forthcoming EGM. The notice of the EGM and the form of proxy are enclosed together with this Circular.

Shareholders are advised to read and carefully consider the contents of this Circular together with the appendix contained herein before voting on the resolutions pertaining to the Proposed O&G Diversification and the Proposed Property Diversification to be tabled at the Company's forthcoming EGM.

2. PROPOSED O&G DIVERSIFICATION

On 22 June 2020, Milux and Petrofac Engineering Services (Malaysia) Sdn. Bhd. (a subsidiary of Petrofac) had entered into a memorandum of understanding for collaboration in respect of an operations, maintenance and training services project. On 17 September 2020, Milux announced the termination of the memorandum of understanding with Petrofac Engineering Services (Malaysia) Sdn. Bhd.

On 17 September 2020, Milux and Petrofac EPS (a subsidiary of Petrofac) entered into a MOU for collaboration whereby Milux and Petrofac EPS wish to pursue operations and maintenance projects and training services in Malaysia. The potential projects and the customers may be identified and agreed by Milux and Petrofac EPS from time to time.

In this relation, both Milux and Petrofac EPS would like to discuss, amongst others, the collaboration of working jointly in relation to the potential projects, to participate in the solicitation, prequalification, ultimate tendering process to submit a proposal to the potential customers, negotiating between themselves and the potential customers the relevant terms of the contract and, if awarded, performing in accordance with its (or their respective) terms, and for no other purpose whatsoever.

Milux and Petrofac EPS's mutual understanding is set out in the MOU, the salient terms of which are set out in Section 2.3 below. The roles and responsibilities of Milux and Petrofac EPS, as well as the estimated cost and / or capital outlay required by Milux and Petrofac EPS will be spelt out in an agreement to be entered into if and when the collaboration is prequalified by the potential customers ("**Bidding Agreement**").

Milux proposes to enter into the collaboration with Petrofac Group via its 51% owned subsidiary, MGRSB. Further information on MGRSB is set out in Section 2.2 below. The equity structure in MGRSB reflects the contribution and roles to be played by the respective shareholders and thus the collaboration will not be undertaken by a wholly-owned subsidiary of Milux.

For information, Milux understands that the collaboration may be entered into with Petrofac EPS or a company related to Petrofac EPS, which in any event shall be a company within the Petrofac Group. Further information on Petrofac EPS is set out in Section 2.1 below.

Whilst the terms of the Bidding Agreement have yet to be finalised, Milux may in its ordinary course of business provide financial assistance to its 51%-owned subsidiary, MGRSB (or Milux's other subsidiaries entering into the collaboration with Petrofac Group) to fulfil its roles in the collaboration. Milux will ensure that all provision of financial assistance will be in full compliance of Paragraphs 8.23 and 10.08 of the Listing Requirements.

The Board recognises that this is Milux's first foray into providing support services for the O&G industry and Milux currently does not possess the necessary experience, expertise and capability. Milux proposes that Petrofac EPS with its expertise shall take the lead should the parties succeed in securing any projects. Milux proposes its role in the initial period shall be in the provision of training services. It also plans to collaborate with Petrofac EPS or other parties to upskill its technical staffs to become training providers to develop and train more locals to undertake the maintenance jobs in the oil and gas industry which is highly labour intensive and currently dependent on foreign labour. Milux also plans to engage more personnel with experience, expertise and capability to provide the training services as and when necessary upon the parties succeed in securing any projects. For clarification, as at LPD, Milux has not entered into any collaboration agreement with any party for the provision of trained manpower

Milux is not in a position to ascertain and disclose the estimated cost or capital outlay required, the expertise and the quantum of manpower required as no project has been awarded at this juncture.

The Board acknowledges that there is no certainty that Milux will be awarded any project. The Board is mindful that if Milux Group, jointly with Petrofac EPS is successful in tendering for any project, the award cannot be subject to Milux's shareholders' approval. This is based on Milux's understanding that the project tenders should not be conditional upon Milux's shareholders' approval.

For clarification in the event that Milux fails to secure the potential project with Petrofac EPS, Milux will still proceed with the diversification into the provision of support services for the O&G industry.

On the basis that Milux Group registered a loss of RM4.43 million for its existing business for FY2019, if Milux Group, jointly with Petrofac EPS is awarded a project, barring unforeseen circumstances, the profitability of the project could contribute 25% or more of Milux Group's net profit going forward.

Taking into consideration the above, Milux's shareholders' approval is sought for the Proposed O&G Diversification as required pursuant to Paragraph 10.13 of the Listing Requirements.

2.1 Information on Petrofac EPS

Petrofac EPS was incorporated in Malaysia on 2 April 2012. The company is principally involved in the business of providing operations, maintenance, project management and business development services to the oil, gas and petrochemical industries. For clarification, Petrofac EPS is not the only subsidiary of Petrofac in Malaysia.

The directors of Petrofac EPS as at 7 October 2020^(a) are Jasni Bin Abdul Jalil, Ahmad Bin Ab Hamid and Christopher Jon Avison.

As at 7 October 2020^(a), the shareholders of Petrofac EPS are as follows:-

Shareholders	No. of ordinary shares	%
SPD Group Limited ^(b)	245,000	49.0
Ahmad Bin Ab Hamid	130,000	26.0
Jasni Bin Abdul Jalil	125,000	25.0
Total issued ordinary shares	500,000	100.0

Notes:-

(a) Based on searches performed on Suruhanjaya Syarikat Malaysia e-Info Services on 7 October 2020.

(b) SPD Group Limited is a wholly-owned subsidiary of Petrofac.

Petrofac EPS is an indirect subsidiary of Petrofac, which is listed on the London Stock Exchange with a market capitalisation of £385.52 million as at LPD. Petrofac Group is principally involved in the provision of services to the O&G production and processing industry. Generally, Petrofac Group designs, builds, manages and maintains infrastructures for its clients as well as provides training programmes.

(Source: Petrofac's Annual Report and Accounts 2019; Bloomberg)

Petrofac Group has operations in Malaysia through various entities. Petrofac Group's past dealings in Malaysia include the following:-

(i) Refinery and Petrochemicals Integrated Development ("RAPID") project in Pengerang, Johor

In 2014, Petrofac Group was awarded an engineering, procurement, construction and commissioning contract worth approximately USD500 million for a refinery package in the RAPID project. The scope of work includes 3 sulphur recovery units, 2 amine regeneration units, 2 sour water stripping units, a liquid sulphur storage unit and a sulphur solidification package unit. Petrofac Group's role in RAPID project had ceased in 2019.

(ii) Cendor field development ("Cendor Field")

The Cendor Field is located in Block PM304, offshore Peninsular Malaysia. Petrofac Group is the operator of the field with Petronas Carigali Sdn. Bhd. ("**Petronas Carigali**"), Kuwait Foreign Petroleum Exploration Company and PetroVietnam Investment Development Company as its development partners. Petrofac Group's scope of work for the Cendor Field includes field development and operations, including concept derivation and selection, subsurface engineering, facilities engineering, drilling, project execution and operations management. Petrofac Group's role in Cendor Field project commenced in 2004 and is expected to cease in 2026.

(iii) Petronas Carigali design and engineering services contract

In 2014, Petrofac Group had been awarded a 5-year umbrella design and engineering services contract in Malaysia by Petronas Carigali. Under the scope of the contract, Petrofac Group will be providing a range of multi-discipline consultancy and design services against specific scopes of work for Petronas Carigali's assets in the region.

(Source: Petrofac's website, <https://www.petrofac.com>)

Please refer to www.petrofac.com for further information on Petrofac Group.

2.2 Information on MGRSB

MGRSB is a private limited company incorporated in Malaysia on 7 May 2012.

MGRSB is principally involved in carrying out the business of agriculture farming, poultry farming, animal husbandry and related plantations and crop activities. MGRSB is currently inactive. For the purpose of the collaboration with Petrofac EPS, Milux proposes to amend MGRSB's principal activities to reflect the activities for the collaboration.

As at LPD, the directors of MGRSB are Datuk Wira Ling, Datuk Khoo Teck Kee, Tan Chee How, and Zaydee Azrin Bin Mohamad Anuar. As at LPD, the shareholders of MGRSB are as follows:-

<u>Shareholders</u>	<u>No. of ordinary shares</u>	<u>%</u>
Milux	51	51.0
Nazreen Yahya Aman	45	45.0
Heng Shwu Lih	4	4.0
Total issued shares	100	100.0

Nazreen Yahya Aman, a lawyer by profession, will be assisting MGRSB in legal matters and liaising with regulatory authorities on matters in relation to MGRSB. Heng Shwu Lih, with a degree in actuarial science, is to advise MGRSB in raising financing and funding matters for projects secured as when the need arises.

As at LPD, Milux does not have any plan or arrangement to increase its equity interest in MGRSB through acquiring MGRSB shares from the other existing shareholders.

2.3 Salient Terms of the MOU

The salient terms of the MOU entered into between Milux and Petrofac EPS are set out below:-

- (i) The MOU defines the intention of Milux and Petrofac EPS to collaborate for the preparation of the proposals for the projects to be identified to be submitted to the potential customers ("**Proposals**"), negotiating between themselves and the potential customers the relevant terms of the contract and, if awarded, performing in accordance with its (or their respective) terms, and for no other purpose whatsoever.
- (ii) The potential customers may invite Milux and/or Petrofac EPS to participate in the tendering process for the projects to be identified and to submit a Proposal for the same. Milux and Petrofac EPS shall mutually agree to collaborate with each other on an exclusive basis to jointly pre-qualify, submit the Proposals, and if successful, to jointly execute the projects. If a potential customer accepts the collaboration proposed by Milux and Petrofac EPS, Milux and Petrofac EPS shall discuss and agree on the detailed method of cooperation and sign a Bidding Agreement;
- (iii) The Bidding Agreement shall describe detailed split of responsibility between Milux and Petrofac EPS, organisation charts, rights, obligations and liabilities, the joint venture prices, project schedule, and so forth subject to all the relevant approvals being obtained from the relevant authorities and Milux's and Petrofac EPS's respective internal bodies, and subject to satisfactory outcome of technical, financial and compliance due diligence by Milux and Petrofac EPS on the other party and its subsidiaries, affiliates and nominees.
- (iv) The formal structure of the collaboration between Milux and Petrofac EPS shall be reflected in the Bidding Agreement. Depending upon the potential customers' tendering conditions, specific project requirements and any other relevant considerations, Milux and Petrofac EPS will agree the form of collaboration in the form of a project joint venture (unincorporated or incorporated or any other form to be mutually agreed). The participating interest in the joint venture will be mutually agreed based on the scope of work and project requirements. The leader for the joint venture shall be Petrofac EPS.

- (v) Milux and Petrofac EPS shall each appoint a senior management executive and an alternate, to act on its behalf as a member of the steering committee to be formed for the joint venture (“**Steering Committee**”). The Steering Committee shall make decisions in respect of the form and structure of the collaboration in the projects and the MOU.
- (vi) During the validity of the MOU, Milux and Petrofac EPS shall collaborate with each other on an exclusive basis on the projects and neither Milux nor Petrofac EPS shall collaborate or make any other agreements or arrangements with other parties relating to the projects, except for the sole and express purpose of carrying out the objectives of the MOU.
- (vii) The MOU expresses the intent of Milux and Petrofac EPS to collaborate but is not intended to and shall not be construed so as to bind any party or give any party any remedy for breach. In no event shall Milux or Petrofac EPS be liable to the other party for any indirect, incidental, special, consequential or punitive damages arising under or related to this MOU.
- (viii) Milux and Petrofac EPS agree that in taking any actions in furtherance of the MOU, it will comply with all applicable laws, rules, orders, decrees or regulations relating to anti-money laundering, anti-bribery and anti-corruption in all applicable jurisdictions. Milux and Petrofac EPS further agree that it will not otherwise take any actions that will cause the other party to violate such laws.
- (ix) The MOU, which is valid from the date of the MOU, shall terminate upon the earliest to occur from the following:-
 - (a) Upon Milux or Petrofac EPS being subject to bankruptcy proceedings, suspension of payment proceedings, dissolution or liquidation proceedings (other than for the purposes of amalgamation or reconstruction);
 - (b) 31 December 2020, in the event where no Proposals or customer engagement has been successful during the initial period, and both Milux and Petrofac EPS agree to solicit opportunities elsewhere;
 - (c) By mutual agreement of Milux and Petrofac EPS to terminate;
 - (d) By Milux or Petrofac EPS giving thirty (30) days written notice of termination to the other party; or
 - (e) The customer awards the project to a third party other than Milux and/or Petrofac EPS.

No such termination for whatever cause shall relieve Milux and/or Petrofac EPS of its obligations, if any, which survive such termination. In the event Milux and Petrofac EPS enter into a Bidding Agreement for the project to be identified, such Bidding Agreement will then supersede the MOU for the projects. In the case of termination of the MOU, any existing Bidding Agreement shall also survive termination of the MOU.
- (x) The MOU shall be governed by and construed in accordance with the laws of Malaysia. All disputes arising by and construed with the MOU shall be finally settled by arbitration in Kuala Lumpur, under the Rules of Arbitration of the Asian International Arbitration Centre by one or more arbitrators appointed in accordance with the said rules.

3. PROPOSED PROPERTY DIVERSIFICATION

In addition to the proposed diversification into the O&G industry, the Group proposes to explore opportunities in property development, property management and construction business as part of its proposed Property Related Businesses. For information, the Group does not have prior experience in the Property Related Businesses.

Pursuant to the completion of mandatory offer for Milux Shares undertaken by Topspike and Asia New Venture Capital Holdings Sdn. Bhd in June 2019 (“Offer”), Datuk Wira Ling (amongst the ultimate offerors for the Offer) has emerged as Milux’s controlling shareholder with 34.24% indirect interest in Milux. After the completion of the Offer, on 5 July 2019, Datuk Wira Ling was appointed as the Executive Vice Chairman of Milux.

Datuk Wira Ling has been identified by the Board to spearhead Milux Group’s proposed diversification into the Property Related Businesses in view of his experiences as detailed in Section 3.1 below.

As part of Milux Group’s plan to diversify into the Property Related Businesses, Milux Group intends to explore, amongst others, the following:-

- (i) acquisition of land bank and/or existing property development projects;
- (ii) entering into joint venture arrangements with existing land/project owners; and/or
- (iii) bidding for new construction contracts.

For clarification, the aforementioned may include transactions with Datuk Wira Ling or parties related to him. In view thereof, Milux Group is also proposing to seek a shareholders’ mandate to enter into RRPTs with Datuk Wira Ling and parties related to him. The details of the Proposed New Shareholders’ Mandate are set out in Part B of this Circular.

As at LPD, Milux Group has not entered into any arrangement or contract in relation to its proposed diversification into the Property Related Businesses.

The Board expects that over time, the Group’s investment in Property Related Businesses could result in a diversion of 25% or more of Milux’s consolidated net assets from the Group’s existing business/operation. On the basis that Milux Group registered a loss of approximately RM4.43 million for its existing business for FY2019, barring unforeseen circumstances, the profitability of the proposed new Property Related Businesses’ profits could contribute 25% or more of the Group’s net profit going forward.

Taking into consideration the above, Milux shareholders’ approval is sought for the Proposed Property Diversification as required pursuant to Paragraph 10.13 of the Listing Requirements.

3.1 Background of Datuk Wira Ling

Datuk Wira Ling, aged 40, has 6 years of experience in the property development industry. He took part in sales and marketing of East Bay Apartment (2 blocks of 19-storey apartment at Taman Kota Putri, Masai, Johor completed in year 2014). Thereafter, he acted as the advisor (whereby he was primarily involved in the area of project planning, marketing and sales) to Northstar Frontier Sdn. Bhd., a real estate developer in Southern of Johor, for the project Grand View360 Luxury Serviced Apartment (3 blocks of 25-storey apartment at Taman Bayu Puteri, Johor Bahru, Johor completed in year 2016); Crescent Bay Suites Luxury Serviced Apartment (2 blocks of 25-storey apartment at Taman Bayu Puteri, Johor Bahru, Johor completed in year 2017); and Midas Perling, a project of subsidiary company of Northstar Frontier Sdn. Bhd. (2 blocks of 25-storey apartment at Taman Perling, Johor Bahru, Johor completed in year 2018).

He is currently the sole shareholder and the Chief Executive Officer of Linbaq group of companies. The principal activities of Linbaq and its list of subsidiaries are set out in Section 2.2 of Part B of this Circular.

Amongst the projects that Datuk Wira Ling had participated or is involved in include:-

<u>Development Name/ Project Details</u>	<u>Location</u>	<u>Datuk Wira Ling's role</u>	<u>Commencement Date / Expected Commencement Date</u>	<u>Completion Date / Expected Completion Date</u>	<u>Approximate Contract Sum / GDV (RM'million)</u>
<u>Property Development</u>					
Grandview 360 - Property development for 25-storey with 443 units service apartment (Developer: Northstar Frontier Sdn Bhd)	Iskandar Malaysia, Johor Darul Takzim	As the sales & marketing adviser for the project ^(a)	2012	2015	385
Midas Seri Alam - Property development for 35-storey with 1,602 units service apartment (Developer: Trident Success Sdn Bhd)	Iskandar Malaysia, Johor Darul Takzim	As the sales & marketing adviser for the project ^(a)	2017	2021	600
Pangsapuri Midas - Property development for 19-storey with 382 units service apartment (Developer: Midas Season Sdn Bhd)	Iskandar Malaysia, Johor Darul Takzim	As the sales & marketing adviser for the project ^(a)	2016	2018	250
Crescent Bay Suites - Property development for 25-storey with 408 units service apartment (Developer: Northstar Frontier Sdn Bhd)	Iskandar Malaysia, Johor Darul Takzim	As the sales & marketing adviser for the project ^(a)	2014	2017	220
Space Residency - Property development for 60-storey integrated commercial development with 995 units service apartment, 26 units retail lot, a 4 stars hotel with 314 rooms and 33,000 square feet sky commercial (Developer: Vistana Tropika Sdn Bhd – 100% owned by Datuk Wira Ling)	Iskandar Malaysia, Johor Darul Takzim	As a director supervising the overall project	June 2019	2023	830

<u>Development Name/ Project Details</u>	<u>Location</u>	<u>Datuk Wira Ling's role</u>	<u>Commencement Date / Expected Commencement Date</u>	<u>Completion Date / Expected Completion Date</u>	<u>Approximate Contract Sum / GDV (RM'million)</u>
Kaze Hill, Ulu Tiram - Property development for 85 units landed residential properties, 36 units landed commercial shop lots, 407 units residential apartment and 400 units service apartment (Project owner: Linbaq Construction Sdn Bhd – 65% owned by Datuk Wira Ling)	Iskandar Malaysia, Johor Darul Takzim	As a director supervising the overall project	July 2020	2026	320
<u>Construction</u>					
Construction work for pile caps, basement and sewage treatment plant for proposed construction and completion of mixed development (Developer: Far East (Ulu Tiram) Sdn Bhd – 100% owned by Datuk Wira Ling)	Iskandar Malaysia, Johor Darul Takzim	As a director supervising the overall project	June 2019	September 2020	21

Note:-

(a) *Datuk Wira Ling has no equity interest in the company undertaking these projects.*

The Group will be recruiting additional professionals to assist Datuk Wira Ling according to the requirements of its new Property Related Businesses.

As discussed in Section 2 and 3 above, Milux does not have prior experience/expertise in both O&G industry and Property Related Businesses. The Board has deliberated and believed these are the business areas to pursue. The size of the ventures into these businesses cannot be determined at this juncture as the Group has yet to secure a contract in these 2 businesses. Thus, Milux is not in a position to ascertain the financial resources required to diversify into these 2 business segments respectively. The Board will have to assess, amongst others, Milux's financial commitments, resources, working capital and availability of financing prior to committing Milux to any projects. Milux will also have to engage relevant experienced personnel to assist in its ventures into these business segments as when required.

4. RATIONALE

Over the past years, the Group has seen increasing challenges and declining revenues from its Home Appliance Business. The Proposed Diversification to expand the Group's existing business to include provision of support services for the O&G industry and Property Related Businesses is in line with the Group's objective to seek new business opportunities and source of income. Whilst the Group acknowledges the identified O&G industry and property industry have numerous challenges including the current low activity level, there are still demand for support services for the O&G industry and opportunities for the property industry.

The Proposed O&G Diversification enables the Group to proceed with the collaboration with Petrofac Group whilst the Proposed Property Diversification enables the Group to capitalise on Datuk Wira Ling's experience in the property industry. The Proposed Diversification should expand the Group's revenue stream and earning base and reduce its dependence on the existing Home Appliance Business, which in turn, should improve the Group's financial performance moving forward.

The Board believes that the Group's proposed venture into the O&G Industry and Property Related Businesses should augur well, with the support of Petrofac Group and Datuk Wira Ling respectively.

5. INDUSTRY OVERVIEW AND PROSPECTS

5.1 Overview and outlook of the Malaysian economy

The Malaysian economy was confronted by concurrent supply and demand shocks arising from weak external demand conditions and strict containment measures in 2Q 2020. As a result, the economy registered its first contraction since the Global Financial Crisis (2Q 2020: -17.1%; 3Q 2009: -1.1%). On the supply side, this was reflected in negative growth across most sectors. From the expenditure side, domestic demand declined, while exports of goods and services registered a sharper contraction. On a quarter-on-quarter seasonally-adjusted basis, the economy declined by 16.5% (1Q 2020: -2.0%).

Weak growth was recorded across most economic sectors amid the imposition of the MCO, followed by the Conditional and Recovery MCO, during 2Q 2020.

The services sector contracted by 16.2% (1Q 2020: 3.1%). The sector was affected by the implementation of a nationwide restrictive MCO, with only essential services such as food-related retail, utilities, banking, transportation as well as information and communication entities allowed to operate with very limited capacity. The subsequent transition to Conditional MCO in May and Recovery MCO in June provided some relief to businesses in the sector. The lockdown had substantially affected consumer spending and tourism activity, as shown by the significant declines in the wholesale and retail trade, as well as food and beverages and accommodation sub-sectors. The transport and storage sub-sector were impacted by a sudden stop in tourist arrivals due to travel restrictions imposed domestically as well as the international border closures. Growth in the finance and insurance sub-sector was weighed down by lower net interest income, and lower fee-based income amid subdued capital market activity. Meanwhile, growth in the information and communication sub-sector was relatively sustained by the continued high demand for data communication services especially during this period of remote working arrangements.

The manufacturing sector contracted by 18.3% (1Q 2020: 1.5%), due largely to the imposition of MCO restrictions as well as weak demand conditions. The extension of the MCO from end-March throughout April curtailed production activity across all industries. Essential sectors and those in the related supply-chain sectors operated at reduced capacity to ensure sufficient social distancing at workplaces, while nonessential sectors such as transport equipment and textile-related industries did not operate. Following the lifting of MCO restrictions in May, manufacturing firms gradually restarted operations, but did so while observing sector-specific health protocols amidst subdued demand conditions externally and domestically. The latter had particularly affected the performance of the primary- and consumer-related clusters. Nevertheless, the impact of weak demand was partially mitigated by a backlog of orders which supported a faster production recovery, observed mainly in the electric and electronics (“E&E”) industry.

(Source: Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2020, Bank Negara Malaysia)

The prospect of the Malaysian economy remains robust amid increasing uncertainties in the external environment. Real gross domestic product (“GDP”) is expected to grow by 4.7% in 2019 and 4.8% in 2020. The growth is underpinned by resilient domestic demand, particularly household spending following stable labour market and low inflation. Meanwhile, private investment is expected to grow at a slower pace in 2019 and gain traction in 2020 following the resumption of infrastructure projects coupled with ongoing capital spending in the services and manufacturing sectors. Favourable private sector expenditure activity will offset the impact of lower public expenditure in 2019. However, economic growth is expected to rebound in 2020 with improvement in public corporations’ capital outlays.

On the supply side, the services and manufacturing sectors will continue to be the main contributors to economic growth. The services sector, driven by the activities of the wholesale and retail trade, information and communications, as well as finance and insurance sub-sectors, is projected to remain firm backed by robust household spending. The manufacturing sector is expected to grow at a slower pace in 2019 due to E&E downcycle and is anticipated to pick up in 2020, supported by better semiconductor outlook, especially during the second half of the year. The agriculture sector is projected to expand following higher production of crude palm oil (“CPO”) and natural rubber, while the mining sector is expected to increase supported by higher production of natural gas. Similarly, the construction sector is anticipated to improve attributed to activities in civil engineering.

(Source: Economic Outlook 2020, Ministry of Finance Malaysia)

5.2 Overview of the O&G industry in Malaysia

For information, the O&G industry is reported as part of the mining sector.

The mining sector continued to register a contraction (-1.5%; 2018: -2.6%), as crude oil output was weighed down mainly by maintenance works and voluntary supply adjustments by Petroliaam Nasional Berhad. Nevertheless, the pace of the contraction in the sector eased, following the recovery in natural gas production from the pipeline disruptions in 2018.

(Source: Economic, Monetary and Financial Developments in 2019, Bank Negara Malaysia)

The mining sector recorded a sharper contraction of 20.0% in 2Q 2020 (1Q 2020: -2.0%). Oil and gas output were affected by a sharp decline in demand due to the MCO as well as maintenance works in East Malaysia. Growth was also weighed by lower production in the other mining segment due to restrictions during the MCO period.

(Source: Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2020, Bank Negara Malaysia)

The mining sector rebounded during the first six months of 2019 on account of higher output of natural gas. For the year, the output of the sector is projected to turn around 0.6%, driven by higher production of natural gas, offsetting lower output of crude oil (including condensates). Among the natural gas fields that are expected to increase production include Anjung, Bakong and Larak in Sarawak. On the contrary, production of crude oil is affected by temporary planned and unplanned shutdowns of several fields such as Dulang (Peninsular Malaysia), Gumusut-Kakap (Sabah) and Baronia (Sarawak).

In 2020, the mining sector is forecast to record a marginal growth of 0.3%, supported by stable gas production following stronger domestic demand from the petrochemical industry as well as rising exports of liquefied natural gas, particularly to China, Japan and Republic of Korea. The subsector is expected to benefit from the commencement of the North Malay Basin Full Field Development (FFD - Phase 2) in Peninsular Malaysia as well as Gorek, Integrated Bokor (Phase 3) and Betty redevelopment projects in Sarawak. Production of crude oil is projected to increase moderately supported by projects such as Anggerik FFD and Zetung FFD in Peninsular Malaysia as well as Bayan Oilfield (Phase 2B and 2C) in Sarawak. Moving forward, uncertainties in the global growth; production cut by Organization of the Petroleum Exporting Countries (“OPEC”) and non-OPEC; oil production by the US; the US-China trade tension; and geopolitical risks, particularly in Iran, Iraq, Libya and Venezuela will be among the factors affecting the movement of crude oil prices.

(Source: Economic Outlook 2020, Ministry of Finance Malaysia)

5.3 Overview of the property and construction sector in Malaysia

The property market performance recorded a slight improvement with a marginal increase in 2019. A total of 328,647 transactions worth RM141.40 billion were recorded, showing an increase of 4.8% in volume and 0.8% in value compared to 2018, which recorded 313,710 transactions worth RM140.33 billion.

Sectoral market activity performance improved marginally: residential (6.0%), commercial (7.2%), industrial (3.8%) and agriculture (2.0%) with the exception of development land sub-sector, which declined slightly by 1.2%. In terms of value of transactions, residential sub-sector recorded a 5.3% growth, whereas commercial, industrial, agriculture and development land sub-sectors recorded otherwise, decreased by -1.8%, -1.1%, -4.4% and -9.1% respectively.

The residential sub-sector led the overall property market, with 63.7% contribution. This was followed by agriculture sub-sector (20.9%), commercial (7.8%), development land (5.7%) and industrial (1.9%). In terms of value, residential took the lead with 51.2% share, followed by commercial (20.5%), industrial (10.5%), development land (9.0%) and agriculture (8.8%).

The residential sub-sector is expected to be challenging in 2020. With the downside in the Consumer Sentiment Index at 82.3 points as at Q4 2019, coupled with the insecurity of employment and household income, there is a high likelihood that the purchase for big-ticket items such as houses may have to be put on hold by prospective purchasers.

The reducing numbers of overhang and unsold may probably level up in 2020. Market absorption may be slower given the current economic and financial situation. The much-debated issue on overhang which revolves on mismatch of housing product, location and affordability appear to be more challenging to resolve. Nevertheless, government has given continuous support, with special focus on the affordable segment and more affordable homes priced below RM300,000 would be built for B40 and M40 groups under the National Housing Policy 2.0 programmes.

The commercial sub-sector, in particular shopping complex, purpose-built office and hotel is expected will not be spared from the headwinds in the global markets, coupled with the impact of COVID-19 outbreak and expected slowdown in PR China.

Despite the economic headwinds, Malaysian property market is expected to remain resilient in the coming year. Affordable housing and finding the right solutions to the property overhang will continue to be the main agenda of the government. The close monitoring on the implementation of programmes under the National Housing Policy 2.0 (2018 – 2025) and various incentives introduced to promote home ownership among Malaysians, are expected to contain the overhang situation in the coming year. On the development front, the revival of Bandar Malaysia mega project is expected to have positive impact on the property market landscape in the medium and long term. Meanwhile, high-impact major infrastructure projects such as West Coast Expressway (WCE) and East Coast Rail Link (ECRL) will open up new development areas to attract Foreign Direct Investment, which will entail business and employment opportunities as well as catalyst for development growth.

(Source: Property Market Report 2019, Valuation And Property Services Department Malaysia, Ministry Of Finance Malaysia)

The construction sector recorded a marginal increase of 0.4% during the first half of 2019. For the year, the growth is expected to expand 1.7% mainly supported by civil engineering segment, particularly the infrastructure-related projects. However, the performance of the sector will be weighed down by subdued growth of the residential and commercial properties. For 2020, the construction sector is expected to grow further to 3.7% on account of acceleration and revival of mega projects as well as building of affordable homes. The residential subsector is expected to grow at a slower pace, mainly due to elevating property overhang caused by mismatch between supply and demand. However, various measures undertaken by the Government including the building of 60,000 units of affordable homes within 10 years and the reinvigorating of the National Housing Policy are expected to boost the growth of the subsector in 2020. In addition, the enhancement of the Fund for Affordable Homes by Bank Negara Malaysia will enable the first-time home buyers to enjoy lower monthly income commitment up to 20% which in turn support the subsector.

(Source: Macroeconomic Outlook 2020, Ministry of Finance Malaysia)

Activity in the construction sector declined by 44.5% (1Q 2020: -7.9%), as almost all activities came to a standstill particularly in the month of April. Despite the partial reopening of the economy on 4 May, most construction sites faced challenges restarting due to adjustments required to comply with the strict COVID-19 Standard Operating Procedures (“SOPs”). Most of the construction sites were reported to remain idle as developers faced challenges to restart, including financial constraints, initial lack of clarity over the SOPs and COVID-19 testing, and disruptions in the supply of construction materials. However, the situation improved significantly towards the end of the quarter after the Government implemented additional measures to facilitate the revival of the economy.

(Source: Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2020, Bank Negara Malaysia)

5.4 Prospect of Milux Group

The Group has made a loss for its FY 2019, which was attributable to, amongst others, the weakening local economy and market demand for home appliances products. The weakened demand has continued into the first half of the current financial year which was further compounded by the COVID-19 pandemic. The pandemic also prompted the Malaysian Government to declare the MCO, placing restrictions on the mobility of the public and shutting its borders. As a result, the retail industry was adversely impacted thus placing a strain on the Group’s Home Appliance Business which is dependent on the domestic market. Nevertheless, the Group observed that the sales derived from the domestic market has started to pick up since the MCO was eased to a Recovery MCO on 7 June 2020.

The Board believes that barring unforeseen circumstances, the Group’s proposed venture into the provision of support services for the O&G industry via the collaboration with Petrofac Group and the proposed venture into Property Related Businesses with the support of Datuk Wira Ling, if materialised, should bode well and improve the Group’s financial performance moving forward.

(Source: The Board and management of Milux)

6. RISK FACTORS

6.1 Proposed O&G Diversification

The Proposed O&G Diversification involves the Group diversifying into the provision of support services for the O&G industry and hence, the Group will be exposed to the challenges and risks inherent in the O&G industry of which the Group has no prior experience.

The risks relating to the Proposed O&G Diversification include, but not limited to the following:-

(i) Dependence on Petrofac Group

Milux Group has no prior experience in the provision of support services for the O&G industry.

The Group's proposed first foray into the O&G industry is principally premised on the collaboration with Petrofac EPS (a subsidiary of Petrofac Group), as Petrofac EPS is a key party and will be taking the lead in the operations and maintenance work for projects awarded.

There is no assurance that Milux Group will be able to undertake any project without the support or collaboration with Petrofac Group.

Moving forward, there can be no assurance that Milux Group would be well positioned to bid for projects in the O&G industry without having to rely on collaboration with other O&G industry players.

(ii) Fluctuation of crude oil prices

Milux's new business of providing support services for the O&G industry pursuant to the Proposed O&G Diversification is subjected to the risk associated with fluctuation in crude oil prices.

Crude oil prices have historically been volatile and may continue to be volatile in the future. Crude oil prices have a direct bearing on the levels of activity in the O&G industry. Prices for crude oil fluctuate in response to a variety of factors including, but not limited to the level of demand for crude oil, cost pertaining to the exploration, development, production and delivery of crude oil, technological advances in exploration development and production, output level of crude oil, competition from alternative fossil fuels, government policy, adverse global weather conditions, global political and economic conditions.

Any deterioration in the O&G industry which results in curtailment in activities could have a material adverse impact on Milux Group's proposed support services business for the O&G industry.

(iii) Availability of skilled personnel

Milux Group's proposed new business in the O&G industry would require experienced and trained personnel. Whilst the Group has plans to address its human resource requirements, there is no assurance that the Group would be able to hire the requisite personnel and at reasonable cost when required. Failure to do so could have material adverse impact on the Group's operation and financial position.

(iv) Competition risks in O&G industry

The O&G industry is highly competitive. Some of the companies against whom the Group competes may have competitive advantage over the Group due to their longer operating history, greater capital resources, stronger relationship with particular clients or stronger track records.

Subject to the successful implementation of the Proposed O&G Diversification, the Group plans to actively participate in competitive bidding and negotiation to secure new contracts. However, there can be no assurance that the Group, as a new player to the sector with no track record, will be able to secure contracts and on favourable terms, amidst the intense competition. Failure to do so can have an adverse material impact on the Group's financial performance and position.

(v) Laws and regulations

The O&G industry and property industry are subject to various laws and regulations. Failure to comply with relevant laws and regulations may result in financial penalties, administrative or legal proceedings being taken, which could result in the termination of the business. In addition, certain O&G and property related activities may require licenses, permits or approvals from the relevant authorities to operate.

At present, Milux Group does not hold any license, permits and approvals relating to the operations in the O&G industry and property industry. Milux Group endeavours to comply with applicable laws and regulations and apply for the relevant licenses, permits or approvals as and when these are required.

There can be no assurance that the Group will be able to obtain the required licenses, permits or approvals.

(vi) Financial risk

The Group's venture into the support services for the O&G industry and Property Related Businesses may require substantial investment. As at LPD, the estimated capital outlay for the Group's diversification into these new businesses could not be ascertained as no project has been awarded to Milux for the O&G venture and Milux Group has not entered into any arrangement or contract in relation to its proposed diversification into the Property Related Businesses, at this juncture.

As at 30 June 2020, Milux Group has total borrowings of approximately RM3.0 million and an aggregate cash and bank balances and fixed deposits of approximately RM12.0 million.

The Group may need to raise borrowings to finance its proposed expansion into the new businesses. Such new borrowings may require covenants, fixed assets charges, pledges and liens imposed on Milux Group. There can be no assurance that no material adverse event will occur and affect the cash flows of Milux Group. Similarly, there can be no assurance that Milux Group will be able to adhere to the imposed financial terms at all times. Any adverse cash flows change or non-compliance of its borrowing terms by Milux Group could have a material adverse impact on the financial position of the Milux Group.

6.2 Proposed Property Diversification

The Proposed Property Diversification involves the Group diversifying into the Property Related Businesses and hence, the Group will be exposed to the challenges and risks inherent in the construction and property sector of which the Group has no prior experience.

The risks relating to the Proposed Property Diversification include, but not limited to the following:-

(i) Dependence on Datuk Wira Ling

The Group has no prior experience in the property industry. The Group's proposed venture into the property industry is principally premised on the reliance on Datuk Wira Ling, who has been identified to build, grow and manage the new business with his experience and track record. The Group intends to recruit relevant professionals to assist Datuk Wira Ling according to the requirements of its new Property Related Businesses. In the event Datuk Wira Ling is no longer with the Group and the Group is unable to find a suitable and timely replacement for Datuk Wira Ling, there is no assurance that the Group's Property Related Businesses would not be adversely affected.

(ii) Performance of the property market

The success of property projects is largely dependent on the performance and continued growth of the property market in Malaysia. Any material adverse developments affecting the property markets such as changes in the demographic trends, employment and income level, economic uncertainties, the deterioration in property demand and the property rental market would have an adverse impact on the Property Related Businesses.

The performance of the property market is also affected by the regulatory environment. Any future regulatory changes by the government as well as the tightening of lending criteria by the banks may lead to an imbalance between supply of, and demand for, the properties in Malaysia which can cause property overhang. The occurrence of such event may adversely impact Property Related Businesses.

(iii) Fluctuation in costs for property projects

The property sector is susceptible to the risk of increase in the costs of construction as a result of any increase in raw material prices, labour costs and wages, sub-contractor costs, overhead costs, energy costs and other costs of operations. Any increase in land acquisition costs and other costs which are inherent to the property industry could have an adverse impact on the Property Related Businesses.

(iv) Delay in completion

Completion of projects is dependent on factors, which include, amongst others, obtaining the necessary permits and/or approvals from the relevant government agencies and/or authorities, weather conditions, adequacy of supply of raw materials and availability of labour. Delays in the completion of projects may result in cost overruns and reputational risks such as, amongst others, the possibility of enforcement of the late delivery penalties by the customers.

There can be no assurance that there will not be any delays in the completion of projects. Such delays could have a material adverse impact on the financial performance of the Group.

(v) Competition risks in property industry

Milux Group's proposed Property Related Businesses may encounter competition from various competitors, including local and foreign property developers. The demand for its properties would be dependent on various factors including but not limited to pricing, location, design and quality of properties and facilities and supporting infrastructure of the properties. The property market is highly competitive and any oversupply of properties and/or low take-up rate of new property launches due to a mismatch in supply and demand, economic downturn and unfavourable market conditions, will intensify the level of competition which may, amongst others, affect pricing of the properties.

(vi) Laws and regulations

Please refer to the laws and regulations risk relating to the Proposed Property Diversification as set out in Section 6.1(v) above.

(vii) Financial risk

Please refer to the financial risk relating to the Proposed Property Diversification as set out in Section 6.1(vi) above.

7. EFFECTS OF THE PROPOSED DIVERSIFICATION

7.1 Share capital and shareholdings of substantial shareholders

The Proposed Diversification will not have any effect on the issued share capital of Milux or its substantial shareholders' shareholdings in the Company as the Proposed Diversification does not involve any issuance of Milux share.

7.2 NA, NA per share and gearing

The Proposed Diversification is not expected to have any material effect on the NA, NA per share and gearing of the Group for the financial year ending 31 December 2020. Future contribution from the provision of support services for the O&G industry and/or from its Property Related Businesses may have a positive impact on the Group's NA. The Group's gearing will increase if the Group incurs debt to finance its working capital for the support services in the O&G industry and/or the Property Related Businesses.

7.3 Earnings and EPS

The Proposed Diversification is not expected to have any material effect on the Group's earnings and EPS for the financial year ending 31 December 2020 but is expected to contribute positively to the Group's future earnings and the Company's EPS.

8. APPROVALS REQUIRED

The Proposed O&G Diversification and the Proposed Property Diversification are subject to the approval of shareholders of Milux at the forthcoming EGM to be convened.

For clarification, the Proposed O&G Diversification is not subject to Milux and Petrofac EPS collaboration group being successful in their bidding for projects.

9. INTER-CONDITIONALITY AND OUTSTANDING CORPORATE PROPOSALS

The Proposed O&G Diversification and Proposed Property Diversification are not conditional upon each other and any other corporate exercises/schemes or proposals undertaken or to be undertaken by Milux.

Save for the Proposed Diversification and the Proposed New Shareholders' Mandate, Milux does not have any outstanding proposals that have been announced but not yet completed prior to the printing of this Circular.

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

None of the Directors and/or major shareholders of the Company and persons connected to them have any interest, direct or indirect, in the Proposed O&G Diversification and Proposed Property Diversification.

In view that the Group's proposed venture into the Property Development Businesses may include transaction(s) with Linbaq Group (approval being sought for the Proposed New Shareholders' Mandate as set out in Part B of this Circular), the following parties had informed that they will voluntarily abstain from all deliberations at Board meeting(s) for the Proposed Property Diversification for the reasons below:-

- (i) Datuk Wira Ling, the Executive Vice Chairman and a major shareholder of Milux (through his interest in Topspike, a major shareholder of Milux) is also the Chief Executive Officer and a major shareholder of Linbaq;
- (ii) Gan Boon Lay, a Non-Independent Non-Executive Director and a major shareholder of Milux (through his interest in Topspike) is deemed a Person Connected to Datuk Wira Ling by virtue of their substantial interest in Topspike;
- (iii) Datuk Dr Wong Lai Sum, the Independent Non-Executive Chairman of Milux is also a Non-Executive Director of Linbaq; and
- (iv) Datuk Khoo Teck Kee, the Group Managing Director of Milux is also an Executive Director of Pest React Sdn Bhd, a subsidiary of Linbaq.

In addition, the above parties will voluntarily abstain from voting in respect of their direct and/or indirect shareholdings in Milux, if any, on the resolution pertaining to the Proposed Property Diversification. They will also ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in Milux, if any, on the resolution pertaining to the Proposed Property Diversification.

As at LPD, the direct and/or indirect shareholdings of the abovementioned parties in Milux are as follows:-

Parties	Direct		Indirect	
	No. of Milux Shares	%	No. of Milux Shares	%
Topspike	19,708,385	33.54	-	-
Datuk Wira Ling	-	-	^(a) 19,708,385	33.54
Gan Boon Lay	-	-	^(a) 19,708,385	33.54
Datuk Dr Wong Lai Sum	-	-	-	-
Datuk Khoo Teck Kee	-	-	-	-

Note:-

(a) Deemed interested by virtue of his shareholdings in Topspike pursuant to Section 8(4) of the Act.

11. DIRECTORS' STATEMENT AND RECOMMENDATION

Proposed O&G Diversification

The Board, having considered all aspects of the Proposed O&G Diversification, including the rationale, prospects and risk factors, is of the opinion that the Proposed O&G Diversification is in the best interest of the Company.

The Board recommends that shareholders vote in favour of the resolution for the Proposed O&G Diversification to be tabled at the forthcoming EGM to be convened.

Proposed Property Diversification

The Board (save for the Abstaining Directors), having considered all aspects of the Proposed Property Diversification, including the rationale, prospects and risk factors, is of the opinion that the Proposed Property Diversification is in the best interest of the Company.

The Board (save for the Abstaining Directors) recommends that shareholders vote in favour of the resolution for the Proposed Property Diversification to be tabled at the forthcoming EGM to be convened.

12. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Diversification will take effect immediately upon obtaining Milux's shareholders' approval at the forthcoming EGM to be convened.

13. EGM

The EGM, the Notice of which is enclosed with this Circular, will be conducted fully virtual at the broadcast venue at Meeting Room, Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 4 November 2020 at 3:00 p.m., or any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modification, the resolutions to give effect to the Proposed Diversification.

If you are not able to participate and vote at the EGM via live stream and online voting, you may complete the Form of Proxy and deposit it at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submit it via fax at 03-2094 9940 and/or 03-2095 0292 or e-mail to info@sshbs.com.my, no later than forty-eight (48) hours before the time of holding the EGM or any adjournment thereof. Your proxy appointment may also be lodged electronically via Securities Services e-Portal at <https://www.sshbs.net.my/login.aspx>. The lodging of the Form of Proxy does not preclude you from attending, participating, speaking, and voting in person at the EGM should you subsequently wish to do so.

14. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board of
MILUX CORPORATION BERHAD

TAN CHEE HOW
Executive Director

PART B

**LETTER TO SHAREHOLDERS IN RELATION TO THE PROPOSED NEW
SHAREHOLDERS' MANDATE**

Registered Office:
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur

14 October 2020

Board of Directors

Datuk Dr Wong Lai Sum	<i>(Independent Non-Executive Chairman)</i>
Datuk Wira Ling Kah Chok	<i>(Executive Vice Chairman)</i>
Datuk Khoo Teck Kee	<i>(Group Managing Director)</i>
Tan Chee How	<i>(Executive Director)</i>
Ho Pui Hold	<i>(Independent Non-Executive Director)</i>
Datuk Haw Chin Teck	<i>(Independent Non-Executive Director)</i>
Datuk Yap Kheng Fah	<i>(Independent Non-Executive Director)</i>
Gan Boon Lay	<i>(Non-Independent Non-Executive Director)</i>
Yee Carine	<i>(Non-Independent Non-Executive Director)</i>
Teh Sok Hoon	<i>(Non-Independent Non-Executive Director)</i>

To: The Shareholders of Milux Corporation Berhad

Dear Sir/Madam,

PROPOSED NEW SHAREHOLDERS' MANDATE

1. INTRODUCTION

On 21 August 2020, Milux announced that the Company proposes to seek the approval of its shareholders for, amongst others, the Proposed New Shareholders' Mandate to enable the Group to enter into various RRPTs pursuant to Paragraph 10.09(2) of the Listing Requirements and Practice Note 12.

As set out in Part A of this Circular, Milux is proposing to obtain its shareholders' approval for the Proposed Property Diversification. Datuk Wira Ling, the Executive Vice Chairman and a major shareholder of Milux, informed the Board that Milux Group may in the ordinary course of its Property Related Businesses enter into RRPTs with Linbaq Group, which is related to Datuk Wira Ling.

The purpose of this Circular is to provide shareholders with the relevant information on the Proposed New Shareholders' Mandate and to seek shareholders' approval for the resolution on the Proposed New Shareholders' Mandate to be tabled at the Company's forthcoming EGM. The notice of the EGM and the form of proxy are enclosed together with this Circular.

Shareholders are advised to read and carefully consider the contents of this Circular together with the appendix contained herein before voting on the resolution pertaining to the Proposed New Shareholders' Mandate to be tabled at the Company's forthcoming EGM.

2. PROPOSED NEW SHAREHOLDERS' MANDATE

Pursuant to Paragraph 10.09(2) of the Listing Requirements, Milux is required to seek its shareholders' mandate, with regards to RRPTs, subject to the following:-

- (i) 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;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to Paragraph 10.09(1);
- (iii) a circular to Milux's shareholders for the mandate includes the information as may be prescribed by Bursa Securities. The draft Circular must be submitted to Bursa Securities for perusal together with a checklist showing compliance with such information;
- (iv) in a meeting to obtain shareholders' mandate, the interested director, interested major shareholder or interested Person Connected with a director or major shareholder, and where it involves the interest of an interested Person Connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (v) the Company immediately announces to Bursa Securities when the actual value of a RRPT entered into by Milux, exceeds the estimated value of the RRPTs disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in the announcement.

The Group proposes to enter into RRPTs, the particulars of which are set out in Section 2.3 below.

Accordingly, the Board proposes to seek shareholders' mandate for the RRPTs to be entered into by the Group from the date of the EGM until the next AGM.

Such transactions will be made on terms which are not more favourable to the Related Party than those generally available to the public and are not to the detriment of Milux's minority shareholders.

The Proposed New Shareholders' Mandate, if approved by Milux's shareholders at the EGM, is subject to annual renewal. In this respect, any authority conferred by the Proposed New Shareholders' Mandate will take effect from the date of the said EGM until:-

- (i) the conclusion of the next AGM of Milux following this EGM at which the Proposed New Shareholders' Mandate is passed, at which time it will lapse, unless the authority is renewed by a resolution passed at the next AGM;
- (ii) the expiration of the period within which the next 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 Milux's shareholders in a general meeting;

whichever is earlier.

2.1 Principal activities of Milux Group

Milux is principally involved in the Home Appliance Business. As set out in Part A of this Circular, Milux is also proposing to diversify its business to include support services for the O&G industry and Property Related Businesses. As at LPD, the principal activities of its subsidiaries are as follows:-

Name of Company	Date/ Country of incorporation	Effective equity interest (%)	Principal activities
T.H. Hin Sdn. Bhd. (Registration No. 197701003521 (34573-X))	16 August 1977 / Malaysia	100	Dealer in gas cookers, electrical household appliances and their related products
T.H. Hin Home Tech Sdn. Bhd. (Registration No. 198301016863 (112272-K))	30 December 1983 / Malaysia	100	Manufacturing of gas cookers, electrical household appliances and their related products
Brightyield Sdn. Bhd. (Registration No. 199101000399 (210709-P))	8 January 1991 / Malaysia	100	Manufacturing of gas cookers component parts and their related products
Enamel Products Sdn. Bhd. (Registration No. 199201008698 (240201-H))	14 May 1992 / Malaysia	100	Manufacturing of enamel products
Milux Sales & Service Sdn. Bhd. (Registration No. 199401016583 (302263-X))	31 May 1994 / Malaysia	100	Dealer in gas cookers, electrical household appliances and their related products
Eurobay Industries Sdn. Bhd. (Registration No. 199501022757 (351960-P))	20 July 1995 / Malaysia	100	Manufacturing and supplying of home electrical appliances
Milux International Sdn. Bhd. (Registration No. 198401008521 (121039-D))	4 June 1984 / Malaysia	100	Investment holding
Milux Properties Sdn. Bhd. (Registration No. 201201019461 (989606-V))	7 May 2012 / Malaysia	100	Engage in the business of acquiring land and building and to undertake the business of property development and other management consultancy activities (Inactive)
Pansprint Consolidated Sdn. Bhd. (Registration No. 199801016840 (472969-A))	2 December 1998 / Malaysia	100	Construction of buildings (Inactive)

Name of Company	Date/ Country of incorporation	Effective equity interest (%)	Principal activities
Milux Greentech Resources Sdn. Bhd. (Registration No. 201201019462 (989607-D))	7 May 2012 / Malaysia	51	Carry out business of agriculture farming, poultry farming, animal husbandry and related plantations and crops activities (Inactive)
Milux Home Appliances (India) Private Limited (Registration No.062641)	7 March 2007 / India	99	Within process of striking off
<u>Subsidiary company of T. H. Hin Sdn. Bhd.</u>			
Milux Industry (Zhong Shan) Co. Ltd. (Registration No.442000400020534)	10 November 2008 / China	100	Ceased operation

For the purpose of Part B of this Circular, Milux Group shall also include all future subsidiaries of Milux.

2.2 Principal activities of Linbaq Group

Linbaq was incorporated in Malaysia on 30 October 2017.

As at LPD, Linbaq is wholly-owned by Datuk Wira Ling. The directors of Linbaq as at LPD are Lau Yin Pin @ Lau Yen Beng, Mohamad Jaifuddin Bin Bujang Mohidin and Datuk Dr Wong Lai Sum.

Linbaq's principal activities consist of investment holding. Its subsidiaries are principally involved in property development, construction, real estate, wholesale of goods, and provision of pest control services. As at LPD, the principal activities of its subsidiaries are as follows:-

Name of Company	Date / Country of incorporation	Effective equity interest (%)	Principal activities
Far East (Ulu Tiram) Sdn Bhd (Registration No. 201701046059 (1260235-X))	15 December 2017 / Malaysia	100	Construction of buildings
Far East Central Sdn Bhd (Registration No. 201701047136 (1261312-V))	26 December 2017 / Malaysia	100	Activities of holding companies, construction of buildings and wholesale of goods
Linbaq Construction Sdn Bhd (Registration No. 201801001038 (1263051-M))	8 January 2018 / Malaysia	65	Construction of buildings and wholesale of goods
Linbaq Project Management Sdn Bhd (Registration No. 201901027339 (1336666-W))	2 August 2019 / Malaysia	100	Provision of consultancy services
Linbaq Realty Sdn Bhd (Registration No. 201801002311 (1264324-V))	17 January 2018 / Malaysia	100	Real estate activities with own or leased property

<u>Name of Company</u>	<u>Date / Country of incorporation</u>	<u>Effective equity interest (%)</u>	<u>Principal activities</u>
Linbaq Trading Sdn Bhd (Registration No. 201701047134 (1261310-K))	26 December 2017 / Malaysia	95	Wholesale of construction materials
Pest React Sdn Bhd (Registration No. 201801017402 (1279418-K))	7 May 2018 / Malaysia	77	Renting and operational leasing of passenger cars, cleaning of pest control services and wholesale of goods
Vistana Tropika Sdn Bhd (Registration No. 200901021195 (864292-X))	13 July 2009 / Malaysia	100	Property and housing, mixed and integrated development

For the purpose of Part B of this Circular, Linbaq Group shall also include all future subsidiaries of Linbaq.

2.3 Classes of RRPTs for the Proposed New Shareholders' Mandate

Pursuant to the Proposed Property Diversification, Milux Group intends to venture into the Property Related Business, comprising property development, property management and construction business. Milux Group will in its normal course of business:-

- (i) invite tenders for amongst others, construction works, supply of building materials and/or other related activities, for its property development projects;
- (ii) bid for construction contracts from property development and/or construction companies.

Amongst others, Milux Group (including future subsidiaries of Milux) intends to invite tenders and/or bid for contracts from the Linbaq Group (including future subsidiaries of Linbaq).

The Proposed New Shareholders' Mandate applies to the following classes of Related Parties:-

<u>Transacting Party</u>	<u>Principal Activities</u>	<u>Nature of relationship</u>
Linbaq Group	Linbaq's principal activities consist of investment holding. Its subsidiaries are principally involved in property development, construction, real estate, wholesale of goods and provision of pest control services.	Datuk Wira Ling is the Executive Vice Chairman and a major shareholder of Milux. He is also the major shareholder and Chief Executive Officer of Linbaq Holding Sdn Bhd.

2.4 Details of the RRPTs under the Proposed New Shareholders' Mandate

The RRPTs contemplated for which the Proposed New Shareholders' Mandate is sought are set out below:-

<u>Buyer</u>	<u>Seller</u>	<u>Nature of RRPTs</u>	<u>Estimated aggregate value to be incurred from the EGM to the next AGM (RM'mil)</u>
Milux Group	Linbaq Group	Provision of construction works	Up to 100.0
Linbaq Group	Milux Group	Award of construction works	Up to 100.0
Milux Group	Linbaq Group	Purchase of building materials	Up to 50.0
Milux Group	Pest React Sdn. Bhd.	Acquisition of pest control services	Up to 0.1

Notes:-

- (a) *Milux Group may bid for construction contracts from the Linbaq Group as and when the opportunity arises. Due to the uncertainty of the number and size of construction contracts which Milux Group may be able to successfully bid from Linbaq Group, the Company is only able to ascribe an estimated value for the year. Instead of stating their respective transacting subsidiaries. Milux Group and Linbaq Group are used here as often project companies are set up to undertake development / construction business.*
- (b) *Milux Group may invite tenders for construction works for its development projects as and when such opportunity arises. Due to the uncertainty of the number and size of construction contracts which Milux Group may grant out, the Company is only able to ascribe an estimated value for the year. Instead of stating their respective transacting subsidiaries. Milux Group and Linbaq Group are used here as often project companies are set up to undertake development / construction business.*
- (c) *Milux Group may invite for tenders to purchase building materials for its development projects as and when such opportunity arises. Due to the uncertainty of the number and size of development projects, the Company is only able to ascribe an estimated value for building materials to be purchased for the year. Instead of stating their respective transacting subsidiaries. Milux Group and Linbaq Group are used here as often project companies are set up to undertake development / construction business.*

2.5 Guidelines and Review of Procedures on the RRPTs

Subject to the Proposed New Shareholders' Mandate for RRPTs being approved, the Group will put in place various procedures to ensure that the RRPTs are undertaken on an arm's length basis and on normal commercial terms and transactions prices consistent with the Group's usual business practices and policies, which are not more favourable to the Related Parties than those extended to the public and are not to the detriment of the minority shareholders.

The review and approval procedures to be established by the Group for the RRPTs are as follows:-

- (i) The identity of the Related Parties will be disclosed/circulated within the Group and at the same time, the Related Parties will be notified that all RRPTs are required to be taken on an arm's length basis and on normal commercial terms not more favourable to the Related Parties than those generally available to the public;
- (ii) The thresholds for approvals of RRPTs will be consistent with those transactions entered into with unrelated parties. The Group has in place internal levels of authority governing all business transactions. As the RRPTs are conducted in the ordinary course of business, the transactions will be covered under the same levels of authority;

- (iii) Any tender, quotation or contract received from or proposed to be entered with a Related Party will be reviewed by Milux's senior management who will ascertain if it is an approved RRPT. Such tender, quotation or contract will not be approved unless the terms offered to the Group are comparable with those offered by other unrelated parties for the same or substantially similar type of transactions. The RRPTs with a Related Party will only be entered into after taking into account the pricing, quality, deliverables, level of service and other related facts including competitor's prices of similar products and services in the open market;
- (iv) All RRPTs to be entered into will be reviewed by the Audit and Risk Committee at every quarter or from time to time, as needed and subsequently reported to the Board to ensure that the transactions are not more favourable to the Related Party and will not be detrimental to the minority shareholders;
- (v) The Directors having interest in any RRPT shall abstain from voting on any matter relating to decisions to be taken by the Board and deliberations as well as shall ensure that the Major Shareholders and Persons Connected with them abstain from voting on the resolution approving the transactions;
- (vi) Records will be maintained by the Group to capture all RRPTs entered into pursuant to any Proposed New Shareholders' Mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to;
- (vii) At least two other contemporaneous transactions with unrelated third parties for similar products/ services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/ services and/or quantities.

Where quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by the Group based on the usual business practices of the Group to ensure the RRPTs are not detrimental to the Group;

- (viii) The Audit and Risk Committee shall review the Internal Audit reports on an annual basis to ascertain that the guidelines and procedures established to monitor the RRPTs have been complied with;
- (ix) Immediate announcement will be made when the actual amount of a RRPT exceeds the estimated value disclosed in the Circular by 10% or more;
- (x) The Audit and Risk Committee will review the cumulative value of all RRPTs on a quarterly basis;
- (xi) Disclosure will be made in the following year's annual report of the Company of the aggregate value of transactions conducted pursuant the shareholders' mandate;
- (xii) In respect of any new RRPT not covered under a shareholders' mandate, it will be subject to review and approval by a Director and one senior management who has no interest in the transaction. The Audit and Risk Committee and Board will be notified for any transaction which requires announcement to Bursa Securities pursuant to Paragraph 10.09(1) of the Listing Requirements; and
- (xiii) Our Board and the Audit and Risk Committee will have overall responsibility for the determination of the review procedures, including addition of new review procedures, as and when necessary. The Board and the Audit and Risk Committee may also appoint individuals and committees to examine the RRPTs, as they deem appropriate. If a member of the Board or the Audit and Risk Committee has an interest, direct or indirect, in any particular transactions, he or she will abstain from any deliberation and voting on the matter at the Board or the Audit and Risk Committee meetings in respect of such transactions.

The threshold for RRPT will be determined by Audit and Risk Committee on a yearly basis, subject to the provisions in the Listing Requirements and/or the Act, where necessary. Where any Director has an interest (direct or indirect) in any RRPT, such Director shall abstain from deliberation and voting on the matter. All RRPTs will be monitored by the management and reviewed by the Audit and Risk Committee on a quarterly basis and approved by the Board. Where the RRPT has not obtained the shareholders' mandate or has exceeded the shareholders' mandate, an announcement shall be made to Bursa Securities.

2.6 Statement by Audit and Risk Committee

The Audit and Risk Committee comprises the following members:-

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Ho Pui Hold	Chairman	Independent Non-Executive Director
Datuk Haw Chin Teck	Member	Independent Non-Executive Director
Datuk Yap Kheng Fah	Member	Independent Non-Executive Director

The Audit and Risk Committee has the overall responsibility of determining whether the procedures for reviewing all RRPTs are appropriate. The Audit and Risk Committee also has the authority to delegate this responsibility to such individuals within the Company as it shall deem fit.

The Audit and Risk Committee is satisfied that the review procedures for RRPTs as set out in Section 2.5 of Part B above are sufficient and appropriate to ensure that such RRPTs will be undertaken at arm's length and are on normal commercial terms consistent with the industry norms not more favourable to the Related Parties than those generally available to the public and that such terms will not be detrimental to the interests of the minority shareholders or disadvantageous to the Group.

The Group has in place adequate procedures and processes to monitor, track and identify the RRPTs in a timely and orderly manner. The Audit and Risk Committee reviews these procedures and processes on a yearly basis.

If during its periodic reviews, the Audit and Risk Committee views that such procedures and processes are no longer appropriate or adequate to monitor, track and identify RRPTs, the Audit and Risk Committee will draw it to the attention of the Board and, if necessary, Milux will establish new guidelines and procedures.

3. RATIONALE FOR THE PROPOSED NEW SHAREHOLDERS' MANDATE

The Proposed New Shareholders' Mandate will allow the Group to enter into transactions within the ordinary course of its proposed diversification into Property Related Businesses with Linbaq Group.

The Proposed New Shareholders' Mandate will also enable the Group to undertake RRPTs necessary for day-to-day operations and pursue business opportunities which are time-sensitive in nature in a more expeditious manner.

The Proposed New Shareholders' Mandate will eliminate the need to announce and convene separate general meetings of Milux from time to time to seek shareholders' approval on each occasion pursuant to the requirements of Paragraph 10.09(2) of the Listing Requirements, as and when potential transactions with the specified classes of Related Party arise. This will also substantially reduce expenses associated with the convening of such meetings on an ad hoc basis, improve administrative efficiency, and allow human resources and time to be channeled towards attaining other corporate objectives and opportunities.

The Proposed New Shareholders' Mandate is expected to contribute positively to the Group's overall earnings moving forward.

4. EFFECTS OF THE PROPOSED NEW SHAREHOLDERS' MANDATE

4.1 Share capital and shareholdings of substantial shareholders

The Proposed New Shareholders' Mandate will not have any effect on the issued share capital and substantial shareholders' shareholdings of Milux.

4.2 NA, NA per share and gearing

The Proposed New Shareholders' Mandate is not expected to have any material effect on the NA, NA per share and gearing of the Group for the financial year ending 31 December 2020.

4.3 Earnings and EPS

The Proposed New Shareholders' Mandate is not expected to have any material effect on the Group's earnings and EPS for the financial year ending 31 December 2020 but is expected to contribute positively to the Group's future earnings and the Company's EPS.

5. APPROVALS REQUIRED

The Proposed New Shareholders' Mandate is subject to the approval of Milux's shareholders at the forthcoming EGM to be convened.

The Proposed New Shareholders' Mandate is conditional upon the Proposed Property Diversification but not vice versa. Save as disclosed, the Proposed New Shareholders' Mandate is not conditional upon any other corporate exercises/schemes or proposals undertaken or to be undertaken by Milux.

6. INTEREST OF DIRECTORS AND/OR MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the other directors and/or major shareholders and/or persons connected to them have any interest, direct or indirect, in the Proposed New Shareholders' Mandate:-

- (i) Datuk Wira Ling is the Executive Vice Chairman and a major shareholder of Milux through his interest in Topspike, a major shareholder of Milux. He is also the Chief Executive Officer and a major shareholder of Linbaq;
- (ii) Gan Boon Lay, is a Non-Independent Non-Executive Director and a major shareholder of Milux (through his interest in Topspike). He is deemed a Person Connected to Datuk Wira Ling by virtue of their substantial interest in Topspike;
- (iii) Topspike is a major shareholder of Milux and a Person Connected to Datuk Wira Ling and Gan Boon Lay;
- (iv) Datuk Dr Wong Lai Sum is the Independent Non-Executive Chairman of Milux as well as a Non-Executive Director of Linbaq; and
- (v) Datuk Khoo Teck Kee is the Group Managing Director of Milux as well as an Executive Director of Pest React Sdn. Bhd., a subsidiary of Linbaq.

(Datuk Wira Ling, Gan Boon Lay, Datuk Dr Wong Lai Sum and Datuk Khoo Teck Kee shall hereinafter be referred to as the "**Interested Directors**".)

(Topspike, Datuk Wira Ling and Gan Boon Lay shall hereinafter be referred to as the "**Interested Shareholders**".)

As at LPD, the direct and/or indirect shareholdings of the interested parties in Milux are as follows:-

Interested Parties	Direct		Indirect	
	No. of Milux Shares	%	No. of Milux Shares	%
Topspike	19,708,385	33.54	-	-
Datuk Wira Ling	-	-	(a) 19,708,385	33.54
Gan Boon Lay	-	-	(a) 19,708,385	33.54
Datuk Dr Wong Lai Sum	-	-	-	-
Datuk Khoo Teck Kee	-	-	-	-

Note:-

(a) Deemed interested by virtue of his shareholdings in Topspike pursuant to Section 8(4) of the Act.

The Interested Directors have abstained from and will continue to abstain from all deliberations and voting at the Board meetings of the Company pertaining to the Proposed New Shareholders' Mandate.

The Interested Directors and Interested Shareholders will abstain from voting in respect of their direct and/or indirect shareholdings in Milux, if any, on the resolution pertaining to the Proposed New Shareholders' Mandate to be tabled at the forthcoming EGM. The Interested Directors and Interested Shareholders have also undertaken to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in Milux, if any, on the resolution pertaining to the Proposed New Shareholders' Mandate to be tabled at the forthcoming EGM.

7. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, save for the Interested Directors, having considered all aspects of the Proposed New Shareholders' Mandate, including the rationale and review procedures, is of the opinion that the Proposed New Shareholders' Mandate is in the best interest of the Company, fair, reasonable and on normal commercial terms, and not detrimental to the interest of the minority shareholders of the Company.

The Board, save for the Interested Directors, recommends that shareholders vote in favour of the resolution for the Proposed New Shareholders' Mandate to be tabled at the EGM.

8. AUDIT AND RISK COMMITTEE'S STATEMENT

The Audit and Risk Committee after having considered all relevant aspects of the Proposed New Shareholders' Mandate, including the rationale and review procedures, is of the opinion that the Proposed New Shareholders' Mandate is in the best interest of the Company, fair, reasonable and on normal commercial terms, and not detrimental to the interest of the minority shareholders of the Company.

9. EGM

The EGM, the Notice of which is enclosed with this Circular, will be conducted fully virtual at the broadcast venue at Meeting Room, Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 4 November 2020 at 3:00 p.m., or any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modification, the resolution to give effect to the Proposed New Shareholders' Mandate.

If you are not able to participate and vote at the EGM via live stream and online voting, you may complete the Form of Proxy and deposit it at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submit it via fax at 03-2094 9940 and/or 03-2095 0292 or e-mail to info@sshbs.com.my, no later than forty-eight (48) hours before the time of holding the EGM or any adjournment thereof. Your proxy appointment may also be lodged electronically via Securities Services e-Portal at <https://www.sshbs.net.my/login.aspx>. The lodging of the Form of Proxy does not preclude you from attending, participating, speaking, and voting in person at the EGM should you subsequently wish to do so.

10. FURTHER INFORMATION

Shareholders are advised to refer to Appendix I for further information.

Yours faithfully,
For and on behalf of the Board of
MILUX CORPORATION BERHAD

TAN CHEE HOW
Executive Director

1. RESPONSIBILITY STATEMENT

Part A and Part B of this Circular have been seen and approved by the Board, and they collectively and individually accept full responsibility for the completeness and 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 false or misleading statements or other facts, the omission of which would make any statement herein misleading.

2. MATERIAL COMMITMENTS

There are no material commitments incurred or known to be incurred by the Group as at LPD, which upon becoming due or enforceable, may have a material impact on the financial position or business of the Group.

3. CONTINGENT LIABILITIES

There are no contingent liabilities incurred or known to be incurred by the Group as at LPD, which upon becoming due or enforceable, may have a material impact on the financial position or business of the Group.

4. CONSENT AND DECLARATION OF CONFLICT OF INTEREST

AmInvestment Bank, being the Principal Adviser for the Proposed Diversification (Part A of this Circular), has given and has not subsequently withdrawn its written consent for the inclusion in this Circular of its names, reports and/or letters (where applicable) and all references thereto in the form and context in which it appears in this Circular.

AmInvestment Bank has given its written confirmation that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Principal Adviser in respect of the Proposed Diversification.

AmInvestment Bank, its related and associated companies, as well as its holding company, AMMB Holdings Berhad and the subsidiaries and associated companies of its holding company ("**AmBank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses.

In the ordinary course of their businesses, any member of AmBank Group may at any time extend services to any company as well as hold long or short positions, and trade or otherwise effect transactions, for its own account or the account of its other clients, in debt or equity securities or senior loans of any company. Accordingly, there may be situations where parts of the AmBank Group and/or its clients now have or in the future, may have interests or take actions that may conflict with the interests of Milux Group.

As at LPD, AmBank Group has not extended any credit facilities to Milux Group.

AmInvestment Bank is of the view that its role as the Principal Adviser for the Proposed Diversification is not likely to result in a conflict of interest or potential conflict of interest situation for the following reasons:-

- (i) AmInvestment Bank's role in the Proposed Diversification is undertaken in the ordinary course of business; and
- (ii) AmInvestment Bank undertakes each of its roles on an arm's length basis and its conduct is regulated by Bank Negara Malaysia and the Securities Commission Malaysia and governed under, inter alia, the Financial Services Act 2013, the Capital Markets and Services Act 2007, and AmBank Group's Chinese Wall policy and internal controls and checks.

Premised on the above, AmlInvestment Bank confirms that it is not aware of any conflict of interest which exist or is likely to exist in its capacity as the Principal Adviser in respect of the Proposed Diversification.

5. MATERIAL CONTRACTS

On 10 September 2020, Enamel Products Sdn. Bhd., a wholly-owned subsidiary of Milux, had entered into a sale and purchase agreement with Euro Chemo-Pharma Sdn. Bhd. for the disposal of a piece of leasehold land held under Hakmilik Sementara No. H.S.(D) 42102, No. PT 1457, Mukim 01, Daerah Seberang Perai Tengah, Pulau Pinang measuring 4,046.724 square metres together with industrial building(s) erected thereon bearing assessment address at No. 2605, Tingkat Perusahaan 6, Kawasan Perusahaan Perai, 13600 Perai, Penang for a total cash consideration of RM3,850,000.

Save as disclosed above, as at LPD, there are no other material contracts, not being contracts in the ordinary course of business which have been entered into by the Group within two years preceding the date of this Circular.

6. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at LPD, the Group is not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and the Board is not aware of any proceedings pending or threatened against the Group, or any fact likely to give rise to any proceeding which might materially and adversely affect the financial position or business of the Group.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of Milux at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur during normal business hours between Monday to Friday (except public holidays) from the date of this Circular up to the time fixed for the holding of the EGM:-

- (i) Constitution of Milux;
- (ii) Audited financial statements of Milux for the past 2 financial years up to FY 30 December 2019 and the latest unaudited financial statements of Milux for the 6-months period ended 30 June 2020;
- (iii) Letter of consent and declaration of conflict of interest referred to in Section 4 of this Appendix I;
- (iv) The material contract referred to in Section 5 of this Appendix I; and
- (v) The MOU referred to in Section 2 of Part A of this Circular.



MILUX CORPORATION BERHAD

(Registration No. 199401027937 (313619-W))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting (“**EGM**”) of Milux Corporation Berhad (“**Milux**” or the “**Company**”) will be conducted fully virtual at the broadcast venue at Meeting Room, Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 4 November 2020 at 3:00 p.m., or any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the following ordinary resolutions:-

ORDINARY RESOLUTION 1

PROPOSED DIVERSIFICATION OF THE EXISTING CORE BUSINESS OF MILUX AND ITS SUBSIDIARIES (“MILUX GROUP”) TO INCLUDE PROVISION OF SUPPORT SERVICES FOR THE OIL AND GAS INDUSTRY (“PROPOSED O&G DIVERSIFICATION”)

“**THAT** approval be and is hereby given to the Company to diversify the existing core business of Milux Group to include provision of support services for the oil and gas industry.

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as are necessary to give full effect to the Proposed O&G Diversification with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required or imposed by the relevant authorities, and to take all steps and actions as the Directors of the Company may deem fit or expedient in order to carry out, finalise and give full effect to the Proposed O&G Diversification.”

ORDINARY RESOLUTION 2

PROPOSED DIVERSIFICATION OF THE EXISTING CORE BUSINESS OF MILUX AND ITS SUBSIDIARIES (“MILUX GROUP”) TO INCLUDE PROPERTY RELATED BUSINESSES (“PROPOSED PROPERTY DIVERSIFICATION”)

“**THAT** approval be and is hereby given to the Company to diversify the existing core business of Milux Group to include property development, property management and construction business.

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as are necessary to give full effect to the Proposed Property Diversification with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required or imposed by the relevant authorities, and to take all steps and actions as the Directors of the Company may deem fit or expedient in order to carry out, finalise and give full effect to the Proposed Property Diversification.”

ORDINARY RESOLUTION 3

PROPOSED NEW SHAREHOLDERS’ MANDATE FOR THE RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED NEW SHAREHOLDERS’ MANDATE”)

“**THAT** subject to and conditional upon the passing of Ordinary Resolution 2, approval be and is hereby given to Milux Group, to enter and give effect to the recurrent related party transactions of a revenue or trading nature (hereinafter to be referred to as “**Recurrent Transactions**”) with the related parties as set out in Section 2.3 of Part B of the Circular to Shareholders dated 14 October 2020 which are necessary for the Company’s day-to-day operations subject further to the following:

- (i) the Recurrent Transactions contemplated are in the ordinary course of business and are carried out on an arm’s length basis on normal commercial terms of Milux Group on terms not more favourable to the related parties than those generally available to the public and are not, in the Company’s opinion, detrimental to the minority shareholders of the Company;

- (ii) the Proposed New Shareholders' Mandate is subject to annual renewal and any authority conferred by the Proposed New Shareholders' Mandate shall only continue to be in force until:
- (a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following the forthcoming EGM of the Company at which the Proposed New Shareholders' Mandate is approved, at which time it will lapse unless by a resolution passed at the AGM the authority is renewed;
 - (b) the expiration of the period within which the next AGM of the Company is required by law to be held pursuant to Section 340(2) of the Companies Act 2016 ("**the Act**") but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act; or
 - (c) it is revoked or varied by resolution passed by the shareholders of the Company in general meeting,
- whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to do all acts and things to give full effect to the Recurrent Transactions contemplated and/or authorised by this resolution, as the Directors of the Company, in their absolute discretion, deem fit."

By Order of the Board,

Chua Siew Chuan (MAICSA 0777689) (SSM PC NO. 2001908002648)
Cheng Chia Ping (MAICSA 1032514) (SSM PC NO. 202008000730)
Company Secretaries

Kuala Lumpur
14 October 2020

Notes:-

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on **27 October 2020** ("**General Meeting Record of Depositors**") shall be eligible to participate, speak and vote at the Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but does not need to be a member of the Company and notwithstanding this, a member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
4. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. Appointment of proxy and registration for remote participation and voting
The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submitted via fax at 03-2094 9940 and/or 03-2095 0292 or emailed to info@sshshb.com.my, not less than forty-eight (48) hours before the time for holding the meeting or adjournment thereof. The proxy appointment may also be lodged electronically via Securities Services e-Portal at <https://www.sshsb.net.my/>. All resolutions set out in this notice of meeting are to be voted by poll.
Should you wish to personally participate at the EGM remotely, please register electronically via Securities Services e-Portal at <https://www.sshsb.net.my/> by the registration cut-off date and time.
Please refer to the **Administrative Guide** on the Conduct of a fully virtual general meeting available for download at <https://milux.com.my/investor-relations/> for further details.

CDS Account No.

No. of Shares held

I/We _____
(Full Name in Block Letters and NRIC No./ Passport No./ Company No.)

of _____
(Full Address)

and *telephone no./ email address _____

being a member/members of Milux Corporation Berhad ("the Company"), hereby appoint

Full Name and Address (in Block Letters) (First Proxy)	NRIC / Passport No.	No. of Shares	% of Shareholding

*and/or

Full Name and Address (in Block Letters) (Second Proxy)	NRIC / Passport No.	No. of Shares	% of Shareholding

or failing *him/her, THE CHAIRMAN OF THE MEETING as *my/our *proxy/proxies, to vote for *me/us on *my/our behalf at the Extraordinary General Meeting ("EGM") of the Company, to be conducted fully virtual at the broadcast venue at Meeting Room, Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 4 November 2020 at 3:00 p.m., or any adjournment thereof.

Please indicate with an "x" in the appropriate space(s) provided below on how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

No.	Ordinary Resolutions	For	Against
1.	Proposed O&G Diversification		
2.	Proposed Property Diversification		
3.	Proposed New Shareholders' Mandate		

* Strike out whichever is not desired.

Signed this _____ day of _____, 2020.

.....
Signature of Shareholder(s)/ Common Seal

Notes:

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- A member entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- A proxy may but does not need to be a member of the Company and notwithstanding this, a member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
- In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
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The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submitted via fax at 03-2094 9940 and/or 03-2095 0292 or emailed to info@sshbs.com.my, not less than forty-eight (48) hours before the time for holding the meeting or adjournment thereof. The proxy appointment may also be lodged electronically via Securities Services e-Portal at <https://www.sshbs.net.my/>. All resolutions set out in this notice of meeting are to be voted by poll. Should you wish to personally participate at the EGM remotely, please register electronically via Securities Services e-Portal at <https://www.sshbs.net.my/> by the registration cut-off date and time. Please refer to the **Administrative Guide** on the Conduct of a fully virtual general meeting available for download at <https://milux.com.my/investor-relations/> for further details.

Personal Data Privacy:

By submitting the duly executed Form of Proxy, the member and his/her proxy consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the EGM of the Company and any adjournment thereof.

Fold this flap for sealing



MILUX CORPORATION BERHAD
(Registration No.199401027937 (313619-W))
c/o Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur.

Then fold here

First fold here